

JAPAN'S LEADING CLEARING HOUSE

Annual Report 2008

FOR THE YEAR ENDED MARCH 31, 2008



Japan Securities Clearing Corporation

Profile

**Japan Securities Clearing Corporation (JSCC) is
a unified cross-market clearing organization in Japan.**

Objectives of Incorporation

To improve the efficiency and convenience of the market
and to ensure safety in settlement.

In January 2003, Japan Securities Clearing Corporation (JSCC) was licensed to conduct the Securities Obligation Assumption Business (current Financial Instruments Obligation Assumption Business based on the Financial Instruments and Exchange Act) for the first time in Japan and commenced its operations. 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 individual markets.

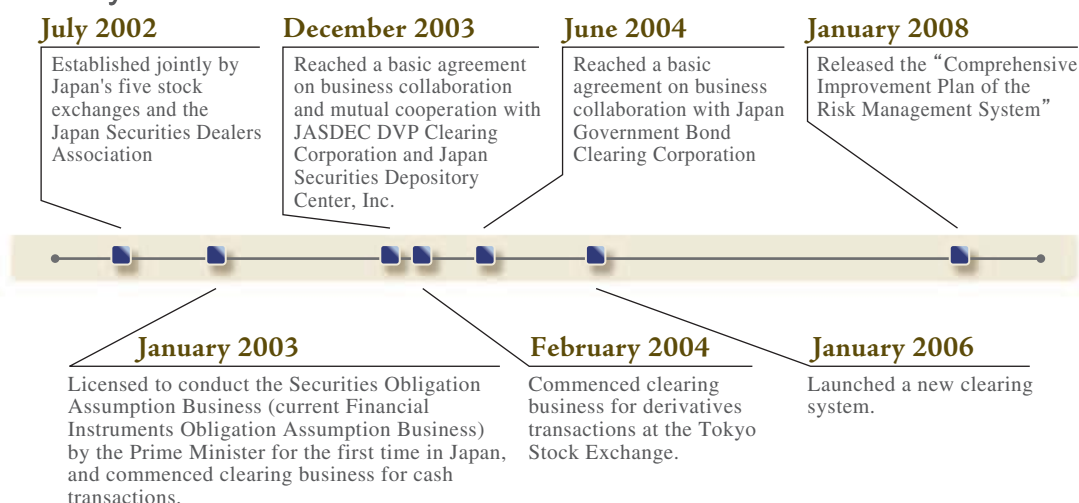
In addition, JSCC is entrusted by other clearing organizations with the task of monitoring the financial standing of clearing participants. This enables the consolidation of the liaison channels of participants. JSCC strives to improve convenience and contribute to the efficient operation of clearing organizations through such arrangement.

Corporate Philosophy

We endeavor to enhance the competitiveness of Japanese securities and derivatives markets by improving the efficiency, convenience and safety in post-trade processing infrastructure.

Based on its corporate philosophy as shown above, JSCC is committed to continue providing the infrastructure for clearing and settlements for securities markets as Japan's core clearing organization and steadfastly fulfill its role as such.

History



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Obligation Assumption Values

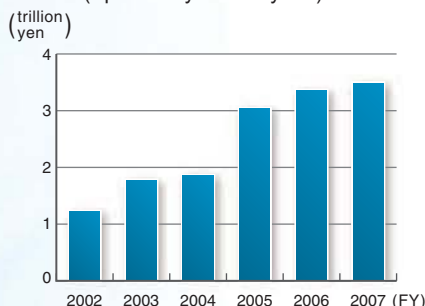
(FY2007)

The daily average values of obligation assumption for cash products, JGB futures, and index futures all reached record highs in fiscal year 2007 following last year.

Cash products (Value-based)

¥3.486 trillion

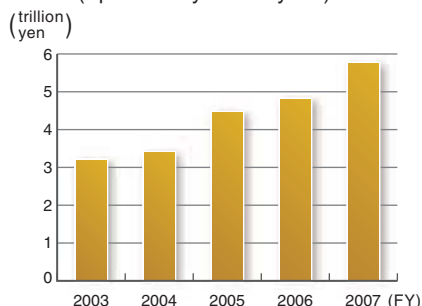
(up 3.8% year on year)



JGB Futures (Face value-based)

¥5.750 trillion

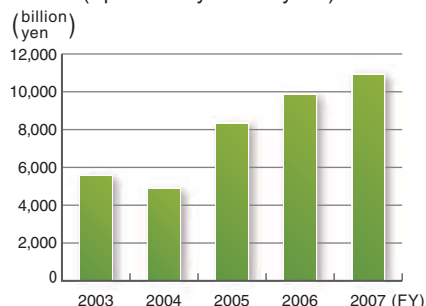
(up 19.9% year on year)



Index Futures (Value-based)

¥1,088 billion

(up 10.9% year on year)



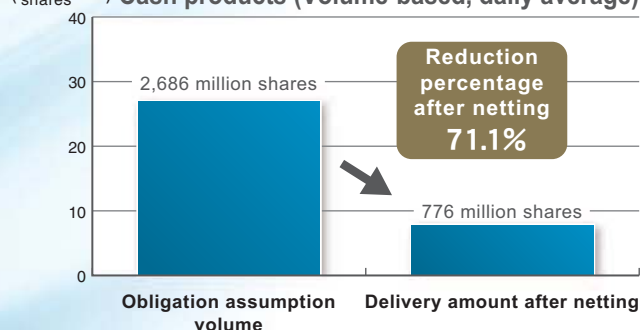
*1. The figure for cash products for fiscal year 2002 was that dating from January 2003, when JSCC started its clearing business for cash transactions.
*2. The figures for JGB futures and index futures for fiscal year 2003 were those dating from February 2004, when JSCC started its clearing business for derivatives transactions.

Netting

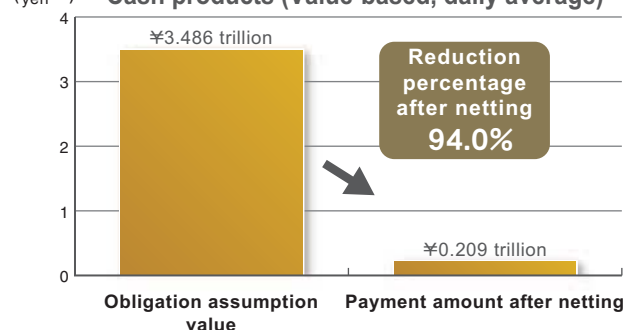
(FY2007)

Netting has improved the efficiency of settlement significantly.

Cash products (Volume-based, daily average)

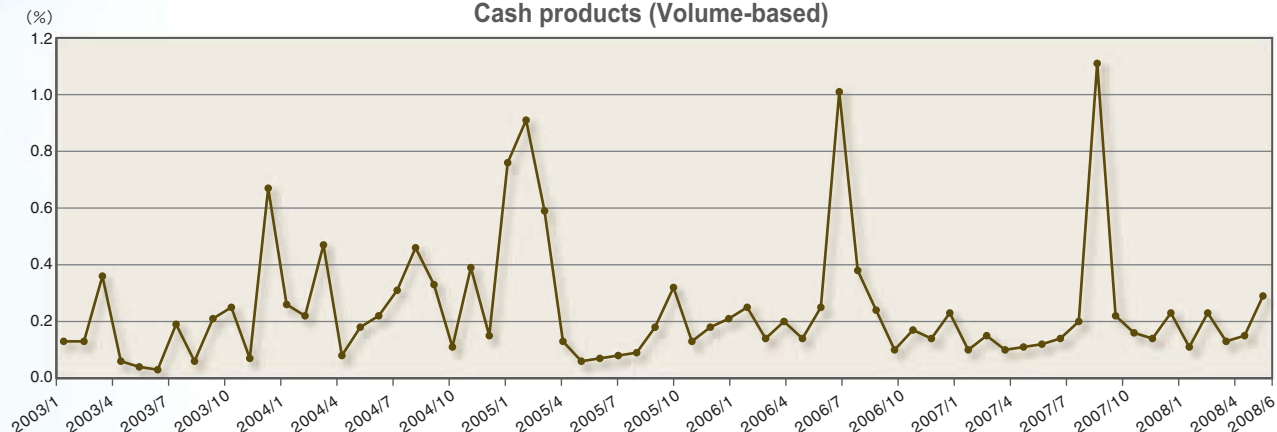


Cash products (Value-based, daily average)



Fail rate

Cash products (Volume-based)



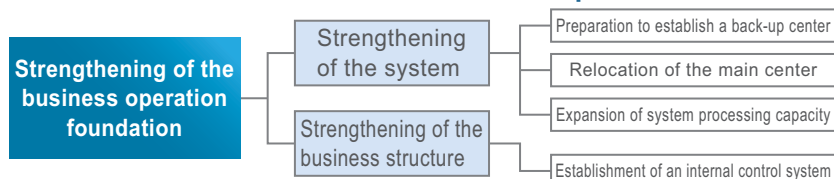
MESSAGE

Activities and Achievements in Fiscal Year 2007

In keeping with the basic corporate philosophy of "to contribute to increase the global competitiveness of Japan's securities market by improving the efficiency, convenience, and safety of securities transactions", JSCC focused its efforts on the following areas in fiscal year 2007.



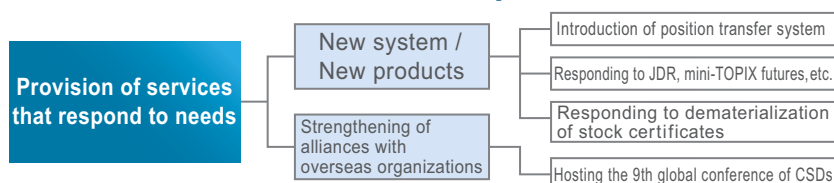
1. Continued reinforcement of the business operation foundation



In order to meet the target set in October 2007 to have the back-up center for the clearing system start operation in autumn 2008, JSCC proceeded with preparations, such as system development and improvement of operational setup. In addition, the main center for the clearing system was relocated to a more robust building, and the processing capacity of the clearing system was increased to 11.60 million transactions per day in July 2007, and then to 18.80 million in November.

Furthermore, the stability and reliability of the operation was improved by taking measures such as establishing an internal control system to perceive the risks accurately and to reduce them.

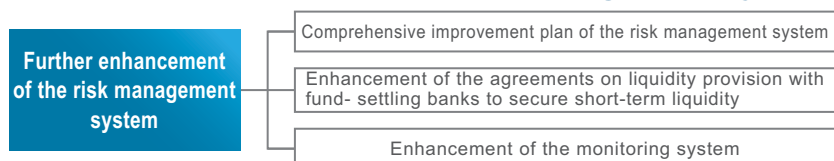
2. Provision of services that respond to needs



In order to respond to newly listed products and diversifying forms of transactions, JSCC has taken various measures. These include introduction of position transfer system following the introduction of give-up functions for futures and options transactions, addition of JDR to transactions eligible for clearing, and preparation to accommodate new derivative products (such as mini-TOPIX futures). In addition, JSCC held discussions with relevant organizations concerning adjustment of rules and business practices prior to dematerialization of stock certificates in January 2009 and proceeded with the preparation for system development.

JSCC also actively strengthened cooperation and information exchange with overseas clearing/settlement organizations. More specifically in April 2007, JSCC co-hosted the 9th Global Conference of Central Securities Depositories with overseas organizations. In June of the same year, JSCC signed an MOU on mutual cooperation with Taiwan Depository & Clearing Corporation.

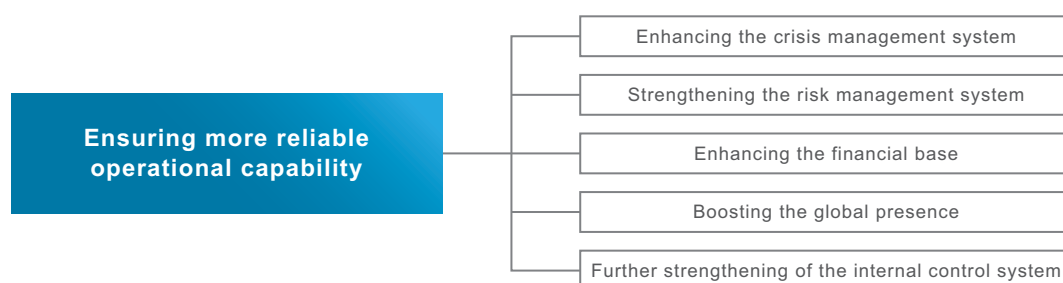
3. Further enhancement of the risk management system



JSCC conducted a comprehensive review of the framework of the settlement guarantees in the event of a clearing participant's default, and compiled a "Comprehensive Improvement Plan of the Risk Management System" as its measure to improve the risk management function, and released it in January 2008. In addition, the agreements on liquidity provision with fund-settling banks to secure short-term liquidity have been significantly enhanced to deal with the potential default by a clearing participant. JSCC also launched a system to monitor participants that links the financial standing of clearing participants with their open positions, thus establishing a framework to conduct stress tests on a daily basis.

Future Outlook and Issues

1. Measures to "ensure more reliable operational capability"



JSCC will strive to improve the reliable operational capacity in order to contribute to the increase in global competitiveness of Japan's securities market. More specifically, JSCC will ensure the launch of the back-up system to strengthen the crisis management system. JSCC will also endeavor to improve the Business Continuity Plan (BCP), as well as strengthening the base of the system by increasing the processing capacity of the system. According to the "Comprehensive Improvement Plan of the Risk Management System", as released in January 2008, JSCC will introduce the earlier deposit of collateral and review of the calculation method to enhance and strengthen its risk management function. From the viewpoint of securing a stable and efficient operation as the infrastructure of Japan's securities market, JSCC will investigate measures to establish the stable profit structure that is resistant to market influence. In order to promote better understanding by the relevant parties in the market, including overseas investors, of JSCC's rules and efforts, JSCC will improve its provision of information by renewing its website and providing materials in English. Furthermore, JSCC will continually assess the operational risks in order to further strengthen the internal control system and enhance the execution of operations, as well as executing measures to reduce risks as needed.

2. Measures for "expanding the service"



JSCC will take measures to expand its services in order to provide services to meet the needs of the parties involved in the market and to respond to requests and expectations placed on JSCC as deliberations on strengthening the competitiveness of Japan's securities market continue. More specifically, JSCC will steadily respond to newly listed products, as well as improving the convenience by absorbing participants' needs for clearing and settlement as the forms of transactions continue to diversify. JSCC will also examine possibilities of forming alliances with clearing organizations both in Japan and overseas in light of alliances between exchanges. Furthermore, measures will be taken to ensure smooth operations after the dematerialization of stock certificates, and JSCC will actively participate in discussions concerning reforming settlement systems after the introduction of dematerialization of stock certificates.

Concluding Remarks

In 2008, JSCC reached its five-year milestone. We take great pride in being one of the principal infrastructure providers to support increasingly diverse and sophisticated securities and derivatives transactions. Our endeavors for contribution to the enhancement of competitiveness and development of the Japanese financial and capital markets will never cease.

Yoshimasa Yamashita
President and CEO
August 2008

Yoshimasa Yamashita

Securing even higher levels of stability in settlement

Comprehensive Improvement Plan of the Risk Management System

As clearing organizations assume clearing participants' credit risk and settlement risk in a concentrated manner, an adequate risk management system must be in place. In order to ensure further stability of the clearing and settlement system and to achieve a high level of standard in risk management, by both national and international standards, JSCC conducted an overall review of the risk management system, and released the “**Comprehensive Improvement Plan of the Risk Management System**” in January 2008 with the results thereof.

Comprehensive Improvement Plan of the Risk Management System (Outline)

1. Review of the settlement guarantee framework including collateral system

—— The collateral system will be further refined.

◆ Acceleration of the deadline for the deposit of the clearing fund for cash products

The time before the deadline to deposit clearing fund for cash product will be reduced.

◆ Review of the collateral calculation method

A more refined risk calculation method will be introduced to calculate the clearing fund. The frequency of regular review of the SPAN risk parameters, which are used in calculating the margin fund, will be increased from once in three months to once a week.

◆ Review of the method to evaluate collateral securities

A more refined evaluation method will be introduced to suit characteristics of the collateral securities.

2. Review of regulatory measures concerning risk management

—— Systems including the position management for clearing participants will be enhanced.

◆ Measures concerning position management

JSCC will be able to take action against a clearing participant having an excessive volume of positions, by measures including requesting reports, increasing collateral, and instructing improvements of the position status.

◆ Introduction of regulatory measures concerning collateral

JSCC will be able to restrict the deposit of collateral securities.

◆ Clarification of rules on measures against participants

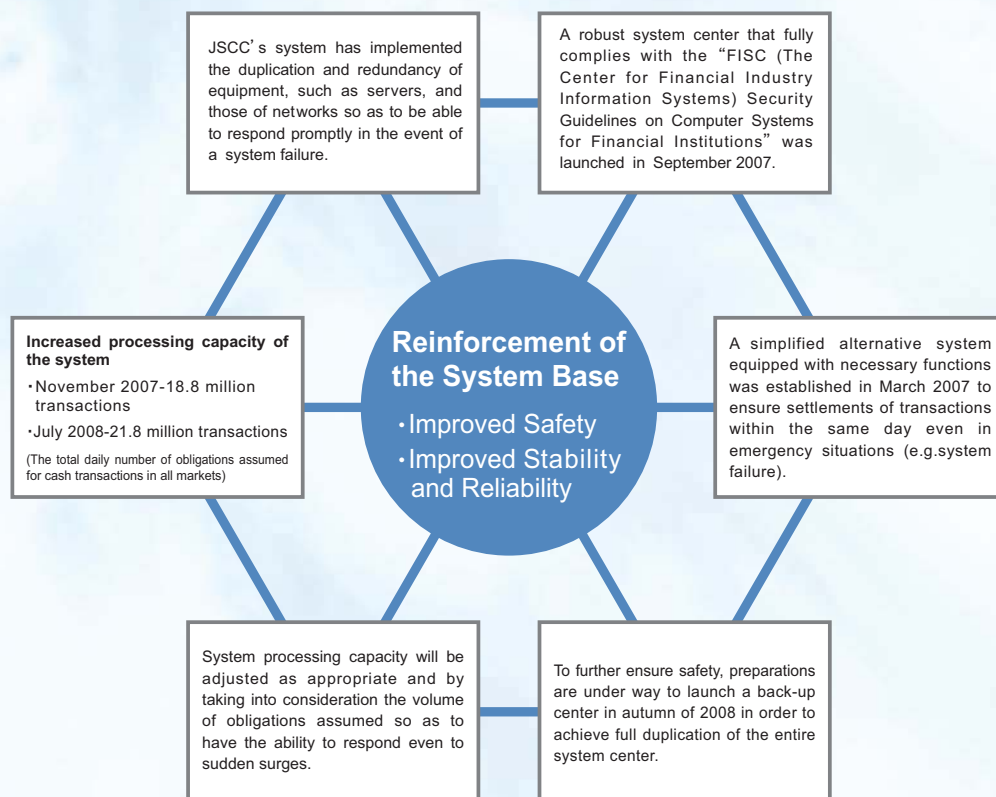
The reasons to take measures against a participant will be clearly stated in the JSCC rules.

Efforts to Reinforce the System Base

Discussions at the Securities Market BCP Council* led to a recommendation that a back-up center for clearing and settlement functions be constructed at the earliest possible time, considering the impact on the trade execution function of the exchange and concerns about systemic risks. It was also recommended that operations be examined and reinforced so that any risk incident will be resolved “within approximately 2 hours of occurrence of the risk”, thus allowing the day's clearing and settlement to be completed on the same day.

JSCC is continually examining the system base and taking measures as needed. Further strengthening of the system base is planned for the future.

* Established for the purpose of studying a BCP (Business Continuity Plan) and implementing appropriate measures as needed, it is at the top of the BCP forum of the securities market. Securities-related organizations comprise its membership.



Expanding Services

In addition to responding to newly listed products, it is important for JSCC to appropriately absorb market participants' needs for clearing / settlement in light of the diverse assortment of transactions and to implement measures to respond to these needs.

Accordingly, JSCC has implemented the following to expand services for market participants.

Inclusion of New Products

In response to newly listed products, JSCC has expanded the scope of eligible products.

Beneficiary certificates of trust issuing beneficiary certificates

Following inclusion of beneficiary certificates in trust issuing beneficiary certificates and foreign beneficiary certificate in trust issuing beneficiary certificates (since November 2007), JSCC is now able to deal with a wide variety of products, including JDR (Japanese Depositary Receipt) and Commodity ETFs (Exchange Traded Funds on commodities).

Newly listed derivatives products

In June 2008, JSCC commenced clearing operations for new derivatives products (mini-TOPIX futures, TSE REIT index futures and TOPIX core 30 futures).

Introduction of a New System

Introduction of position transfer system

Following the introduction of the Give-Up system[※] for the derivatives transactions at Tokyo Stock Exchange, Inc. in January 2008, for which JSCC undertakes clearing operations, JSCC introduced the position transfer system where unsettled positions can be transferred to another clearing participant.

[※] Under the Give-Up system, an executed transaction may be cleared and settled by a financial instruments firm other than the one who placed the order.

Improving our presence in the international securities markets

JSCC has been actively cooperating with overseas organizations so as to strengthen the global competitiveness of Japan's securities market. For instance, JSCC has become a member of CCP12, a group that consists of major clearing organizations of the world, since JSCC's foundation. The group conducts reviews and makes suggestions to strengthen the CCP functions. JSCC has also led the launch of the Asia-Oceania CCP to achieve coordination among clearing organizations in Asian countries. Furthermore, JSCC co-hosted the 9th Global Conference of Central Securities Depositories with overseas organizations in April 2007 as one of its activities to improve its global presence.

CCP Global Conference



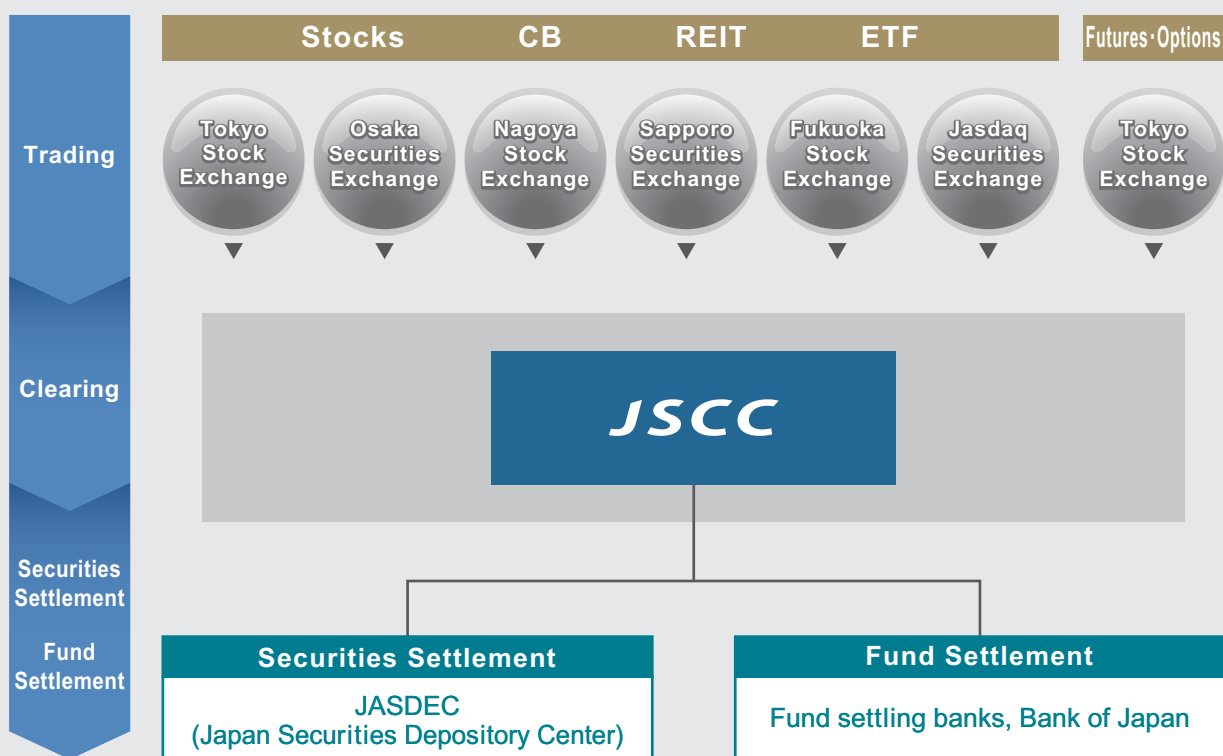
In April 2008, CCP12 held the CCP Global Conference in Tokyo, and JSCC managed the conference as the organizer of the host country.

In keeping with this year's theme, “CCP and the Evolution of Global Trading”, panel discussions and speeches were held mainly on topics relating to globalization of securities transactions, including cross-border transactions and globalization of the market from the viewpoint of CCP's initiatives, and CCP's initiatives on risk management systems amidst globalization. More than 150 delegates from over 70 organizations participated in the Conference.



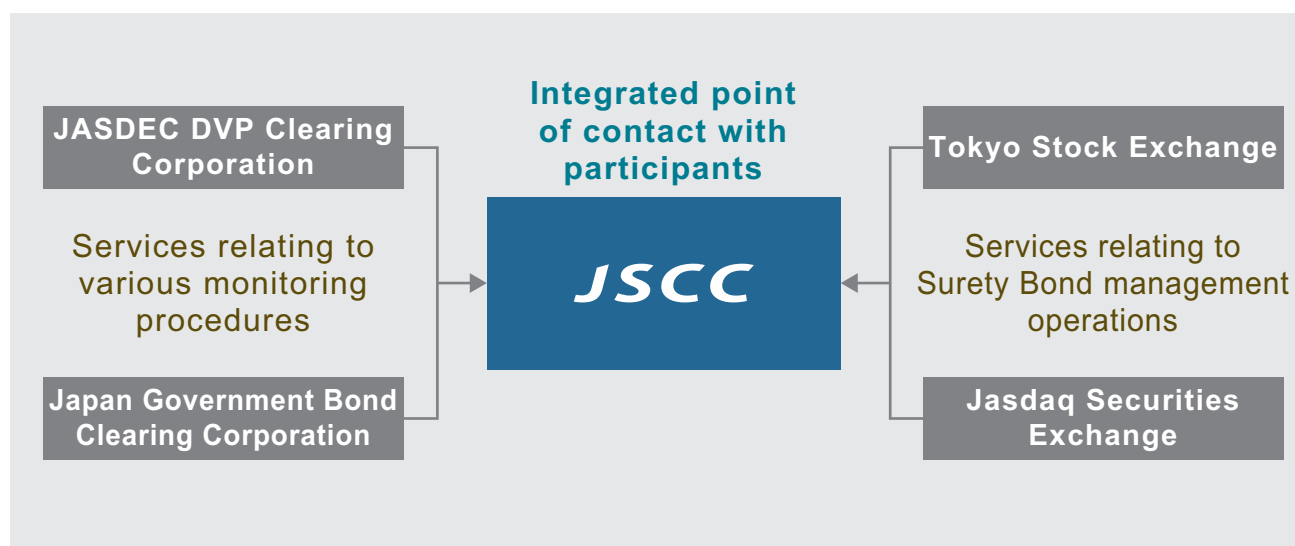
Roles as a cross-market clearing organization in Japan

Role of JSCC in Japan's Securities Market



As a unified clearing organization in Japan, Japan Securities Clearing Corporation (JSCC) provides services relating to the assumption of obligations in connection with all cash transactions that are executed at any of the stock exchanges in Japan, as well as futures and options transactions that are executed at the Tokyo Stock Exchange, Inc.

Services to Securities Infrastructures



Services relating to Monitoring Procedures

JSCC is entrusted by JASDEC DVP Clearing Corporation and Japan Government Bond Clearing Corporation with various procedures relating to the monitoring of financial conditions of clearing participants (such as submission of required documents). JSCC thus serves as an integrated liaison channel for these clearing organizations. As a result, clearing participants of these clearing organizations can complete filing with and reporting to all clearing organizations simply by submitting various documents to JSCC.

Services relating to Surety Bond management operations

JSCC is entrusted with management operations relating to Surety Bonds that participants deposit with Tokyo Stock Exchange, Inc. and Jasdaq Securities Exchange, Inc. As a result, JSCC serves as an integrated point for participants to deposit various forms of collateral, including clearing funds.

Securing Reliability in Settlement

Basic Policy for Risk Management

Japan Securities Clearing Corporation (JSCC) assumes obligation for huge amounts and volumes of transactions. Settlement guarantees are essential in maintaining the stability and reliability of the securities markets. These guarantees, along with the fairness and efficiency of transactions, form the basis for the assurance of the overall quality of the markets.

In the event of a clearing participant's default, JSCC is required to complete the settlement of the transactions with the other participants since JSCC becomes the counterparty for transactions for which JSCC assumes the obligation.

In order to respond to this risk, JSCC has established a set of financial standards for all clearing participants from the viewpoint of managing their credit risks. JSCC constantly monitors clearing participants' financial standing and manage their positions.

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

Furthermore, JSCC has a multi-tiered structure in place to compensate for any loss incurred in the event of a default by a clearing participant. The structure is built on the principle that the defaulting party is primarily responsible for compensation of the loss with the application of its assets, and that any remaining loss is met with loss compensation by stock exchanges and other funds collected from other clearing participants.

Clearing Participant Qualifications

As a clearing organization, JSCC assumes the obligation of clearing participants and bears the burden of credit risks for individual clearing participants. It is therefore necessary for JSCC to manage the credit risks of clearing participants. JSCC has defined the qualifications (financial criteria for participation and for suspension of operation) to become a clearing participant, and regularly monitors the financial standing of clearing participants. Should a participant be found to have financial problems, JSCC has the right to suspend the assumption of obligations for the clearing participant, as well as revoke the clearing qualification of that clearing participant.

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

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

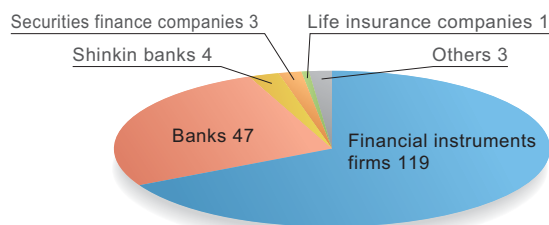
Financial criteria for suspension of operation

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%

Number of clearing qualified corporations by category and class (As of August 1, 2008)

	Cash Products	JGB Futures & Options on JGB Futures	Index Futures & Options	Securities Options
Principal clearing	114	156	104	101
Agency clearing	5	1	1	1

Breakdown of clearing participants by business category



Securing Reliability in Settlement

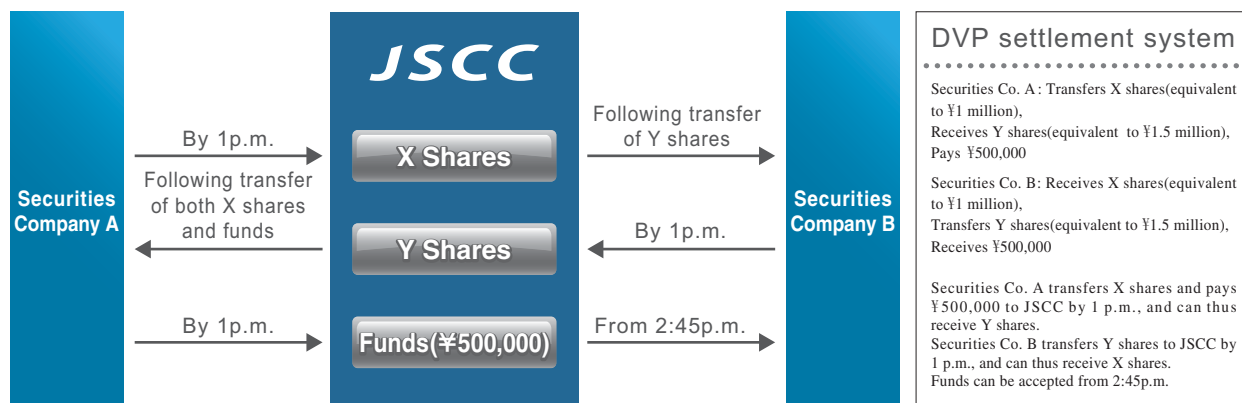
Position Management System

When a clearing participant holds an excessive volume of positions in relation to its financial base, probabilities of a default by the participant are heightened if the position risk materializes as losses. Depending on the size of the losses, collection of a special clearing charge from other participants may become necessary in order to compensate such losses. In order to prevent such a situation from occurring, JSCC monitors unsettled positions of participants on a daily basis. When JSCC finds a clearing participant that is exposed to excessively high levels of risk, JSCC has the right to take the following measures.

Request a report concerning the risk	Increase collateral amount	Issue instructions to improve positions
When the estimated amount of the position risk of a participant exceeds a certain ratio in relation to its own capital, the participant is required to report the reasons therefor, etc.	When it is identified from the report on risk factors, etc. that a clearing participant is exposed to an excessively high level of risk, JSCC has the right to take measures including increasing the collateral amount up to the necessary level.	Despite the fact that measures including increase in the collateral amount have been taken, if the situation that triggered the above measures persists, or it is deemed necessary to promptly resolve any concern over certainty of fulfillment of obligations to JSCC by the clearing participant because, for example, the positions are further increased, then JSCC has the right to instruct the clearing participant concerned to improve its position status up to the necessary level.* *This measure is applicable only to derivatives transactions.

DVP Settlement

Japan Securities Clearing Corporation (JSCC) employs the DVP settlement system with the clearing participants. In a DVP (Delivery Versus Payment) settlement, the transfer of securities and that of funds are linked. Thus, payment becomes a condition for the delivery of securities (or the delivery of securities a condition for payment) in the settlement process. Consequently, the principal risk, arising from a default, is eliminated.



Efforts Toward Preparations in the event of a Participant's Default

Actions in case of a default

In the event of a clearing participant's default, JSCC suspends the delivery of the settlement funds or securities to the defaulting participant. JSCC then conducts offset transactions concerning the unsettled positions of the defaulting participant, while at the same time sells the securities whose delivery was suspended so as to determine the amount of the loss that results from the default. Clearing participants are thus assured of safe market transactions even in the event of a default, as JSCC acts on behalf of the defaulting participant to execute any settlement with other clearing participants.

In order to deal with potential defaults by clearing participants, JSCC maintains the agreements on liquidity provision with fund-settling banks to secure short-term liquidity.*¹

*1. JSCC maintains a level of liquidity large enough to cover the settlement amounts of the two largest participants in the event of their default.

Loss compensation scheme

In the event that JSCC incurs loss as the result of a default by a clearing participant, the loss is compensated for in the following order:

- **First priority:** Deposits of the defaulting participant (clearing funds, etc.)
- **Second priority:** Loss compensation by stock exchanges (default compensation reserve fund, etc.) (Cash products: approximately ¥10.8 billion; derivatives: approximately ¥10.4 billion)
- **Third priority:** Shareholders' equity of JSCC (approximately ¥10.6 billion)*²
- **Fourth priority:** Special clearing charge collected from other participants

*2. As of March 31, 2008



Financial Statements

Balance Sheets

March 31, 2008 and 2007

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
CURRENT ASSETS:			
Cash and bank deposits	¥ 3,712	¥ 4,366	\$ 37,053
Accounts receivable—trade (Note 8)	1,379	1,660	13,764
Marketable securities	9,992	4,496	99,737
Margin funds for derivatives (Note 4)	280,045	224,069	2,795,140
Deposits for clearing funds (Note 4)	222,630	134,583	2,222,086
Deposits as collateral for facilitating settlement (Note 4)	47,411	65,911	473,210
Margin funds for when-issued transactions (Note 4)	371	374	3,702
Deferred income taxes (Note 5)	97	99	973
Other current assets	5	9	58
Total current assets	565,645	435,569	5,645,728
PROPERTY AND EQUIPMENT—Net (Note 3):			
Buildings	45	56	458
Equipment and furniture	15	19	152
Total property and equipment	61	75	610
INTANGIBLE FIXED ASSETS—Net:			
Software	41	25	417
Software in progress		5	
Total intangible fixed assets	41	30	417
INVESTMENTS AND OTHER ASSETS:			
Investments in securities	497	1,994	4,963
Guarantee money deposits (Note 8)	48	48	481
Deferred income taxes (Note 5)	5	5	50
Total investments and other assets	550	2,048	5,495
TOTAL	¥ 566,299	¥ 437,724	\$ 5,652,252

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
CURRENT LIABILITIES:			
Accounts payable—trade (Note 8)	¥ 935	¥ 974	\$ 9,332
Income taxes payable	1,106	1,111	11,044
Consumption taxes payable	47	64	474
Accrued bonuses	29	24	291
Accrued bonuses for directors	14	8	141
Margin funds received for derivatives (Note 4)	280,045	224,069	2,795,140
Deposits received for clearing funds (Note 4)	222,630	134,583	2,222,086
Deposits received as collateral for facilitating settlement (Note 4)	47,411	65,911	473,210
Margin funds received for when-issued transactions (Note 4)	371	374	3,702
Other current liabilities	8	15	81
Total current liabilities	552,598	427,137	5,515,507
NON-CURRENT LIABILITIES:			
Long-term accounts payable	12		124
Liability for retirement benefits for directors and statutory auditors		13	
Total non-current liabilities	12	13	124
Total liabilities	552,611	427,151	5,515,631
EQUITY (Notes 6 and 9):			
Shareholders' equity:			
Common stock—authorized, 120,000 shares at March 31, 2008 and 2007; issued, 30,000 shares at March 31, 2008 and 2007	1,700	1,700	16,967
Capital surplus	1,300	1,300	12,975
Retained earnings	10,688	7,573	106,677
General reserve	7,570	4,410	75,556
Retained earnings—unappropriated	3,118	3,163	31,120
Total shareholders' equity	13,688	10,573	136,620
Total equity	13,688	10,573	136,620
TOTAL	¥ 566,299	¥ 437,724	\$ 5,652,252

See notes to financial statements.

Statements of Income

Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
OPERATING REVENUES (Note 8):			
Clearing fees	¥ 11,122	¥ 10,588	\$ 111,013
Monthly fees	81	29	817
Maintenance fees on cash products and derivatives	439	441	4,390
Other operating income	223	231	2,225
Total operating revenues	11,867	11,291	118,447
OPERATING EXPENSES (Note 8):			
Outsourcing business costs	5,993	5,354	59,823
Salaries and compensation	376	346	3,753
Real estate rental fees	49	48	490
Facilities expenses	17	23	172
Other operating expenses	220	208	2,200
Total operating expenses	6,656	5,981	66,440
Operating profit	5,210	5,309	52,007
OTHER INCOME—Net	67	27	674
INCOME BEFORE INCOME TAXES	5,278	5,337	52,681
INCOME TAXES—Current (Note 5)	2,161	2,137	21,572
INCOME TAXES—Deferred (Note 5)	2	40	22
NET INCOME (Note 9)	¥ 3,114	¥ 3,158	\$ 31,086

See notes to financial statements.

Statements of Changes in Equity

Years Ended March 31, 2008 and 2007

	Outstanding Number of Shares of Common Stock (Note 9)	Millions of Yen				
		Common Stock (Note 9)	Capital Surplus	Retained Earnings		Total Equity
			Additional Paid-in Capital	General Reserve	Unappropriated	
BALANCE, APRIL 1, 2006	30,000	¥ 1,700	¥ 1,300	¥ 1,540	¥ 2,882	¥ 7,422
Net income					3,158	3,158
Bonuses to directors					(7)	(7)
Transfer to general reserve				2,870	(2,870)	
BALANCE, MARCH 31, 2007	30,000	1,700	1,300	4,410	3,163	10,573
Net income					3,114	3,114
Transfer to general reserve				3,160	(3,160)	
BALANCE, MARCH 31, 2008	30,000	¥ 1,700	¥ 1,300	¥ 7,570	¥ 3,118	¥ 13,688

	Outstanding Number of Shares of Common Stock (Note 9)	Thousands of U.S. Dollars (Note 1)				
		Common Stock (Note 9)	Capital Surplus	Retained Earnings		Total Equity
			Additional Paid-in Capital	General Reserve	Unappropriated	
BALANCE, MARCH 31, 2007		\$ 16,967	\$ 12,975	\$ 44,016	\$ 31,574	\$ 105,533
Net income					31,086	31,086
Transfer to general reserve				31,540	(31,540)	
BALANCE, MARCH 31, 2008		\$ 16,967	\$ 12,975	\$ 75,556	\$ 31,120	\$ 136,620

See notes to financial statements.

Notes to Financial Statements

Years Ended March 31, 2008 and 2007

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying financial statements of Japan Securities Clearing Corporation ("JSCC" or the "Company") are prepared in accordance with the provisions set forth in the Companies Act of Japan (the "Companies Act") and in conformity with accounting principles generally accepted in Japan. A statement of cash flows is not required as a part of the basic financial statements under the Companies Act and, accordingly is not presented herein and the information provided in the notes to the financial statements is limited to that required by Japanese laws and regulations. Japanese yen figures less than a million yen are rounded down to the nearest million yen.

In preparing these financial statements, certain reclassifications and rearrangements have been made to the financial statements issued domestically in order to present them in a form which is more

familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2007 financial statements to conform to the classifications used in 2008.

The financial statements are stated in Japanese yen, the currency of the country in which JSCC is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100.19 to U.S.\$1, the approximate rate of exchange at March 31, 2008. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Marketable Securities—Held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost.

b. Property and Equipment—Property and equipment are stated at cost. Depreciation is computed using the declining-balance method over the estimated useful lives of the assets.

Property and equipment acquired on and after April 1, 2007 are depreciated by the declining-balance method in accordance with the revised corporate tax law, which is effective April 1, 2007. The effect of this treatment on income before income taxes for the year ended March 31, 2008 was not material.

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

d. Bonuses to Employees and Directors—Bonuses to employees and directors are accrued at the year end to which such bonuses are attributable.

e. 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.

f. Accounting for Obligation Assumption—Obligations and credits that JSCC assumes and acquires in the financial instruments obligation assumption business and the business specified under Article 156-6 Paragraph 1 of the Financial Instruments and Exchange Act are accounted for at the time

of settlement.

g. 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 bases of assets and liabilities and their reported amounts in the financial statements.

h. Accounting for Consumption Taxes—Consumption taxes are imposed at a flat rate of 5% for all domestic consumption of goods and services with certain limited exemptions. Consumption taxes imposed on the 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 purchase of goods and services from vendors are not included in any amounts in the accompanying statements of income.

i. Appropriation of Retained Earnings—Under the Companies Act 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.

Unappropriated retained earnings at the end of each fiscal year do not represent the results of such an appropriation applicable to that fiscal year, which will be approved at the shareholders meeting and disposed of during the next fiscal year.

3. ACCUMULATED DEPRECIATION OF PROPERTY AND EQUIPMENT

Accumulated depreciation of property and equipment at March 31, 2008 and 2007 is as follows:			Thousands of U.S. Dollars
Millions of Yen	2008	2007	2008
¥65	¥38		\$555

4. CLEARING DEPOSITS

JSCC, as a financial instruments clearing institution, assumes obligations and obtains credits from clearing participants when securities are traded in the market. In order to secure against default by the clearing participants for the period from the trading date through the settlement date, JSCC receives clearing deposits in accordance with the Financial Instruments and Exchange Act and relevant ordinances and rules and keeps them segregated from JSCC's own assets.

Deposited monetary assets and related offsetting liabilities are presented in the accompanying balance sheets as "Margin funds (received) for derivatives," "Deposits (received) for clearing funds," "Deposits (received) as collateral for facilitating settlement" and "Margin funds (received) for when-issued transactions."

Deposited securities and related offsetting liabilities are not included in the accompanying balance sheets. The market values of such deposited securities as of March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Margin funds for derivatives	¥851,713	¥1,032,253	\$8,500,980
Deposits for clearing funds	364,427	278,443	3,637,360
Deposits as collateral for facilitating settlement	109,563	167,053	1,093,559
Margin funds for when-issued transactions	328	552	3,279

5. INCOME TAXES

The Company is subject to several taxes based on income, which in the aggregate resulted in a statutory tax rate of approximately 41% for the year ended March 31, 2008.

Significant components of the Company's deferred income tax assets and liabilities as of March 31,

2008 and 2007 are accrued enterprise taxes.

As the difference between the statutory tax rate and the effective tax rate for the year ended March 31, 2008 is less than 5% of the statutory tax rate, the reconciliation is omitted.

6. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act, a new corporate law of Japan, which reformed and replaced the Commercial Code of Japan. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as: (1) having the board of directors, (2) having independent auditors, (3) having the board of statutory auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the board of directors may declare dividends at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until

the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, additional paid-in capital, other capital surplus, legal reserve and other retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the board of directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

7. LEASES

In addition to property and equipment on the balance sheet, certain equipment and furniture are used under finance lease contracts which are deemed not to transfer the ownership of the leased assets to the lessee.

8. RELATED PARTY TRANSACTIONS

a. Transactions with "Related Companies"

Under the Companies Act and regulations, transactions with "Related companies" need to be disclosed. The "Related companies" are defined as follows:

- (1) a parent company, subsidiaries and associated companies of JSCC
- (2) In case JSCC is an associated company of a company, the company is also an associated company of JSCC.

JSCC has not held any subsidiaries or associated companies, and only its parent company has been a related company of JSCC.

Tokyo Stock Exchange, Inc. was the parent company of JSCC up to September 30, 2007 and Tokyo Stock Exchange Group, Inc. has been the parent company since October 1, 2007.

Transactions of JSCC with its parent company for the years ended March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Operating revenues	¥213	¥434	\$2,132
Operating expenses	3,101	5,626	30,955

The balances due to or from its parent company at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Accounts receivable-trade		¥37	
Accounts payable-trade	¥0	498	\$1
Guarantee money deposits		47	

b. Transactions with Related Parties

Material transactions of the Company with related parties for the years ended March 31, 2008 and 2007 are as follows:

Name of Related Party	Percentage of Equity Ownership by the Company	Relationship Business Relationship	Description of the Company's Transaction	Amount of the Transactions		Account	End of Period Account Balance	
				2008	2007		2008	2007
				2008	2007		2008	2007
Tokyo Stock Exchange, Inc. (a subsidiary of the parent company)	—	Entrustment of clearing system processing	Payment of entrustment fees for clearing system processing	¥5,788 million (\$57,771 thousand)		Accounts payable-trade	¥528 million (\$5,273 thousand)	
Tokyo Stock Exchange, Inc. (a parent company)	(Possessed by) Directly 86.3%	Entrustment of clearing system processing	Payment of entrustment fees for clearing system processing		¥5,159 million	Accounts payable-trade		¥485 million

Notes: 1. Tokyo Stock Exchange, Inc. transferred 25,890 shares of JSCC (86.3% of shares) held by it to its holding company, Tokyo Stock Exchange Group, Inc., on October 1, 2007.

2. The above transaction amounts exclude consumption taxes, but consumption taxes are included in the end of period balances.

3. Transaction conditions and policies regarding decisions on transaction conditions are as follows: At the beginning, entrustment fees for clearing system processing were determined based on the offer in the competition, and at the subsequent revisions, the fees have been determined based on the negotiation after the offer from Tokyo Stock Exchange, Inc.

9. PER SHARE INFORMATION

a. Net Income per Share

Net income per share of common stock is based upon the weighted-average number of shares of common stock outstanding during each year.

Net income per share of common stock for the years ended March 31, 2008 and 2007 is as follows:

	Yen		U.S. Dollars
	2008	2007	2008
Net income per share of common stock	¥103,819.41	¥105,299.72	\$1,036.22

b. Equity per Share

Equity per share of common stock is based upon the number of shares of common stock outstanding at the end of each year.

Equity per share of common stock for the years ended March 31, 2008 and 2007 is as follows:

	Yen		U.S. Dollars
	2008	2007	2008
Equity per share of common stock	¥456,266.70	¥352,447.28	\$4,554.01
Outstanding numbers of shares of common stock	30,000 shares	30,000 shares	

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Japan Securities Clearing Corporation:

We have audited the accompanying balance sheet of Japan Securities Clearing Corporation (the "Company") as of March 31, 2008, and the related statements of income and changes in equity for the year 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 audit. The financial statements of the Company for the year ended March 31, 2007, which were included in the accompanying Company's financial statements, were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated May 11, 2007.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2008 financial statements referred to above present fairly, in all material respects, the financial position of Japan Securities Clearing Corporation as of March 31, 2008, and the results of its operations for the year then ended in conformity with the applicable Japanese laws and regulations.

As explained in Note 1, the information provided in the notes to the financial statements is limited to that required by the applicable Japanese laws and regulations.

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.



May 12, 2008

clearing participants (As of August 1, 2008)

Principal Clearing Participant:○

Agency Clearing Participant:★

1. Cash products

2. JGB Futures & Options on JGB Futures

3. Index Futures & Index Options

4. Securities Options

		1	2	3	4
A	ABN AMRO Securities (Japan) Limited	—	○	○	—
	ACE SECURITIES CO.,LTD.	○	○	○	○
	The Aichi Bank, Ltd.	—	○	—	—
	AIZAWA SECURITIES CO.,LTD.	○	○	○	○
	AKAKIYA 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	○	○	○	○
	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.	○	○	○	○
	Citibank Japan 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 (JAPAN) LIMITED	○	○	○	○
E	The Eighteenth Bank, Limited	—	○	—	—
	Eiwa Securities Co.,Ltd.	○	○	○	○
G	Goldman Sachs Japan Co., Ltd.	○	○	○	○
	The Gunma Bank, Ltd.	—	○	—	—
H	H.S. SECURITIES CO.,LTD.	○	○	○	○
	The Hachijuni Bank, Ltd.	—	○	—	—
	HACHIJUNI SECURITIES Co.,Ltd.	○	○	○	○

		1	2	3	4
	Hibiki Securities Inc.	○	—	—	—
	The Higo Bank, Ltd.	—	○	—	—
	THE HIKARI SECURITIES CO.,LTD.	○	○	○	○
	HIMAWARI SECURITIES, INC.	—	—	○	—
	HINODE SECURITIES CO.,LTD.	○	○	○	○
	HIROTA SECURITIES CO.,LTD.	○	○	○	○
	The Hokkoku Bank, Ltd.	—	○	—	—
	The Hokuetsu Bank, Ltd.	—	○	—	—
	The Hokuriku Bank, Ltd.	—	○	—	—
	HSBC SECURITIES (JAPAN) LIMITED	○	○	○	○
	The Hyakujushi Bank, Ltd.	—	○	—	—
I	Ichiyoshi Securities Co.,Ltd.	○	○	○	○
	IDO Securities Co.,Ltd.	○	○	○	○
	The Imamura Securities Co., Ltd.	○	○	○	○
	INSTINET JAPAN LIMITED	○	○	○	○
	INVEST SECURITIES CO., LTD.	○	○	○	○
	Iwai Securities Co.,Ltd.	○	○	○	○
J	JP Morgan Securities Japan Co., Ltd.	○	○	○	○
	Japan Asia Securities Co.,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 KAGOSHIMA BANK, LTD.	—	○	—	—
	KANEJU SECURITIES CO.,LTD.	○	○	○	○
	Kaneyama Securities Co.,Ltd.	○	○	○	○
	KAZAKA Securities Co., Ltd.	○	○	○	○
	KBC FINANCIAL PRODUCTS UK LIMITED	○	○	○	○
	The Keiyo Bank, Ltd.	—	○	—	—
	KIMURA SECURITIES CO.,LTD.	○	○	○	○
	The Kiyo Bank, Ltd.	—	○	—	—
	The Kosei Securities Co.,Ltd.	○	○	○	○
	KUROKAWAKITOKU SECURITIES CO.,LTD.	○	○	○	○
	KYOKUTO SECURITIES CO.,LTD.	○	○	○	○
	Kyowa Securities Co.,Ltd.	○	○	○	○
L	Lehman Brothers Japan Inc.	○	○	○	○
M	Macquarie Capital Securities (Japan) Limited	○	—	—	—
	MAEDA SECURITIES CO.,LTD.	○	○	○	○
	Marufuku Securities Co.,Ltd.	○	○	○	○
	Maruhachi Securities Co.,Ltd.	○	○	○	○

	1	2	3	4
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.	○	○	○	○
Natixis	○	○	○	○
NETWING SECURITIES CO., LTD.	○	○	○	○
New-S Securities Co.,Ltd.	○	—	—	—
Newedge Japan Inc.	○	○	○	○
Niigata Securities Co.,Ltd.	○	○	○	○
Nikko Cordial Securities Inc.	○	○	○	○
Nikko Citigroup Limited	○	○	○	○
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.	○	—	—	—

	1	2	3	4
R Rakuten Securities, Inc.	○	○	○	○
RBS SECURITIES JAPAN LIMITED	—	○	○	—
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.	○	○	○	○
THE SEIBU SHINKIN BANK	—	○	—	—
The 77 Bank, Ltd.	—	○	—	—
THE SHIGA 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	—	○	—	—
Suruga Bank Ltd.	—	○	—	—
T TAKAGI SECURITIES CO.,LTD.	○	○	○	○
The Tama Shinkin Bank	—	○	—	—
THE TACHIBANA SECURITIES CO.,LTD.	○	○	○	○
Tokai Tokyo Securities Co.,Ltd.	○	○	○	○
THE TOKYO HIGASHI SHINKIN BANK	—	○	—	—
The Tokyo Tomin Bank, Limited	—	○	—	—
TOYO SECURITIES CO.,LTD.	○	○	○	○
Tsukamoto Securities Co., Ltd.	○	—	—	—
U UBS Securities Japan Ltd.	○	○	○	○
unimat-yamamaru Securities Co., Ltd.	○	○	○	○
UTSUMIYA SECURITIES CO.,LTD.	○	○	○	○
Y The Yachiyo Bank, Limited	—	○	—	—
YAHATA SECURITIES CO.,LTD.	○	○	○	○
The Yamaguchi Bank, Ltd.	—	○	—	—
Yamani Securities Co.,Ltd.	○	○	○	○
YAMAWA SECURITIES CO.,LTD.	○	○	○	○
The Yutaka Securities Co.,Ltd.	○	○	○	○

Board of Directors and Auditors



President & CEO
Yoshimasa Yamashita



Executive Director & General Manager
Hirokazu Fujisawa



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



Member of the Board
Hiroshi Tanaka
(Executive Managing Director, Representative EO,
NOMURA SECURITIES CO., LTD.)



Member of the Board
Yasuo Tobiyama
(Executive Vice President & COO,
Tokyo Stock Exchange Group, Inc.)



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



Member of the Board
Seiji Miyauchi
(Senior Executive Officer,
KYOKUTO SECURITIES CO., LTD.)

Corporate Data (As of August 1, 2008)

Company Name	Japan Securities Clearing Corporation	President & CEO	Yoshimasa Yamashita
Head Office	2-1, Nihonbashi-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 Group, Inc. •Osaka Securities Exchange Co., Ltd. •Jasdaq Securities Exchange, Inc. •Nagoya Stock Exchange, Inc. •Fukuoka Stock Exchange •Sapporo Securities Exchange



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



Member of the Board
Shigeharu Kobayashi
 (Representative Senior Executive Officer,
 Jasdac Securities Exchange, Inc.)



Member of the Board
Akio Takahashi
 (Managing Director, Daiwa Securities SMBC Co. Ltd.)



Member of the Board
Eiji Watanabe
 (President & CEO, Nikko Cordial Securities Inc.)



Standing Statutory Auditor
Sakae Tanaka

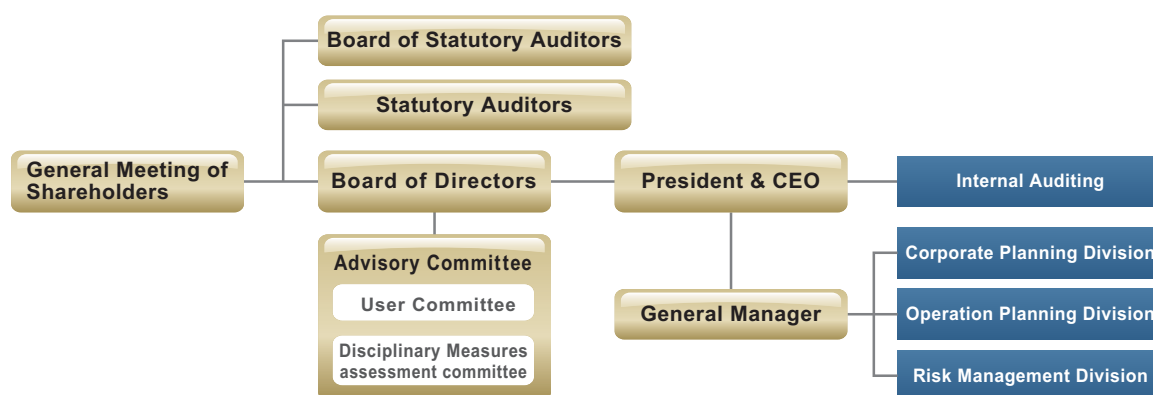


Statutory Auditor
Shigeru Nakajima
 (Attorney-at-law)



Statutory Auditor
Tsutoo Matsumoto
 (CPA)

Organization Chart (As of August 1, 2008)





**JAPAN'S LEADING
CLEARING HOUSE**