

JAPAN'S LEADING CLEARING HOUSE

Annual Report 2006 FOR THE YEAR ENDED MARCH 31, 2006



Japan Securities Clearing Corporation

Profile of JSCC

Japan Securities Clearing Corporation (JSCC) was licensed to conduct the Securities Obligation Assumption Business for the first time in Japan and commenced its operations as a unified cross-market clearing organization in January 2003 based on its basic corporate philosophy to "contribute to increase the global competitiveness of Japan's securities market by improving the efficiency, convenience, and safety of securities transactions." The birth of JSCC has led to dramatic improvements in the efficiency and convenience of the securities market, by consolidating the clearing of securities transactions that used to be performed separately by each individual market.

Furthermore, JSCC is entrusted with tasks from other clearing organizations such as monitoring the financial standing of clearing participants, which makes it possible to consolidate the liaison channels of these participants. JSCC strives to improve convenience and contribute to the efficient operation of clearing organizations through that arrangement.

JSCC remains committed to steadily fulfilling its role as Japan's core clearing organization and providing a clearing and settlement infrastructure for securities markets.

<History>

- Jul. 2002 : Established by Japan's five stock exchanges and Japan Securities Dealers Association.
- Jan. 2003 : Licensed to conduct Securities Obligation Assumption Business from the Prime Minister for the first time in Japan. Commenced clearing business for cash transactions.
- Dec. 2003 : Reached basic agreement on business collaboration and mutual cooperation with JASDEC DVP Clearing Corporation and Japan Securities Depository Center, Inc.
- Feb. 2004 : Commenced clearing business for derivatives transactions at the Tokyo Stock Exchange.
- Jun. 2004 : Reached basic agreement on business collaboration with Japan Government Bond Clearing Corporation.
- Jan. 2006 : Launched new clearing system.

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JSCC's Business

Securities Obligation Assumption Business based on the Securities Exchange Law

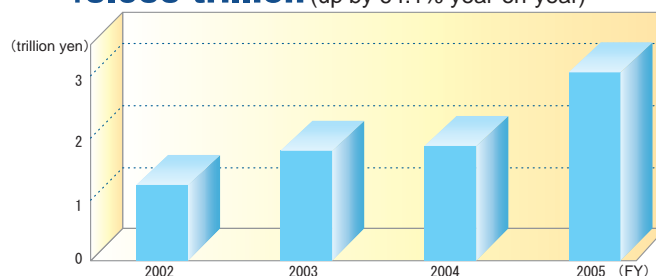
Basic Corporate Philosophy

To contribute to increase the global competitiveness of Japan's securities market by improving the efficiency, convenience, and safety of securities transactions

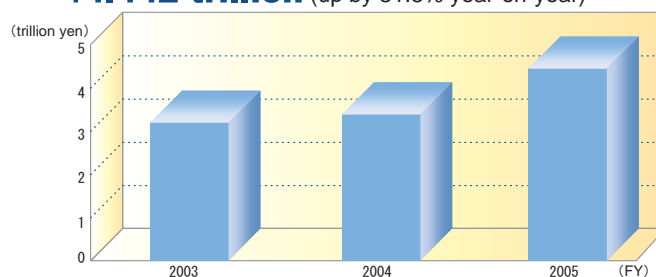
Obligation Assumption Data <FY 2005>

The daily average values of obligation assumption for Cash products, JGB Futures, and Stock Index Futures all reached record high since JSCC started its business.

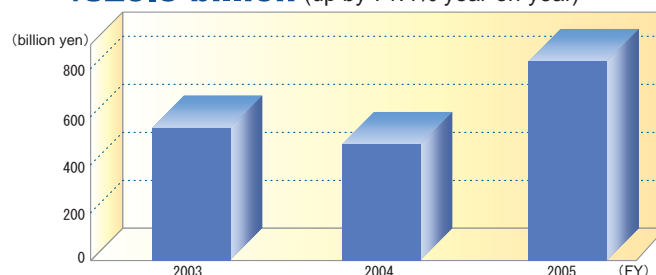
- ◆ Cash products (Value-based)
Daily average value of obligation assumption
¥3.033 trillion (up by 64.1% year-on-year)



- ◆ JGB Futures (Face value-based)
Daily average value of obligation assumption
¥4.442 trillion (up by 31.3% year-on-year)



- ◆ Stock Index Futures (Value-based)
Daily average value of obligation assumption
¥829.5 billion (up by 71.4% year-on-year)



*1 The figure for Cash products of fiscal year 2002 was that dating from January 2003, when JSCC started clearing business for cash transactions.

*2 The figures for JGB Futures and Stock Index Futures of fiscal year 2003 were those dating from February 2004, when JSCC started clearing business for derivatives transactions.



■ Activities and achievements in fiscal year 2005 ■

Japan Securities Clearing Corporation (JSCC) implemented the following measures in fiscal year 2005 in order to help strengthen the functions of the securities markets in Japan, as well as reliably fulfill its role as an infrastructure for cross-market clearing and settlement.

Efforts were made to improve service quality.

First of all, as a measure "to improve service quality," from the standpoint of strengthening the risk management function as a clearing organization, JSCC introduced a new provision in June 2005 to instruct participants to improve their business conduct systems. This provision will be applied as well as the revoking of clearing qualifications and suspension of assumption of obligations where clearing members violate JSCC Business Rules. Consequently, JSCC became able to oversee clearing participants more appropriately. Furthermore, the clearing fund system was revised in March 2006 to sufficiently cover sudden changes in a clearing participant's position, and subsequently implemented in July 2006.

In addition, from the standpoint of improving the convenience of services and strengthening the functions of JSCC, the frequency of net debit calculation was increased in June 2005 to achieve closer collaboration with the JASDEC DVP settlement system and improve the convenience for clearing participants. Furthermore, JSCC joined the Book-Entry Transfer System for Corporate Bonds that was introduced by JASDEC in January 2006 to promote straight-through processing. In the same month, a new clearing system went live, thus improving the convenience regarding collateral-related procedures by enabling on-line instructions for the deposit and return of collateral from the terminals of clearing participants.

Business and financial bases were strengthened.

Secondly, as a measure to strengthen both the business base and financial base, from the standpoint of operating the system in a stable manner, the processing capacity of the previous clearing system was increased on three occasions in response to the growing number of obligation assumptions, and on January 30, 2006, a new clearing system commenced operation.

In order to strengthen the financial base and ensure fair

charges among all clearing participants, clearing fees for cash transactions were reviewed. As a result, it was decided to introduce a new rate according to the number of obligation assumptions, which incurs system-related costs, in addition to the existing rate based on the values of assumed obligations. It was also agreed to introduce a new fixed rate, as a certain level of operational cost is incurred regardless of the volume of transactions by clearing participants. The new fee system will be applied starting in October 2006.

As noted above, the major issues, which were listed as those to be tackled in fiscal year 2005, have all been steadily addressed.

A significant event worthy of special mention in fiscal year 2005 is the prescription of revised settlement conditions. On December 8, 2005, Mizuho Securities Co., Ltd. issued an erroneous order for J-COM shares, and this resulted in an unprecedented situation in the history of Japan's securities markets where the delivery of shares became virtually impossible on the settlement day. In response to this situation and from the standpoint of maintaining functions and trust in securities markets, the conditions of settlement were amended in accordance with Article 82 of JSCC Business Rules to enable monetary settlement in lieu of the delivery of share certificates, and settlement was completed accordingly.

In determining measures for the relevant party involved in this incident (Mizuho Securities Co., Ltd.) in accordance with JSCC Business Rules, JSCC established a committee to discuss measures regarding the erroneous ordering of J-COM shares, so as to hear opinions from fair and independent outside sources. Based on the report submitted by this committee, instructions were issued to Mizuho Securities Co., Ltd. for improving its business conduct system, based on JSCC Business Rules, in order to prevent further order errors, along with a request made to the Tokyo Stock Exchange to apply improvements in terms of appropriate supervision and management of the market.

Message

from the President

■ Future outlook and issues ■

Future outlook

As the economy has been on a track toward recovery, the traded value and the number of transactions have also been at very high levels, largely supported by increased Internet trading. In such an environment, society urgently needs to secure sufficient processing capacity for the securities infrastructure, thus eliminating obstacles for the stable operation of business. In addition, an awareness of issues concerning emergency response is increasing as ongoing discussions focus on an emergency business continuity plan for the overall securities markets, including the securities infrastructure. Meanwhile, in overseas markets, the move towards providing clearing and settlement services across national boundaries is achieving further progress following the integration of exchanges, and along with that move, the nature and concept of clearing organizations are coming under closer scrutiny. As the importance of clearing organizations increases in securities markets in Japan and overseas, the demand for stable and reliable operation is particularly intensifying.

Under such conditions, JSCC aspires to become a clearing organization that possesses the latest functions both nationally and internationally, based on its basic corporate philosophy to "contribute to increase the global competitiveness of Japan's securities market by improving the efficiency, convenience, and safety of securities transactions." JSCC has formulated the following management policy and specific business plans to address this issue.

JSCC aims to further strengthen the basis of its business operation.

First of all, the reliable execution of the clearing business is a role that JSCC, as a unified clearing organization, should fulfill as a matter of course. Measures have been taken to strengthen the basis of ensuring a stable provision of services. However, when considering that further strengthening of this basis is required, mainly on the system side, the first basic management policy is "to further strengthen the basis of business operation." More

specifically, top priority is placed on increasing the processing capacity of the clearing system. JSCC will also strive to establish a back-up system to strengthen the clearing system base. The financial base is also to be improved to ensure sufficient internal reserves that are needed for the scheme to execute settlement.

JSCC will strive to improve the quality of its services.

Secondly, when considering JSCC's position as a core infrastructure in Japan's securities markets, it is crucially important to strengthen the software side, as well as the basis of business operations. This means that the risk management function and other services that comprise an essential part of the clearing business must be strengthened. Therefore, "improving the quality of services" is the other basic management policy. In other words, measures will be taken in response to international recommendations concerning risk management for clearing organizations as well as consolidating the framework to monitor clearing participants more effectively. In addition, as a cross-market clearing and settlement organization, JSCC will fully consider the needs of clearing participants to improve convenience and expand its global presence. Possibilities for further collaboration with other clearing organizations, either domestic or overseas, will also be explored.

In conclusion

JSCC intends to continue contributing to the development of Japan's securities markets by seeking ways to improve efficiency, convenience, and safety in securities transactions, while recognizing the importance of its mission as a core infrastructure in the securities markets and reflecting the opinions of relevant parties in the market on JSCC's rules and operations. For these reasons, we request the continued understanding and support of all the parties concerned.

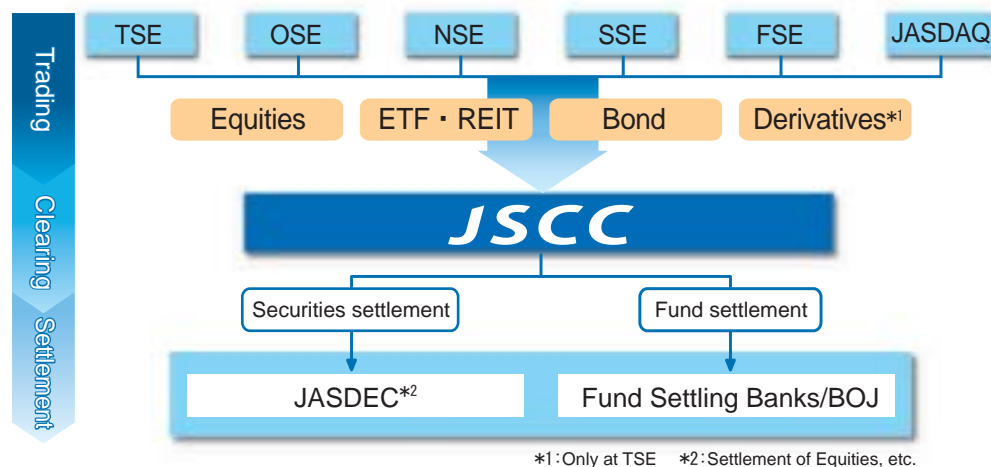
August 2006



Yoshimasa Yamashita
President and CEO

Efforts as a cross-market clearing

Role of JSCC in Japan's securities market



Japan Securities Clearing Corporation (JSCC) provides services related to the assumption of obligations for cash transactions at all stock exchanges, as well as futures and options transactions at the Tokyo Stock Exchange, as a unified clearing organization in Japan.

Provision of services to securities infrastructure



JSCC is entrusted by JASDEC DVP Clearing Corporation (JDCC) and Japan Government Bond Clearing Corporation (JGBCC) with various procedures (such as the submission of relevant documents) related to monitoring the financial standing of clearing participants, and thus provides integrated liaison channels for these clearing organizations. This enables clearing participants at these clearing organizations to complete necessary notification and reports to all clearing organizations by submitting documents to JSCC.

Furthermore, Tokyo Stock Exchange, Inc. and Jasdac Securities Exchange, Inc. entrust JSCC with management operations concerning Surety Bonds deposited by trading participants, thus providing an integrated point for participants to deposit various forms of collateral, including clearing funds deposit etc.

organization

Expanding its global presence

JSCC has been actively cooperating with overseas organizations to strengthen the global competitiveness of Japan's securities market. For example, JSCC has been a member of CCP12 ever since the establishment of this group, participated in by the world's major clearing organizations to review and make suggestions for strengthening the CCP functions. JSCC has also played a key role in establishing the Asia-Oceania CCP Meeting to coordinate clearing organizations in Asian countries. In May 2006, JSCC joined the ACG (Asia-Pacific CSD Group), an international organization for securities settlement and clearing organizations in the Asia-Pacific region. JSCC will continue to participate in such activities in order to expand its global presence.

Medium-term Business Plan (fiscal year 2006 - fiscal year 2008)

In order to fulfill its duties reliably as a cross-market clearing organization and become a clearing organization offering cutting-edge functions internationally, in keeping with its position as a core infrastructure in Japan's securities markets, JSCC regards the "further strengthening of the business operations base" and "improvement of the services offered" as the core components of its medium-term management policy. In particular, the following business plans have been formulated.

Further strengthening of the business operations base

(1) Strengthening the system base

- Top priority is placed on increasing the processing capacity of the clearing system, together with an ongoing study on developing a back-up system.

(2) Strengthening the financial base

- The retention of earnings necessary for the settlement execution scheme is to be secured, while implementing measures to strengthen the system base, etc.

Improvement of the services offered

(1) Strengthening the risk management function

- From the standpoint of ensuring competitiveness as a clearing organization, measures will be implemented to satisfy the "Recommendations for Central Counterparties", an international standard concerning risk management for clearing organizations published by CPSS-IOSCO*.

(2) Enhancing convenience and strengthening the functions concerning services provided

- As a cross-market clearing and settlement infrastructure in Japan, convenience will be enhanced for the services provided by JSCC, while meeting the needs of participants.

* CPSS stands for the Committee on Payment and Settlement Systems, which comprises the central banks of the G10 countries. IOSCO stands for the International Organization of Securities Commissions, which is composed of securities market supervisory authorities and stock exchanges, etc. from over 100 countries worldwide.

Strengthening the business base even further

Introduction of a new clearing system

On January 30, 2006, Japan Securities Clearing Corporation (JSCC) introduced a new clearing system. As a result, the distribution of information to clearing participants has been computerized with various procedures now available online, such as the deposit and return of collateral, and the issuance of DBs (due bills for marketable securities), thus further enhancing convenience for clearing participants.

Moreover, on May 8, 2006, JSCC expanded the processing capacity of the clearing system to 11 million contracts a day (i.e., number of obligations assumed, total of all markets), and will continue to strengthen the system base in the future.

Business Continuity Plan in case of an emergency situation

From the standpoint of reliably fulfilling its role as a cross-market clearing organization in Japan, JSCC formulated a Business Continuity Plan (BCP) in case of an emergency situation in order to respond more appropriately to various risks facing JSCC. The Plan summarizes basic responses, structures, and procedures assuming all types of risks including system failure, disasters, and acts of terrorism in order to continue its business.

Based on the BCP, JSCC continues to take ongoing measures in order to further strengthen its basis to provide services in a stable manner.

Basic policy of BCP

1. Purpose

When a risk emerges, the Plan is intended to minimize its effect on clearing participants, designated stock exchanges, fund settling banks, and other organizations concerned by ensuring business continuity to the utmost extent and fulfilling its responsibilities as a cross-market clearing organization in Japan.

2. Scope of coverage

(1) Assumed risks

The Plan attempts to encompass as many scenarios as possible by categorizing assumed risks that may lead to a suspension of business as a combination of causal events and the resulting events. Causal events assume damage caused by such natural disasters as earthquakes, strong winds, flooding, the outbreak of an epidemic, system failure, the interruption of social infrastructures such as electricity and communication, acts of terrorism (either warnings or actual destruction), and cyber-terrorism. Resulting events due to the occurrence of causal events involve the assumption that buildings and systems will be unavailable, personnel insufficient, the operation of external organizations suspended, etc.

(2) Operations for continuation

Operations to be continued are settlement operations and collateral management operations concerning clearing contracts, with JSCC having prepared a structure to enable the continuation of such operations to the utmost extent.

3. Establishment of a response policy

Resulting events are categorized as "local damage," "wide-area damage," and "system failure," with a response policy, structures, and procedures determined for each category to continue operations to the utmost extent whenever an assumed risk emerges.

4. Preparation of structure and infrastructure

Necessary responses will be made, including establishing the BCP headquarters, securing initial personnel and the means of communication, moving to alternative offices, establishing a back-up center, testing, providing education and training, etc.

Securing reliability of settlement

JSCC's approach to "fail"

Definition of "fail"

Should a clearing participant fail to deliver securities by the settlement deadline in DVP transactions due to unavoidable circumstances, Japan Securities Clearing Corporation (JSCC) regards the matter as a "fail" event and postpones the settlement to the next day.

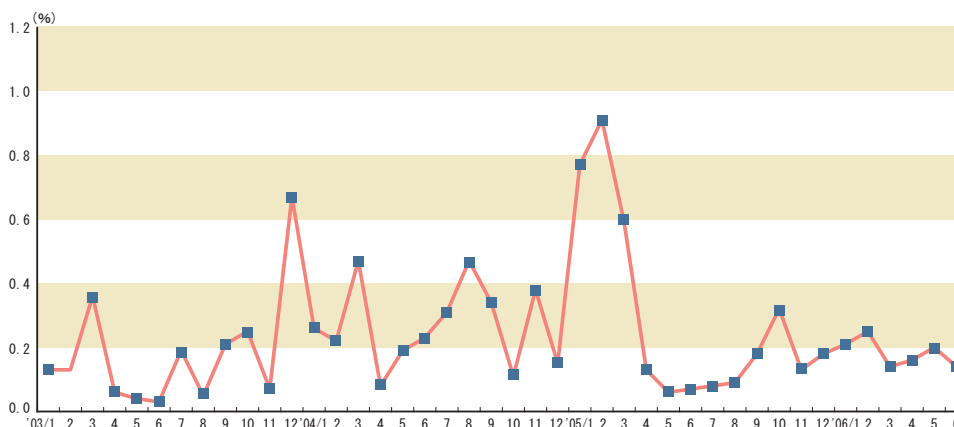
Since market liquidity is formulated based on the presumption that transactions will be cleared on the settlement date (T+3), JSCC considers fail exceptional and prohibits the overuse of such events in order to secure market reliability and maintain high liquidity.

JSCC's approach to reduce "fail"

From the standpoints of maintaining the reliability and stability of settlement, and alleviating its effects on the clearing participants who are counterparties in case of a fail event, JSCC inquires, on a daily basis, about the cause with the clearing participant responsible and requests a resolution of the matter as soon as possible, so as to reduce the total number of fail occurrences. At the same time, JSCC requests, on a quarterly basis, the clearing participants deemed to have a high incidence of fail events to prevent such events from occurring. For any participant who fails to respond in a positive manner to said fail reduction request, JSCC issues instructions to help improve their operational setup, and other clearing participants are notified that JSCC has taken said measure. In addition to the above, JSCC imposes penalties for fail events, such as compensation for delays, an additional delay penalty, etc.

As a result of this approach, the fail rate at JSCC during fiscal year 2005 was only 0.16%, which is very low compared to other markets around the world.

Fail rate



(Column ①) Revision of settlement conditions

On December 8, 2005, a situation occurred that was unprecedented in the history of Japan's securities market, where an erroneous order placed by Mizuho Securities Co., Ltd. concerning J-COM shares was filled even though the delivery of shares was virtually impossible on the settlement day.

In response to this situation and from the standpoint of maintaining functions and trust in securities markets, the conditions of settlement were amended for this contract in accordance with Article 82 of JSCC Business Rules to enable monetary settlement in lieu of the delivery of share certificates, thus completing settlement.

In addition, with regard to amending said settlement conditions, JSCC established a committee to discuss measures regarding the erroneous ordering of J-COM shares. Based on the report submitted by this committee, JSCC issued instructions to Mizuho Securities Co., Ltd. on making improvements in accordance with JSCC Business Rules, along with a request made to the Tokyo Stock Exchange to apply improvements in terms of appropriate supervision and management of the market.

Article 82, JSCC Business Rules (Extraordinary Measures in Cases of Natural Disaster, etc.)

- 1 In the event that a settlement of a clearing contract is deemed impossible or extraordinarily difficult due to a natural disaster, economic upheaval, a shortage of goods, or other reasons beyond control, JSCC may prescribe new conditions of the settlement regarding the contract concerned through a resolution at a meeting of the board of directors.
- 2 When JSCC prescribes new conditions of the settlement pursuant to the preceding Paragraph, clearing participants shall abide thereby.

Securing even higher levels of safety

Basic policy for risk management

Japan Securities Clearing Corporation (JSCC) clears a huge amount of transactions. Settlement guarantees are essential in maintaining the stability and credibility of the securities markets. These guarantees, along with the fairness and efficiency of transactions, form the basis for ensuring the overall quality of the markets. As JSCC becomes the counterparty for transactions of which JSCC assumes the obligation, JSCC is required to complete the settlement of its transactions with the other participants even if a participant defaults.

In order to respond to this risk, JSCC has established a set of financial standards for all clearing participants, and

constantly monitors their financial standing from the viewpoint of managing the credit risk of the participants.

In addition, JSCC employs a DVP settlement system as its settlement method, which eliminates the principal risk arising from a default.

Furthermore, if a loss arises from a default by a clearing participant, JSCC has a multi-tiered structure in place to compensate for the loss, based on the principle that the defaulting party must pay, where the clearing participant concerned compensates for the loss with its assets, etc., along with loss compensation by the stock exchanges and funds collected from other clearing participants.

Financial criteria for participation

Securities company	Principal	Agency
Capital	¥300 million	¥300 million
Net Assets	¥2 billion	¥20 billion
Net Capital Requirement Ratio	200%	200%
Registered financial institution	Principal	Agency
Capital	¥300 million	¥300 million
Shareholders' Equity	¥2 billion	¥20 billion
Capital Adequacy Ratio ^(※1)		
International standard ^(※2)	8%	8%
Domestic standard ^(※3)	4%	4%
Solvency Margin Ratio ^(※4)	400%	400%

※1 Applicable to registered financial institutions other than insurance companies

※2 With branch offices overseas

※3 Without branch office overseas

※4 Applicable to insurance companies

Financial criteria for suspension of operation

Securities company	Principal	Agency
Capital	¥300 million	¥300 million
Net Assets	¥300 million	¥20 billion
Net Capital Requirement Ratio	120%	200%
Registered financial institution	Principal	Agency
Capital	¥300 million	¥300 million
Shareholders' Equity	¥300 million	¥20 billion
Capital Adequacy Ratio ^(※1)		
International standard ^(※2)	4%	8%
Domestic standard ^(※3)	2%	4%
Solvency Margin Ratio ^(※4)	100%	400%

Clearing Participant Qualification

As a clearing organization, JSCC assumes the obligations of clearing participants and bears the burden of credit risk for individual clearing participants. Thus, it is necessary for JSCC to manage the credit risk of clearing participants. Therefore, JSCC has defined the qualifications (entrance and maintenance requirements) to become a clearing participant, and regularly monitors the financial standing of clearing participants. Should the existence of financial problems be recognized, JSCC has the right to suspend the assumption of obligations for the clearing participant concerned, as well as to revoke the clearing qualification of

that clearing participant.

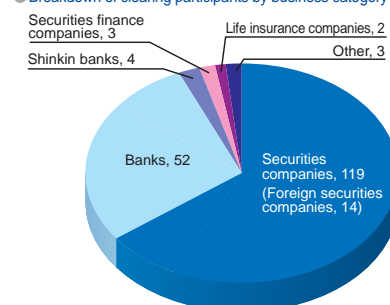
In addition, JSCC monitors unsettled positions of participants on a daily basis, thus monitoring at all times whether there is any clearing participant having excessive risks.

There are four categories of clearing qualifications: Cash Products, JGB Futures & Options on JGB Futures, Stock Index Futures & Options, and Equity Options. There are also two classes for each of these categories: principal clearing qualification and agency clearing qualification. Agency clearing qualifications allow clearing for the trades of other participants as well as its own trades.

Number of companies by clearing qualification category

	Cash Products	JGB Futures & Options on JGB Futures	Stock Index Futures & Options	Equity Options
Principal Clearing Participants	115	162	102	101
Agency Clearing Participants	5	2	2	2

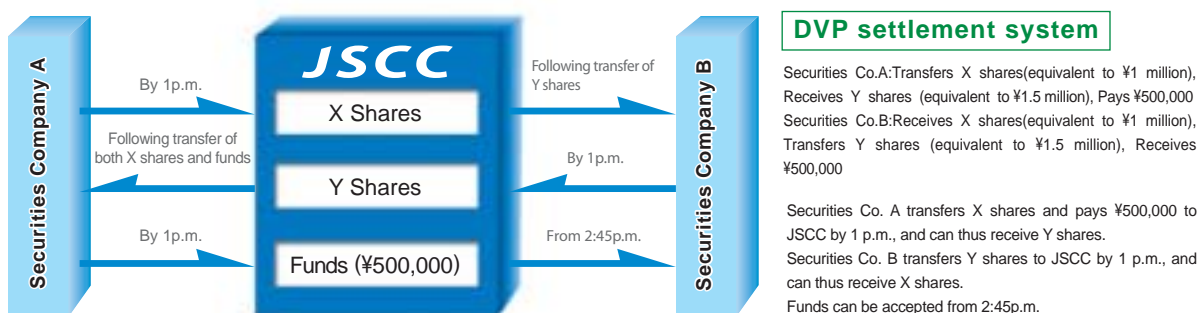
Breakdown of clearing participants by business category



Securing even higher levels of safety

DVP Settlement

Japan Securities Clearing Corporation (JSCC) employs the DVP settlement system with the clearing participants. The DVP (Delivery Versus Payment) settlement links the transfer of securities and funds, thus making payment a condition for the delivery of securities (or making the delivery of securities a condition for payment) in the settlement process. As a result, the principal risk arising from a default, is eliminated.



(Column ②) Revision of the clearing fund system

The clearing fund system

In case of a participant's default, JSCC has a multi-tiered structure in place, as described on the opposite page, which comprises: 1) clearing participant's deposits (e.g. a clearing funds deposit), 2) loss compensation by stock exchanges, 3) shareholders' equity of JSCC, and 4) Special Clearing Charge collected from other participants, based on the principle that the defaulting party must pay, where loss compensation relies mainly on the clearing fund system in which each clearing participant must deposit a clearing funds deposit.

The course of revision

With regards to JSCC's clearing fund system, the required amount was reviewed once a month, though there have been problems of not being able to respond to rapid changes in trading

situations. For example, the clearing funds deposit became insufficient in some cases compared to the risks assumed by JSCC when some clearing participants sharply increased their amount of positions in a short space of time.

In addition, the "Recommendations for Central Counterparties," an international standard for clearing organizations, was published in November 2004 and imposes certain standards concerning requirements for a collateral system, such as the level of coverage against price volatility, etc.

With this situation in mind, JSCC made revisions to improve the clearing fund system, including an earlier review of required amount, etc., resulting in a new clearing fund system being implemented on July 1, 2006. The following summarizes the revisions made.

Actions in case of a participant's default

In the event where a clearing participant goes into default, JSCC is entitled to suspend the delivery of securities or funds to the defaulting participant. JSCC then conducts offset transactions concerning the unsettled positions of the defaulting participant, as well as selling the suspended securities, to fix the loss amount. In the event of a default, JSCC will act on behalf of the defaulting participant to fulfill settlement with other clearing participants. Therefore, JSCC provides maximum assurance to all market participants that the transaction system is indeed safe.

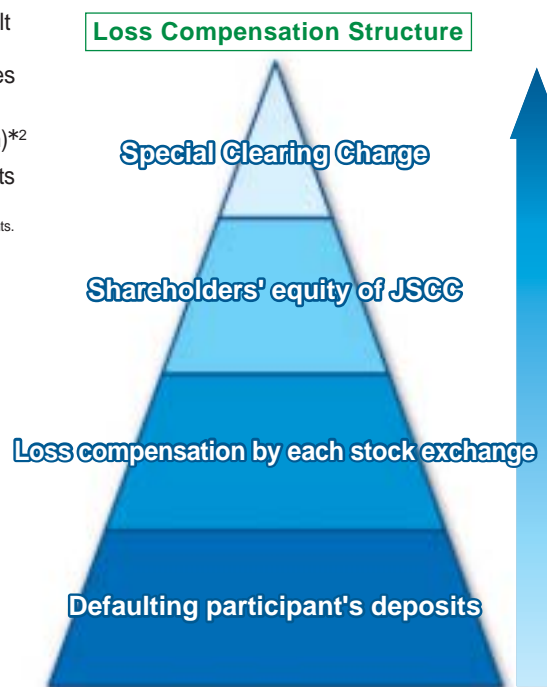
In order to deal with defaults by clearing participants, JSCC maintains an over-draft agreement with fund settling banks to provide short-term liquidity*1.

Should a loss arise for JSCC as a result of a default by a clearing participant, it shall be compensated in the following order:

- Step 1: Defaulting participant's deposit (Clearing Funds, etc.)
- Step 2: Loss compensation by each stock exchange (Default Compensation Reserve Fund, etc.)
(Cash products: approximately ¥10.8 billion, derivatives products: approximately ¥10.4 billion)
- Step 3: Shareholders' equity of JSCC (approximately ¥4.4 billion)*2
- Step 4: Special Clearing Charge collected from other participants

*1 JSCC maintains a level of liquidity large enough to cover the settlement value of the two largest participants.

*2 As of March 31, 2006



The outline of revisions

- The amount required to be deposited was previously announced on the 10th business day of every month and applied on the 15th business day. This has been revised to said announcement being made on the 4th business day of every month, with application on the 5th business day.
- For the amount required for the clearing funds deposit for cash products, the applicable criteria according to which JSCC temporarily changes said required amount shall be clarified, and the "temporarily amended base amount" shall be calculated for each clearing participant on a daily basis.
- The price volatility used in calculating the "temporarily amended base amount" should be at a level that covers 99% of the volatility for 4 days, 3 days, and 2 days at TOPIX during the past 60 business days (approximately 3 months).

Financial Statements

Balance Sheets

	Millions of Yen		Thousands of US dollars		Millions of Yen		Thousands of US dollars
	2006 As of March 31, 2006	2005 As of March 31, 2005	2006 As of March 31, 2006		2006 As of March 31, 2006	2005 As of March 31, 2005	2006 As of March 31, 2006
Assets				Liabilities			
Current Assets	500,926	272,524	4,264,296	Current liabilities	495,080	268,569	4,214,528
Cash and bank deposits	5,023	2,218	42,768	Accounts payable -trade [Note 4.(1)]	1,018	1,074	8,672
Accounts receivable - trade [Note 4.(1)]	1,660	1,347	14,136	Margin funds received for derivatives [Note 3,4.(3)]	262,985	152,075	2,238,746
Marketable securities	1,999	1,999	17,024	Deposits received for clearing funds [Note 3,4.(3)]	181,782	65,880	1,547,481
Deferred income taxes	141	47	1,208	Deposits received as collateral for facilitating settlement [Note 3,4.(3)]	46,911	47,911	399,344
Margin funds for derivatives [Note 3,4.(3)]	262,985	152,075	2,238,746	Margin funds received for when-issued transactions [Note 3,4.(3)]	417	1,042	3,555
Deposits for clearing funds [Note 3,4.(3)]	181,782	65,880	1,547,481	Income taxes payable	1,754	504	14,936
Deposits as collateral for facilitating settlement [Note 3,4.(3)]	46,911	47,911	399,344	Consumption taxes payable	177	46	1,508
Margin funds for when-issued transactions [Note 3,4.(3)]	417	1,042	3,555	Allowance for employee bonuses	22	20	189
Other current assets	3	2	31	Other current liabilities	10	14	93
Non-current assets	1,584	585	13,492	Non-current liabilities	9	-	76
(Tangible fixed assets)[Note 4.(2)]	30	32	263	Allowance for retirement benefits for directors and statutory auditors	9	-	76
Buildings	16	16	138	Total liabilities	495,089	268,569	4,214,605
Vehicles and delivery equipment	-	1	-	Shareholders' equity			
Equipment and furniture	14	14	124	Common stock			
(Intangible fixed assets)	7	9	63	Authorized 120,000 shares at March 31, 2005 and 2006	1,700	1,700	14,471
Software	7	9	63	Issued and outstanding 30,000 shares at March 31, 2005 and 2006			
(Investment and other assets)	1,546	543	13,165	Capital surplus	1,300	1,300	11,066
Investments in securities	1,495	501	12,732	Additional paid-in capital	1,300	1,300	11,066
Deferred income taxes	3	-	31	Retained earnings	4,422	1,541	37,645
Guarantee money deposits [Note 4.(1)]	47	41	402	Voluntary reserve	1,540	500	13,109
				Other reserve	1,540	500	13,109
				Unappropriated retained earnings at the end of the period	2,882	1,041	24,535
Total assets	502,511	273,110	4,277,789	Total Shareholders' equity	7,422	4,541	63,184
				Total liabilities and shareholders' equity	502,511	273,110	4,277,789

The accompanying notes are an integral part of these statements.

Statements of Income

	Millions of Yen		Thousands of US dollars
Ordinary revenues and expenses	2006 Fiscal Year ended on March 31, 2006	2005 Fiscal Year ended on March 31, 2005	2006 Fiscal Year ended on March 31, 2006
Operating revenues and expenses			
Operating revenues	10,356	6,589	88,167
Clearing fees	9,728	5,953	82,813
Maintenance fees on cash products and derivatives [Note 5.(1)]	439	445	3,740
Other operating income [Note 5.(1)]	189	191	1,613
Operating expenses	5,496	4,866	46,790
Outsourcing business costs [Note 5.(1)]	4,889	4,340	41,625
Salaries and compensation [Note 5.(1)]	316	287	2,697
Real estate rental fees [Note 5.(1)]	45	42	390
Facilities expenses [Note 5.(1)]	23	13	196
Other operating expenses [Note 5.(1)]	220	182	1,879
Operating profit	4,860	1,723	41,376
Non-operating income and expenses			
Non-operating income	5	7	46
Non-operating expenses	0	0	1
Ordinary profit	4,865	1,730	41,421
Net income before taxes	4,865	1,730	41,421
Income taxes - current	2,083	705	17,732
Income taxes - deferred	△ 98	1	△ 837
Net income [Note 5.(2)]	2,881	1,024	24,526
Unappropriated earnings (loss) at the beginning of the period	1	17	9
Unappropriated retained earnings at the end of the period	2,882	1,041	24,535

The accompanying notes are an integral part of these statements.

Financial Statements

Notes to the Financial Statements

1. Basis of Presenting Financial Statements

The accompanying financial statements of Japan Securities Clearing Corporation ("JSCC") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards, and are compiled from the financial statements prepared by the Japanese Commercial Code.

The figures are rounded down to the nearest million yen and thousand U.S. dollar. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥117.47 = U.S.\$1, the approximate rate of exchange prevailing as of March 31, 2006, has been used in translation. The inclusion of such amounts are not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the rate or any other rates.

2. Significant Accounting Policies

(1) Marketable securities

Held-to-maturity debt securities, which JSCC intends to hold to maturity, are stated at cost after accounting for premiums or discounts on acquisition, which are amortized over the period to maturity.

(2) Tangible fixed assets

Tangible fixed assets are depreciated using the declining-balance method.

(3) Intangible fixed assets

Software for internal use is amortized using the straight-line method over an estimated useful life, five years.

(4) Allowances

Allowance for employee bonuses ...

Allowance is made for bonuses to employees at the amount expected to be paid in respect of the fiscal year.

Allowance for retirement benefits for directors and statutory auditors ...

Allowance for retirement benefits for directors and statutory auditors is provided at an amount JSCC would be required to pay, if all eligible directors and statutory auditors retired at the fiscal year-end, in accordance with JSCC's internal rule.

This allowance is newly recorded in the year ended March 31, 2006 due to reformulation of the internal rule. The amount of 5 million yen (43 thousand dollars) that should have been accrued in the previous fiscal years is recorded as operating expenses in the year ended March 31, 2006.

(5) Accounting for leases

All finance lease contracts of JSCC are deemed not to transfer the ownership of the leased assets, and are thus accounted for as the operating lease contracts under Japanese accounting standards.

(6) Accounting for obligation assumption

Obligations and credits that JSCC assumes and acquires in the securities obligation assumption business and the business specified under Article 156-6 Paragraph 1 of the Securities and Exchanges Law are accounted for at the point of settlement.

(7) Accounting for consumption taxes

Consumption taxes are imposed at a flat rate of 5 percent for all domestic consumption of goods and services with certain limited exemptions. Consumption taxes imposed on JSCC's sales are withheld by JSCC at the time of sale and are subsequently paid to the government tax authority.

Consumption taxes withheld and consumption taxes paid by JSCC on the purchases of goods and services from vendors are not included in the any amounts in the accompanying Statements of Income.

(8) Income taxes

Income taxes of JSCC consist of corporate income taxes, local inhabitants taxes and enterprise taxes. Income taxes are determined using the asset and liability method, where deferred tax assets and liabilities are recognized for temporary differences between the tax basis of assets and liabilities and their reported amount in the financial statements.

(9) Appropriation of retained earnings

Under the Japanese Commercial Code and the Articles of Incorporation, the plan for appropriation of retained earnings proposed by the Board of Directors is required to be approved at the shareholders' meeting which must be held within three months after the end of each fiscal year.

An appropriated retained earnings at the end of each fiscal year does not represent the results of such an appropriation applicable to that fiscal year, which was approved at the shareholders' meeting and disposed of during the next fiscal year.

As is customary practice in Japan, the payment of bonuses to directors is made out of retained earnings instead of being charged to income for the fiscal year.

3. Accounting Change

Accounting method for collateral securities as clearing deposits

Until the year ended March 31, 2004, collateral securities as clearing deposits to JSCC (Margin funds for derivatives, Deposits for clearing funds, Deposits as collateral preceding settlement day, and Margin funds for when-issued transactions) were based on the calculation of, in accordance with the internal rules, multiplying their market values by a figure ranging between 70 percent and 95 percent depending on the type of securities, and were presented on the Balance Sheets.

JSCC changed the accounting method for the collateral securities in the year ended March 31, 2005. The collateral securities to JSCC were not presented on the Balance Sheets (off-balance sheet) as of March 31, 2005.

As a result of the accounting change, assets and liabilities as of March 31, 2005 decreased by 915,600 million yen, compared with those of 2004.

4. Notes to Balance Sheets

(1) Monetary claims and liabilities for the controlling shareholder:

	Millions of Yen		Thousands of U.S. dollars
	2006	2005	2006
1) Short-term monetary claims	36	37	311
2) Short-term monetary liabilities	446	397	3,803
3) Long-term monetary claims	46	41	399

(2) Accumulated depreciation of tangible fixed assets

2006	23 million yen	199 thousand U.S. dollars
2005	16 million yen	

(3) Clearing deposits

Since JSCC, as a securities clearing organization, assumes and acquires the obligations and credits of transactions from clearing participants at the moment transactions are executed in the stock exchanges, JSCC receives clearing deposits (Margin funds for derivatives, Deposits for clearing funds, Deposits as collateral for facilitating settlement, and Margin funds for when-issued transactions) from clearing participants, in accordance with the Securities and Exchanges Law and relevant ordinances and rules, in order to cover risks arising from participants' default from trade execution to settlement. Assets to be deposited are either cash or certain collateral securities defined by the provision of the rules of JSCC. These deposits are segregated from JSCC's own assets, and the cash deposits are shown on the assets or liabilities section of the balance sheet under the account titles representing the purpose of deposits. The market values of collateral securities at the ends of the last two fiscal years are as follows:

	Millions of Yen		Thousands of U.S. dollars
	2006	2005	2006
1) Collateral securities as Margin funds for derivatives	972,920	820,017	8,282,285
2) Collateral securities as clearing funds	299,583	196,191	2,550,301
3) Collateral securities as collateral for facilitating settlement	204,281	116,321	1,739,009
4) Collateral securities as Margin funds for when-issued transactions	1,324	2,479	11,278

As mentioned in "3. Accounting Change", JSCC changed the accounting method for collateral securities in the year ended March 31, 2005. Amounts of collateral securities, valued in the same method as the year ended March 31, 2004, are as follows:

1) Collateral securities as Margin funds for derivatives	665,183 million yen
2) Collateral securities as clearing funds	153,978 million yen
3) Collateral securities as collateral preceding settlement day	94,710 million yen
4) Collateral securities as Margin funds for when-issued transactions	1,728 million yen

Due to institutional changes including the one that allows the clearing participants to deposit collateral on the settlement day, the terms "Deposits as collateral for facilitating settlement" and "Deposits received as collateral for facilitating settlement" are newly used from the year ended March 31, 2006 in place of the terms "Deposits as collateral preceding settlement day" and "Deposits received as collateral preceding settlement day" which had been used until the year ended March 31, 2005.

5. Notes to Statements of Income

(1) Volume of transactions with controlling shareholders

	Millions of Yen		Thousands of U.S. dollars
	2006	2005	2006
1) Sales to controlling shareholders (operating revenues)	415	424	3,533
2) Purchases from controlling shareholders (operating expenses)	4,973	4,363	42,334

(2) Earnings per share for the last two fiscal years

2006	95,778.48 yen	815.34 U.S. dollars
2005	34,135.37 yen	

Report of Independent Auditors

To the Board of Directors and Shareholders of Japan Securities Clearing Corporation

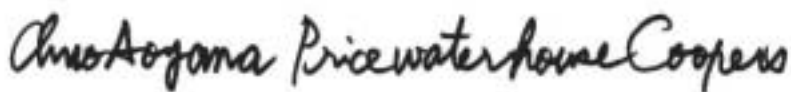
We have audited the accompanying balance sheets of Japan Securities Clearing Corporation as of March 31, 2005 and 2006, and the related statements of income for the years then ended, all expressed in Japanese Yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Securities Clearing Corporation as of March 31, 2005 and 2006, and the results of their operations for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 3, effective for the year ended March 31, 2005, Japan Securities Clearing Corporation changed their accounting policy for accounting method for collateral securities as clearing deposits.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying financial statements.



ChuoAoyama PricewaterhouseCoopers
Tokyo, Japan
May 8, 2006

Clearing Participants (As of August 1, 2006)

Names of clearing participants / a = Cash Products
c = Stock Index Futures & Options

b = JGB Futures & Options on JGB Futures
d = Equity Options

Principal Clearing Participant:○

Agency Clearing Participant:★

		a	b	c	d
A	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	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 UFJ, Ltd.	—	●	—	—
	The Bank of Yokohama, Ltd.	—	●	—	—
	Barclays Capital Japan Limited	●	●	●	●
	Bear Stearns (Japan), Ltd.	●	●	●	●
	BNP PARIBAS Securities (Japan) Limited	●	●	●	●
	Bright Securities Company,Limited	●	●	●	●
C	Calyon Capital Markets Asia B.V.	●	●	●	●
	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.	●	●	●	●
	Cosmo Securities Co.,Ltd.	★	●	●	●
	Credit Suisse Securities (Japan) Limited	●	●	●	●
D	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 Inc.	●	●	●	●
	DOJIMAKANTO Securities Co.,Ltd.	●	●	●	●
	Dresdner Kleinwort Wasserstein (Japan) Limited	●	●	●	●
E	The Eighteenth Bank, Limited	—	●	—	—
	Eiwa Securities Co.,Ltd.	●	●	●	●
G	Goldman Sachs (Japan) Ltd.	●	●	●	●
	The Gunma Bank, Ltd.	—	●	—	—
H	H.S. SECURITIES CO.,LTD.	●	●	●	●
	The Hachijuni Bank, Ltd.	—	●	—	—
	Hibiki Securities Inc.	●	—	—	—

		a	b	c	d
	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 Hokuriku Bank, 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.	●	●	●	●
	INSTINET JAPAN LIMITED	●	●	●	●
	Iwai Securities Co.,Ltd.	●	●	●	●
	The Iyo Bank, Ltd.	—	●	—	—
J	JP Morgan Securities Japan Co., Ltd.	●	●	●	●
	Japan Asia Securities Co.,Ltd.	●	●	●	●
	JAPAN SECURITIES AGENTS,LTD.	★	★	★	★
	JAPAN SECURITIES FINANCE CO.,LTD.	●	—	—	—
	Jefferies (Japan) Limited	●	—	—	—
	JET Securities, Inc.	●	—	●	●
	The Johnan Shinkin Bank	—	●	—	—
	The Joyo Bank, Ltd.	—	●	—	—
	The Juroku Bank, Ltd.	—	●	—	—
	Jyoko Securities Co.,Ltd.	●	—	—	—
	Jyujiya Securities Co.,Ltd.	●	●	●	●
K	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.	●	●	●	●
	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.	●	●	●	●
L	Lehman Brothers Japan Inc.	●	●	●	●
	livedoor Securities Co., Ltd.	●	●	●	●
M	Macquarie Securities (Japan) Limited	●	—	—	—
	MAEDA SECURITIES CO.,LTD.	●	●	●	●
	Marufuku Securities Co.,Ltd.	●	●	●	●

	a	b	c	d
Maruhachi Securities Co.,Ltd.	●	●	●	●
MARUKUNI SECURITIES CO.,LTD.	●	●	●	●
Marusan Securities Co.,Ltd.	●	●	●	●
MARUWA SECURITIES CO.,LTD.	●	●	●	●
MATSUI SECURITIES CO.,LTD.	●	●	●	●
MEIWA SECURITIES CO.,LTD.	●	●	●	●
Merrill Lynch Japan Securities Co.,Ltd.	★	●	●	●
MIKI SECURITIES CO.,LTD.	●	●	●	●
MITA SECURITIES Co.,Ltd.	●	—	—	—
Mito Securities Co.,Ltd.	●	●	●	●
Mitsubishi UFJ Securities Co., Ltd.	●	●	●	●
Mitsubishi UFJ Trust and Banking Corporation	—	●	—	—
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 Securities Co.,Ltd.	●	●	●	●
The Murosei Securities Co.,Ltd.	●	●	●	●
N NAGANO SECURITIES CO.,LTD.	●	●	●	●
NAITO SECURITIES CO.,LTD.	●	●	●	●
The Nakahara Securities Co.,Ltd.	●	●	●	●
The Naruse Securities Co.,Ltd.	●	●	●	●
NETWING SECURITIES CO., LTD.	●	●	●	●
New-S Securities Co.,Ltd.	●	—	—	—
Niigata Securities Co.,Ltd.	●	●	●	●
Nikko Cordial Securities Inc.	●	●	●	●
Nikko Citigroup Limited	●	●	●	●
NIPPON LIFE INSURANCE COMPANY	—	●	—	—
NIS Securities Co.,Ltd.	●	●	●	●
NISHIMURA SECURITIES CO.,LTD.	●	●	●	●
THE NISHI-NIPPON CITY BANK, LTD.	—	●	—	—
NISSAN CENTURY SECURITIES CO., LTD.	●	●	●	●
Nomura Securities Co.,Ltd.	●	●	●	●
The Norinchukin Bank	—	●	—	—
Nozomi Securities Co.,Ltd.	●	●	●	●
O The Ogaki Kyoritsu Bank, Ltd.	—	●	—	—
THE OITA BANK, LTD.	—	●	—	—
OKACHI SECURITIES CO.,LTD.	●	●	●	●
OKASAN SECURITIES CO.,LTD.	★	●	●	●
OKAYASU SECURITIES, Co.,Ltd	●	—	—	—
ORIX Securities Corporation	●	●	●	●
Osaka Securities Finance Co.,Ltd.	●	—	—	—
P Phoenix Securities Co., Ltd.	●	—	—	—
R Rakuten Securities, Inc.	●	●	●	●

	a	b	c	d
Resona Bank, Limited	—	●	—	—
Retela Crea Securities Co.,Ltd.	●	●	●	●
S San-ei Securities Co.,Ltd.	●	●	●	●
The San-in Godo Bank, Ltd.	—	●	—	—
SANKO SECURITIES CO.,LTD.	●	●	●	●
Sankyo Securities Co., Ltd.	●	—	—	—
SBI Securities Co., Ltd.	●	●	●	●
SBI E*TRADE 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.	●	●	●	●
THE SHIZUOKA BANK, LTD.	—	●	—	—
The Shoko Chukin Bank	—	●	—	—
SIEG SECURITIES CO.,LTD.	●	—	—	—
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	—	●	—	—
Sunrise Capital Corporation	●	●	●	●
Suruga Bank Ltd.	—	●	—	—
T TAKAGI SECURITIES CO.,LTD.	●	●	●	●
The Tama Shinkin Bank	—	●	—	—
THE TACHIBANA SECURITIES CO.,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.	●	—	—	—
U UBS Securities Japan Ltd.	●	●	●	●
UTSUMIYA SECURITIES CO.,LTD.	●	●	●	●
Y The Yachiyo Bank, Limited	—	●	—	—
YAHATA 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 August 1, 2006)



President & CEO
Yoshimasa Yamashita



Executive Director & General Manager
Hirokazu Fujisawa



Member of the Board (External Director)
Hideki Ishibashi
(Managing Director, Legal and Compliance,
Credit Suisse Securities (Japan) Limited)



Member of the Board (External Director)
Mamoru Kikuichi
(Executive Managing Director, Jasdaq Securities
Exchange, Inc.)



Member of the Board (External Director)
Masakazu Kubota
(Managing Director, Japan Business Federation)



Member of the Board (External Director)
Toshitsugu Shimizu
(Senior Executive Officer, Tokyo Stock Exchange, Inc.)



Member of the Board (External Director)
Seiji Nakata
(Executive Officer, Head of Corporate Planning,
Daiwa Securities SMBC Co. Ltd.)



Member of the Board (External Director)
Takeshi Nishi
(Senior Managing Director, AIZAWA SECURITIES
CO., LTD.)



Member of the Board (External Director)
Mikio Hinoide
(Branch Manager, Tokyo Branch, Osaka Securities
Exchange Co., Ltd.)



Member of the Board (External Director)
Yusuke Yamada
(Executive Managing Director, NOMURA SECURITIES
CO., LTD.)



Member of the Board (External Director)
Eiji Watanabe
(Senior Executive Managing Director, Nikko Cordial
Securities Inc.)



Standing Statutory Auditor
Tadashi Iwase



Statutory Auditor
Shigeru Nakajima
(Attorney-at-Law)



Statutory Auditor
Tsutao Matsumoto
(CPA)

Corporate Data (as of August 1, 2006)

■ 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
■ Date of Incorporation	July 1, 2002 (commenced business on January 14, 2003)
■ Capital	1.7 billion yen
■ Shareholders	<ul style="list-style-type: none"> •Tokyo Stock Exchange, Inc. •Osaka Securities Exchange Co., Ltd. •Jasdaq Securities Exchange, Inc. •Nagoya Stock Exchange, Inc. •Fukuoka Stock Exchange •Sapporo Securities Exchange

Organization (As of August 1, 2006)



