

# JAPAN'S LEADING CLEARING HOUSE

Annual Report 2009

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FOR THE YEAR ENDED MARCH 31, 2009

*Japan Securities Clearing Corporation*



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## Profile

**Japan Securities Clearing Corporation (JSCC):  
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.**

Japan Securities Clearing Corporation (JSCC) was licensed as the first clearing organization in Japan to conduct the Securities Obligation Assumption Service (current Financial Instruments Obligation Assumption Service) and commenced its operations in January 2003. JSCC's birth enabled consolidated securities transactions clearing, which used to be performed separately by individual markets, thus dramatically improving the efficiency and convenience of the securities markets.

### 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.**

Under its corporate philosophy, JSCC is committed to continue to provide the clearing and settlement infrastructure for securities markets as Japan's core clearing organization and steadfastly fulfill its role as such.

## History

### June 2009

Added "TOKYO AIM" as a designated market operator.

### March 2009

Released the Report on Post-Trade Processing of OTC Derivatives Trades by the Study Group which consisted of major financial institutions.

### January 2008

Released the "Comprehensive Improvement Plan of the Risk management System".

### June 2004

Reached a basic agreement on business collaboration with Japan Government Bond Clearing Corporation.

### February 2004

Commenced clearing business for derivatives transactions at the Tokyo Stock Exchange.

### December 2003

Reached a basic agreement on business collaboration and mutual cooperation with JASDEC DVP Clearing Corporation and Japan Securities Depository Center, Inc.

### January 2003

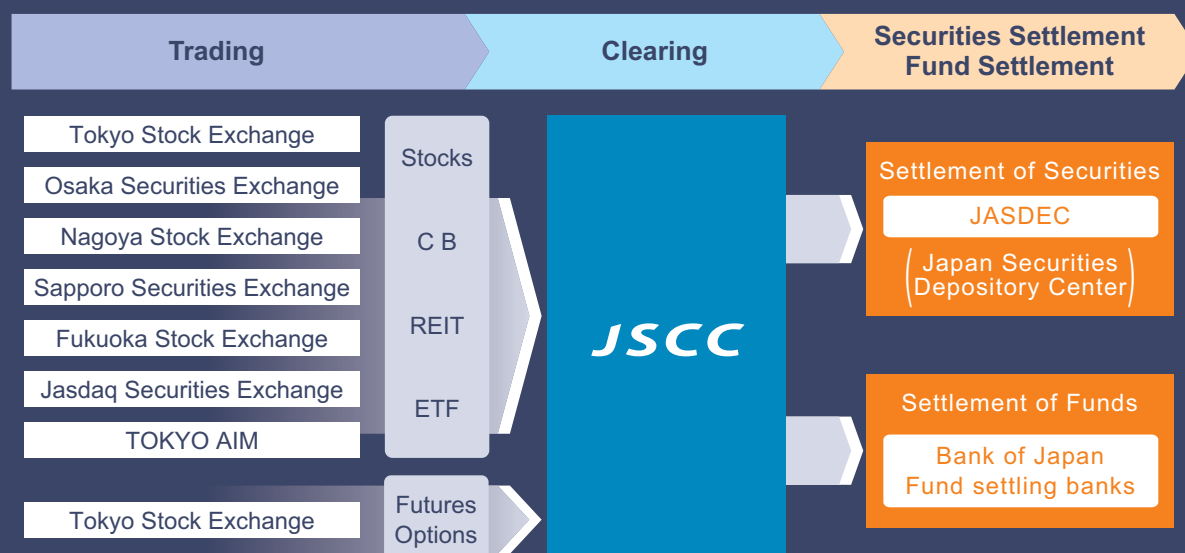
Licensed as the first clearing organization in Japan to conduct the Securities Obligation Assumption Service (current Financial Instruments Obligation Assumption Service), and commenced clearing of cash transactions.

### July 2002

Established jointly by Japan's five stock exchanges and the Japan Securities Dealers Association.

# Roles as a cross-market clearing organization in Japan

## Roles of JSCC in Japan's Securities Markets



Japan Securities Clearing Corporation (JSCC) provides the clearing services for all cash transactions executed at any of the stock exchanges in Japan, as well as futures and options transactions executed at the Tokyo Stock Exchange, Inc.

## Services to Securities Infrastructures



### Services relating to various monitoring procedures

JSCC is entrusted by JASDEC DVP Clearing Corporation and Japan Government Bond Clearing Corporation with various procedures relating to monitoring of clearing participants' financial conditions (e.g. 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 management of participant bonds

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

# MESSAGE

## FROM THE PRESIDENT

## Activities and Achievements in Fiscal Year 2008

In keeping with its corporate philosophy, “to enhance the competitiveness of Japanese securities and derivatives markets by improving the efficiency, convenience and safety in post-trade processing infrastructure”, JSCC focused its efforts on the following areas.

### 1. Ensuring more reliable operational capability

Enhancing the crisis management system	<ul style="list-style-type: none"> <li>Expansion of system processing capacity</li> <li>Launch of a back-up center</li> <li>Establishment of a third office</li> </ul>	<p>In order to further increase the reliability of the system, JSCC increased the processing capacity of the clearing system from 18.8 million transactions to 21.8 million transactions per day in July 2008.</p> <p>Then in October 2008, a back-up center for the clearing system was launched, achieving duplication of the system.</p> <p>In addition, a third office was established in March 2009 as a measure to strengthen business continuity capabilities.</p>
Strengthening the risk management system	Revision of the appropriate risk management practices of clearing funds and collateral	<p>As a measure to further strengthen the risk management system, JSCC revised the calculation method for clearing funds and achieved earlier deposit of collateral in July 2008, in accordance with the “Comprehensive Improvement Plan of the Risk Management System”.</p>
Enhancing the financial base	Review of clearing fee structure for derivative products	<p>In order to enhance the financial base for stable provision of services, JSCC reviewed the clearing fee structure for derivative products and summarized regulatory outlines in November 2008.</p>
Boosting the global presence	Enhancement of communication through the English website	<p>Efforts were made to boost JSCC's global presence, including providing more information in English on the website.</p>

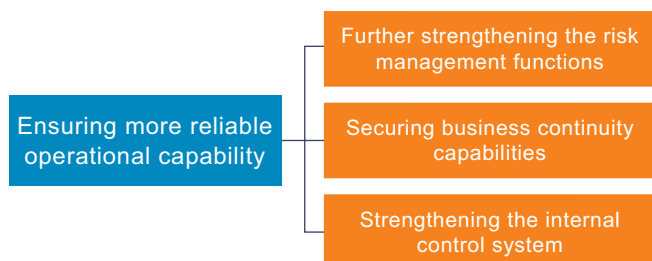
### 2. For expanding the service

<p><b>Collaboration with overseas clearing organizations</b></p> <p>In April 2008, JSCC co-hosted with overseas clearing organizations the CCP Global Conference in Tokyo, where clearing organizations from across the world gathered under one roof. JSCC organized the conference as the host country, whilst actively exchanging information.</p>	<p><b>Responding to newly listed products</b></p> <p>JSCC commenced services for new exchange-traded products, including mini-TOPIX futures, mini-JGB futures, and covered warrants.</p>	<p><b>Review on post-trade processing of OTC derivatives</b></p> <p>JSCC established the Study Group on Post-Trade Processing of OTC Derivatives Trades in cooperation with the Tokyo Stock Exchange and Japan Securities Depository Center.</p> <p>The final report was released in March 2009.</p>	<p><b>Dematerialization of stock certificates and the subsequent reform of the settlement system</b></p> <p>In response to the dematerialization of stock certificates in January 2009, JSCC made adjustments to the rules and operational procedures to accommodate the changes. Moreover, as part of the subsequent reform of the settlement system, JSCC, in conjunction with the Tokyo Stock Exchange and Japan Securities Depository Center, discussed the abolishment of T+4 settlement and trading suspension for a predetermined period with the parties involved. The outline of the details was released in March 2009.</p>
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# Future Outlook and Issues

## 1. Ensuring more reliable operational capability



JSCC will continue to strive for more reliable operational capability in order to establish solid credibility as the core clearing and settlement infrastructure in Japan's securities markets. More specifically, JSCC will proceed with the review on introducing the intra-day collateral deposit system so as to further strengthen its risk management functions. JSCC will also conduct a review regularly in order to ensure that the collateral models and stress tests are appropriate. In addition, in terms of securing business continuity capabilities, JSCC will implement the business continuity plan (BCP) training using the back-up center which was completed in October 2008 and collaborative tests with other related infrastructure organizations to accumulate know-how.

Furthermore, in order to strengthen the internal control system, JSCC will continue its efforts to reduce business risks by evaluating the operational risks on a continual basis and taking necessary measures.

## 2. Expanding clearing functions available

Amidst the destabilization of the financial and capital markets, expectations for the role in financial transactions of clearing organizations are higher than ever. In these circumstances, JSCC plans to proceed with the following.

Consideration of specific issues in terms of operation, system, as well as revenue and expenditure with regard to the clearing operations for OTC derivatives trades

Measures to accommodate the introduction of new exchange-traded products and consideration of the possibility of offering clearing services for trades executed at proprietary trading systems (PTS)


Steady implementation of the abolishment of the rules such as T+4 settlement and active participation in discussions concerning further settlement reforms following the launch of the dematerialization of stock certificates

Examination of the possibilities of cooperation with clearing organizations both in Japan and overseas in consideration of the development trend of exchanges

## Concluding Remarks

Against the backdrop of the global financial crisis in 2008, we are aware that market participants' expectation for JSCC's role is higher than ever. As a core infrastructure of the securities markets, we will continue pursuing the improvement in efficiency, convenience and safety while reflecting the views of market players. In doing so, we will contribute to the development of the Japanese financial and capital markets, and at the same time, we will endeavor to achieve further growth as an organization.

On behalf of JSCC, I respectfully request your continuing support and cooperation with our endeavors.



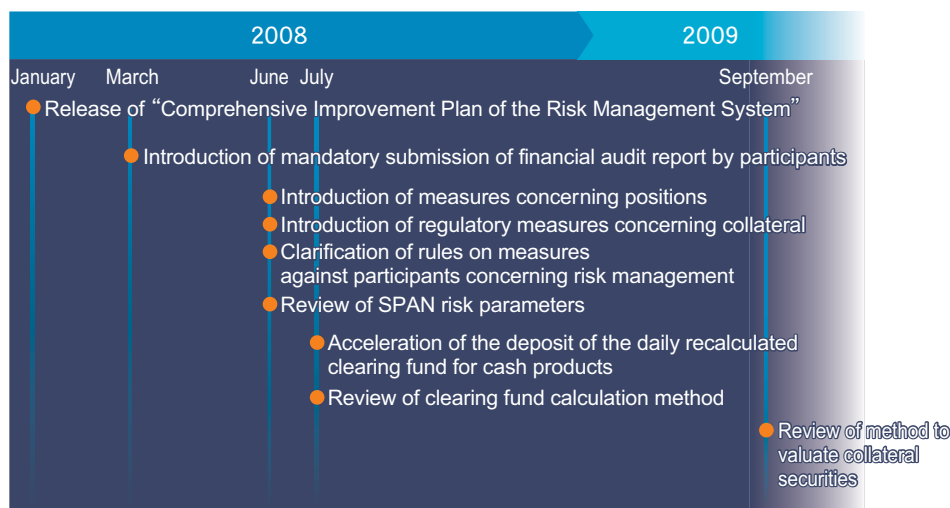
飛山 康雄

Yasuo Tobiyama  
President and CEO  
August 2009

# Securing even higher levels of stability in settlement

## Comprehensive Improvement Plan of Risk Management System

As clearing organizations assume clearing participants' credit risks and settlement risks in a concentrated manner, enhancing the surrounding framework is essential in order to avoid systemic risks. JSCC has implemented various initiatives to achieve a high standard risk management system based on the Comprehensive Improvement Plan of the Risk Management System, which was released in January 2008.

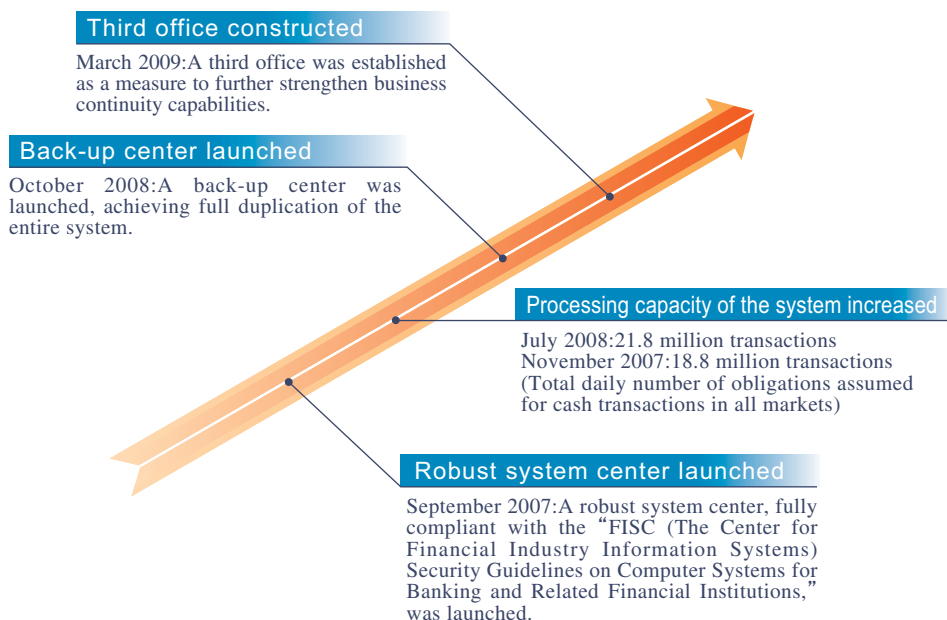


## Reinforcement of the System Base

Discussions at the Securities Market BCP Council\* led to the recommendation that a back-up center for clearing and settlement functions should be constructed at the earliest possible time. Accordingly, JSCC launched the back-up center in October 2008, achieving full duplication of the system.

In addition, JSCC is continually reviewing the system base and taking appropriate measures as needed in order to ensure reliable operations.

\* 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.



## Response to Collapse of Lehman Brothers Japan Inc.

As a clearing organization, JSCC provides the settlement guarantee which ensures that even in the event of a participant's default JSCC completes the settlement with the counterparties of the defaulting clearing participant, thus maintaining the reliability and stability of the market. The collapse of Lehman Brothers Japan Inc. in 2008 was the first case of a clearing participant's default since JSCC's establishment. Nevertheless, the settlement guarantee functioned effectively, avoiding any impact on other clearing participants and their clients.

### Handling of the Bankruptcy of Lehman Brothers Japan Inc.

#### Suspend obligation assumption for Lehman Brothers Japan Inc.

On September 16, 2008, upon confirming the possibility of insolvency of Lehman Brothers Japan Inc.(LBJ), JSCC determined to take measure of suspending obligation assumption for LBJ.

#### Suspend all settlement between Lehman Brothers Japan Inc. and JSCC

Along with the suspending of obligation assumption for LBJ, JSCC suspended all settlement between LBJ and JSCC and then commenced close-out processes for LBJ's unsettled positions or contracts.

#### Complete fund settlement on behalf of LBJ with sufficient liquidity from fund settling banks

In terms of liquidity which is necessary for completing fund settlement, JSCC obtained consent on sufficient liquidity from fund settling bank as well as the collateral deposited by LBJ, so JSCC was able to complete the fund settlement on behalf of LBJ. On the other hand, JSCC commenced the close-out of LBJ's unsettled cash and derivatives positions.

#### Cash trades

##### Commenced close-out transaction for unsettled cash position by executing the buy/sell orders

On behalf of the LBJ, JSCC commenced close-out transaction for unsettled cash position by placing buy and sell orders for offsetting those positions in the market through the Clearing Participant designated as the participant executing close-out trades.

#### Futures and options trades

##### Commenced close-out transaction for unsettled derivatives positions by executing offsetting trades or by position transfers

Whereas LBJ's all proprietary positions were liquidated at the market like cash equities, with respect to customer's position, its customers had the two options; one is offsetting transaction and the other is position transfer, and their positions were closed out accordingly.(Positions for which declarations were not made within the specified period of time were closed out by opposite trades.)

# Expanding Services Even Further

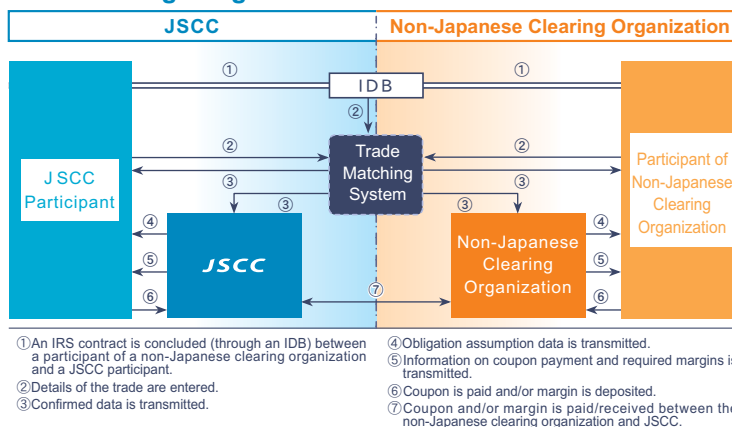
## OTC derivatives services under consideration

On September 9, 2008, JSCC established the “Study Group on Post-Trade Processing of OTC Derivatives Trades” in cooperation with the Tokyo Stock Exchange and the Japan Securities Depository Center for the purpose of deliberating on the possibility of providing post-trade processing services in a concentrated manner as a way to improve the efficiency and transparency — as well as enhance the risk management — of the OTC derivatives market, particularly with regard to interest rate swap (IRS) trading and credit default swap (CDS) trading, and thereby contributing to the sound development of the OTC derivatives market. Study group members and observers have held discussions seven times since the group's first session in October 2008.

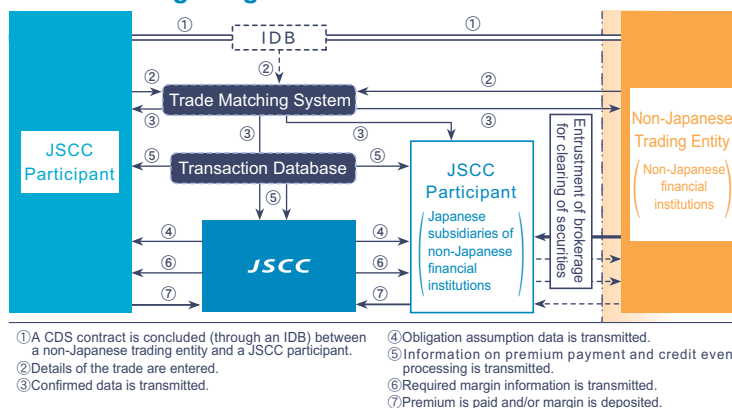
The outcome of discussions at the Study Group was summarized in the final report, which was released on March 27, 2009. The report hopes that “detailed consideration for operational procedures will continue aiming for the launch of clearing operations for IRS and CDS trading as early as the first half of 2010.”

In response to this, JSCC has established the Working Group on Clearing Operations for OTC Derivatives Trades in cooperation with the Tokyo Stock Exchange in May 2009 and has been discussing the details of the clearing system, including risk management and other aspects, together with market participants.

### IRS Clearing Diagram



### CDS Clearing Diagram





## Efforts to improve 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 been participating in CCP12, a group consisting of the world's major clearing organizations that conducts reviews and makes suggestions to strengthen the central counterparty (CCP) functions. JSCC has also led the launch of the Asia-Oceania CCP to achieve coordination among clearing organizations in Asian countries.

In addition, JSCC is continuing with its efforts to improve its global presence by participating in the conferences of the Asia Pacific CSD Group (ASG) and the Conference of Central Securities Depositories (CSD), as well as joining the International Swaps and Derivatives Association, Inc. (ISDA) in 2009 as part of the Tokyo Stock Exchange group.



# Securing Reliability in Settlement

## Basic Policy for Risk Management

Japan Securities Clearing Corporation (JSCC) assumes obligations for all cash transactions such as for stocks, etc. at all stock exchanges in Japan as well as futures and options transactions executed at the Tokyo Stock Exchange, Inc. Accordingly, JSCC provides the basis for assuring the overall quality of the securities markets as a vital organization in maintaining their stability and reliability.

As JSCC assumes the credit risks and settlement risks of clearing participants in a concentrated manner, it needs to recognize and manage these risks appropriately. Therefore, JSCC has established a set of financial standards for all clearing participants from the perspective of managing their credit risks. JSCC constantly monitors the financial standing of clearing participants to ensure the appropriateness of 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.

As JSCC becomes the counterparty to transactions involving clearing participants for which JSCC has assumed the obligations, JSCC is required to complete the settlement of the transactions with the other participants, even in the event of the default of a clearing participant. Therefore, JSCC has a settlement guarantee system in place, under which a multi-tiered framework works to compensate for any losses incurred in the event of a default by a clearing participant. This structure is built on the principle that the defaulting party is primarily responsible for the compensation of losses by appropriating its assets and any remaining losses are 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 obligations 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 to become a clearing participant (entrance and maintenance requirements) and regularly monitors the management structure, ability to conduct business and financial standing of clearing participants. If there are significant problems in relation to these matters, JSCC has the right to suspend the assumption of its obligations and revoke its qualification as a 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 Qualification and Agency Clearing Qualification. Agency Clearing Qualification enables clearing for the transactions of other participants, as well as a clearing participant's own transactions.

### Entry requirements

Securities company	Principal	Agency
Capital	¥300 million	¥300 million
Net Assets	¥2 billion	¥20 billion
Net Capital Requirement Ratio	200%	200%
<b>Registered financial institution</b>	<b>Principal</b>	<b>Agency</b>
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%

### Maintenance requirements

Securities company	Principal	Agency
Capital	¥300 million	¥300 million
Net Assets	¥300 million	¥20 billion
Net Capital Requirement Ratio	120%	200%
<b>Registered financial institution</b>	<b>Principal</b>	<b>Agency</b>
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%

\*1 Applicable to registered financial institutions other than insurance companies

\*2 With branch offices overseas

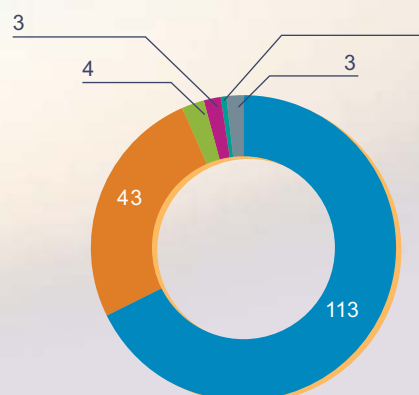
\*3 Without branch office overseas

\*4 Applicable to insurance companies

### Number of participants by category and class of qualification (As of August 1, 2009)

	Principal clearing	Agency clearing
Cash products	107	6
JGB Futures & Options on JGB Futures	147	1
Index Futures & Options	98	1
Securities Options	94	2

### Breakdown of clearing participants by business category



Breakdown

- Financial instruments firms
- Banks
- Shinkin banks
- Securities finance companies
- Life insurance companies
- Others

# 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

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.

### Increase collateral amount

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.

### Issue instructions to improve positions

Despite the fact that measures including increase in the collateral amount have been taken, if the situation that triggered such 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 instance, 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.

## Efforts toward Preparations for a Participant's Default

### Actions in case of a default

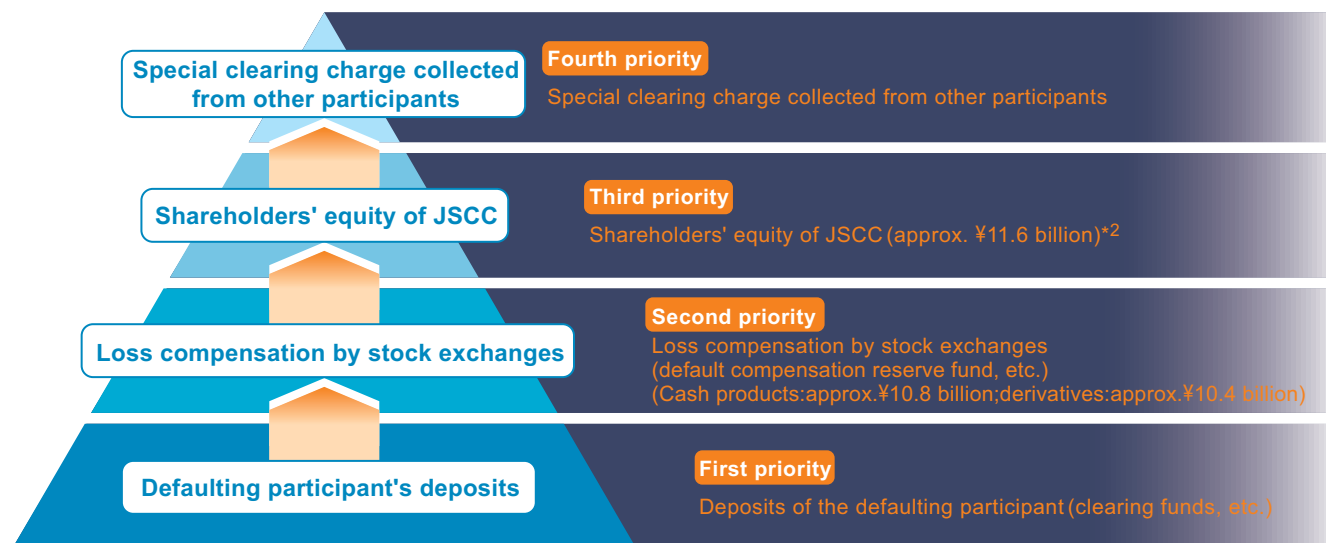
In the event of a clearing participant's default, JSCC is required to complete the settlement of the transactions with the other participants since JSCC becomes the counterparty to transactions for which JSCC assumes the obligation. As the guarantee scheme in case of a participant's default, JSCC first suspends the delivery of the settlement funds and securities to the defaulting participant. JSCC then conducts transactions to offset the unsettled contracts of the defaulting participant, while at the same time selling the securities whose delivery was suspended so as to determine the amount of the loss resulting 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 clearing participant's default, the loss is compensated for in the following order:



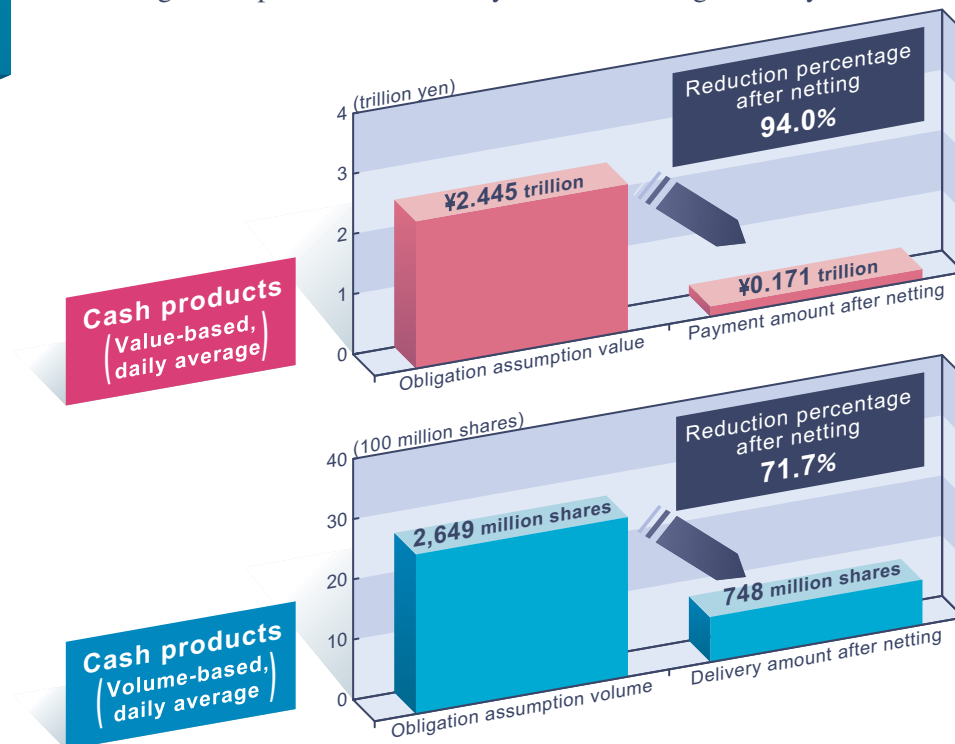
\* 2. As of March 31, 2009



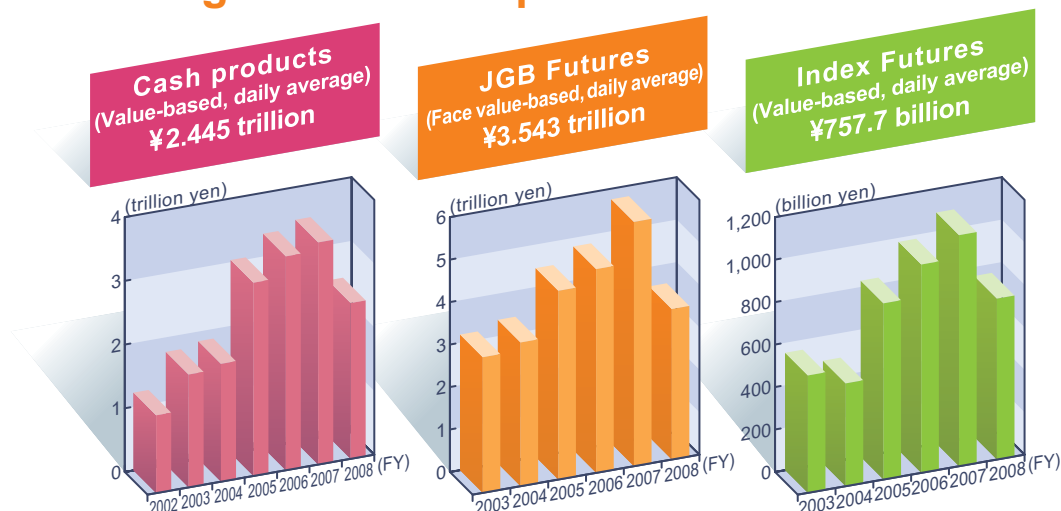
# Business Data and Statistics

## Netting

Netting has improved the efficiency of settlement significantly.



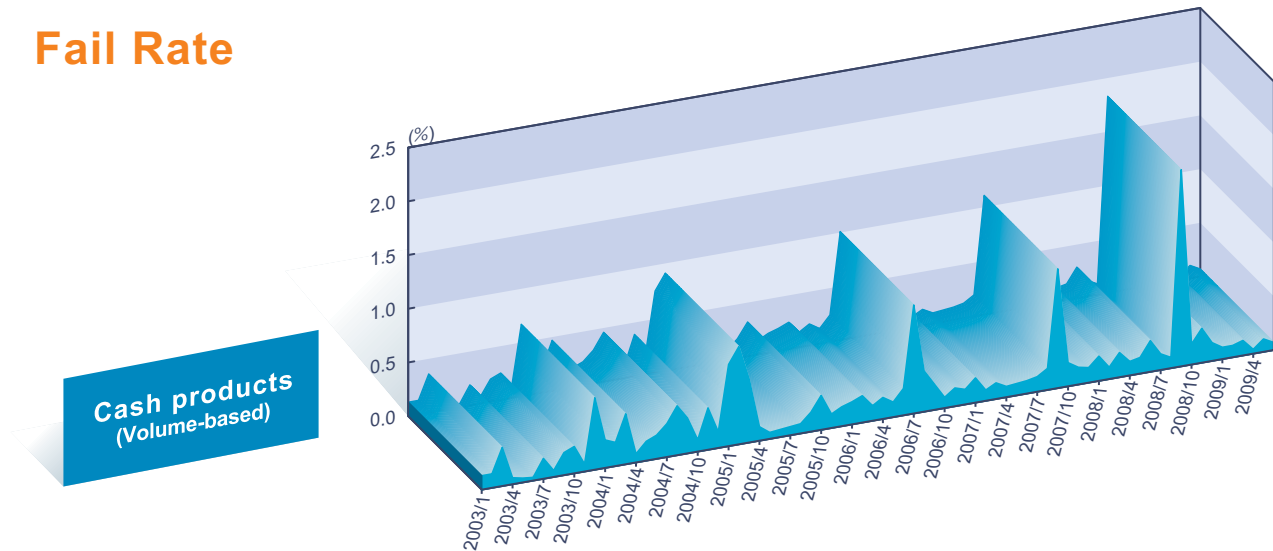
## Obligation Assumption Values



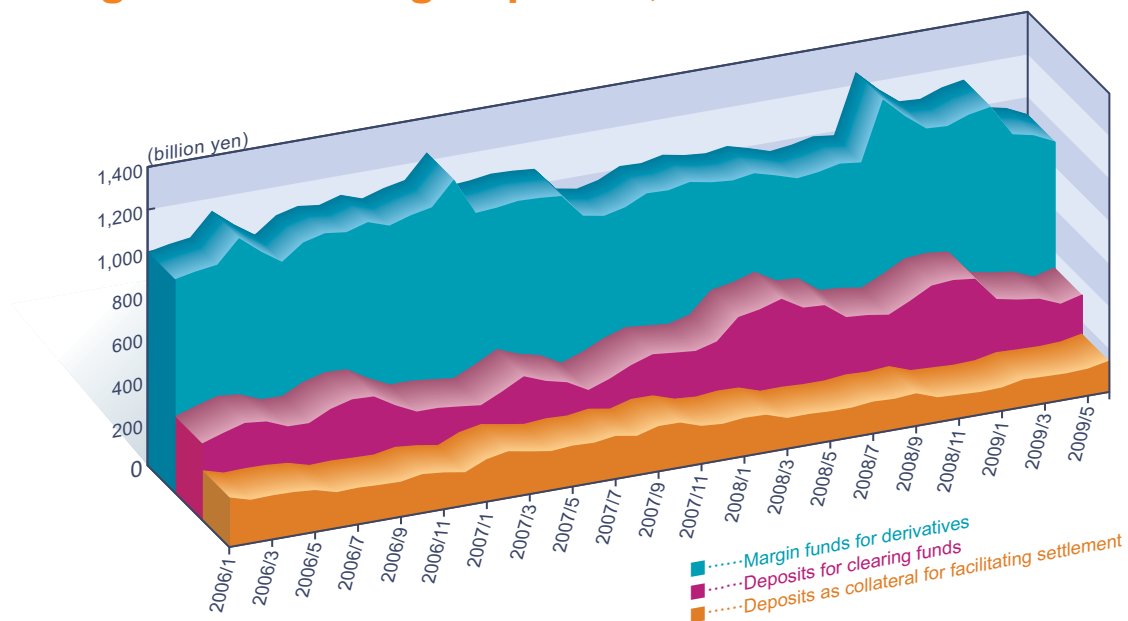
(Note 1) The figure for cash products for fiscal year 2002 was that dating from January 2003, when JSCC started its clearing service for cash transactions.

(Note 2) The figures for JGB futures and index futures for fiscal year 2003 were those dating from February 2004, when JSCC started its clearing service for derivatives transactions.

## Fail Rate



## Changes in clearing deposits, etc.



# Financial Statements

## Balance Sheets March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and bank deposits	¥ 8,095	¥ 3,712	\$ 82,387
Accounts receivable—trade	1,087	1,379	11,071
Marketable securities	5,198	9,992	52,904
Margin funds for derivatives(Note 4)	304,561	280,045	3,099,547
Deposits for clearing funds (Note 4)	206,769	222,630	2,104,305
Deposits as collateral for facilitating settlement (Note 4)	12,105	47,411	123,193
Margin funds for when-issued transactions (Note 4)	361	371	3,673
Deferred income taxes (Note 5)	14	97	144
Consumption taxes receivable	138		1,408
Other current assets	25	5	257
Total current assets	538,356	565,645	5,478,894
<b>PROPERTY AND EQUIPMENT—Net (Note 3):</b>			
Buildings	37	45	380
Equipment and furniture	12	15	127
Total property and equipment	49	61	508
<b>INTANGIBLE FIXED ASSETS—Net:</b>			
software	33	41	345
Total intangible fixed assets	33	41	345
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investments in securities	996	497	10,141
Guarantee money deposits	48	48	490
Deferred income taxes (Note 5)	5	5	51
Total investments and other assets	1,049	550	10,683
<b>TOTAL</b>	<b>¥ 539,489</b>	<b>¥ 566,299</b>	<b>\$ 5,490,431</b>

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable—trade (Note 8)	¥ 1,010	¥ 935	\$ 10,279
Income taxes payable	0	1,106	1
Consumption taxes payable		47	
Accrued bonuses	28	29	288
Accrued bonuses for directors	7	14	74
Margin funds received for derivatives (Note 4)	304,561	280,045	3,099,547
Deposits received for clearing funds (Note 4)	206,769	222,630	2,104,305
Deposits received as collateral for facilitating settlement (Note 4)	12,105	47,411	123,193
Margin funds received for when-issued transactions (Note 4)	361	371	3,673
Other current liabilities	13	8	134
Total current liabilities	524,855	552,598	5,341,498
<b>NON-CURRENT LIABILITIES:</b>			
Long-term accounts payable	12	12	127
Total non-current liabilities	12	12	127
Total liabilities	524,868	552,611	5,341,625
<b>EQUITY (Notes 6 and 9):</b>			
Shareholders' equity:			
Common stock—authorized, 120,000 shares at March 31, 2009 and 2008; issued, 30,000 shares at March 31, 2009 and 2008	1,700	1,700	17,301
Capital surplus	1,300	1,300	13,230
Retained earnings	11,621	10,688	118,274
General reserve	10,680	7,570	108,691
Retained earnings—unappropriated	941	3,118	9,583
Total shareholders' equity	14,621	13,688	148,805
Total equity	14,621	13,688	148,805
<b>TOTAL</b>	<b>¥ 539,489</b>	<b>¥ 566,299</b>	<b>\$ 5,490,431</b>

See notes to financial statements.

## Statements of Income Years Ended March 31, 2009 and 2008

	Millions of Yen	Thousands of U.S. Dollars (Note 1)	
	2009	2008	2009
<b>OPERATING REVENUES (Note 8):</b>			
Clearing fees	¥ 8,145	¥ 11,122	\$ 82,893
Monthly fees	119	81	1,213
Maintenance fees on cash products and derivatives	447	439	4,557
Other operating income	380	223	3,872
Total operating revenues	9,092	11,867	92,536
<b>OPERATING EXPENSES (Note 8):</b>			
Outsourcing business costs	6,930	5,993	70,529
Salaries and compensation	382	376	3,888
Real estate rental fees	49	49	507
Facilities expenses	24	17	252
Other operating expenses	198	220	2,017
Total operating expenses	7,585	6,656	77,195
Operating profit	1,507	5,210	15,341
<b>OTHER INCOME—Net</b>	81	67	826
<b>INCOME BEFORE INCOME TAXES</b>	1,588	5,278	16,167
<b>INCOME TAXES—Current (Note 5)</b>	571	2,161	5,817
<b>INCOME TAXES—Deferred (Note 5)</b>	83	2	848
<b>NET INCOME (Note 9)</b>	<b>¥ 933</b>	<b>¥ 3,114</b>	<b>\$ 9,502</b>

See notes to financial statements.

## Statements of Changes in Equity Years Ended March 31, 2009 and 2008

	Millions of Yen					Total Equity (Note 9)
	Outstanding Number of Shares of Common Stock (Note 9)	Common Stock	Capital Surplus	Retained Earnings		
			Additional Paid-in Capital	General Reserve	Unappropriated	
BALANCE, APRIL 1, 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
Net income					933	933
Transfer to general reserve				3,110	(3,110)	
BALANCE, MARCH 31, 2009	30,000	¥ 1,700	¥ 1,300	¥ 10,680	¥ 941	¥ 14,621

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Capital Surplus	Retained Earnings		Total Equity (Note 9)
		Additional Paid-in Capital	General Reserve	Unappropriated	
BALANCE, MARCH 31, 2008	\$ 17,301	\$ 13,230	\$ 77,040	\$ 31,732	\$ 139,303
Net income				9,502	9,502
Transfer to general reserve			31,650	(31,650)	
BALANCE, MARCH 31, 2009	\$ 17,301	\$ 13,230	\$ 108,691	\$ 9,583	\$ 148,805

See notes to financial statements.

# Notes to Financial Statements

Years Ended March 31, 2009 and 2008

## 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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.
- 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.
- Software**—Software for internal use is amortized using the straight-line method over an estimated useful life, normally five years.
- Bonuses to Employees and Directors**—Bonuses to employees and directors are accrued at the year end to which such bonuses are attributable.
- Accounting for Leases**—In March 2007, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008. Under the previous accounting standard, finance leases that deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions. The revised accounting standard requires that all finance lease transactions were capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions. JSCC applied the revised accounting standard effective April 1, 2008. In addition, JSCC continues to account for its finance leases as operating lease transactions as all of the finance leases existed at the transition date

## 3. ACCUMULATED DEPRECIATION OF PROPERTY AND EQUIPMENT

Accumulated depreciation of property and equipment at March 31, 2009 and 2008 is as follows:

Millions of Yen		Thousands of U.S. Dollars
2009	2008	2009
¥70	¥55	\$717

## 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."

## 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 years ended March 31, 2009 and 2008.

Significant components of the Company's deferred income tax assets and liabilities as of March 31, 2009 and 2008

## 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:

- 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.
- 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

## 7. LEASES

In addition to property and equipment on the balance sheet, certain equipment and furniture were used under finance lease contracts which were deemed not to transfer the ownership of the leased assets to the lessee. These finance lease contracts expired before March 31, 2009.

## 8. RELATED PARTY TRANSACTIONS

Under the Companies Act and regulations, and the accounting standard for related party disclosures, transactions with "Related companies" and "Related parties" need to be disclosed.

### a. Transactions with "Related Companies"

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. Tokyo Stock Exchange Group, Inc. has been the parent company since October 1, 2007.

### b. Transactions with Related Parties

Material transactions of the Company with related parties for the years ended March 31, 2009 and 2008 are as follows:

Name of Related Party	Percentage of Equity Ownership by the Company	Relationship	Transactions					
		Business Relationship	Description of the Company's Transaction	Amount of the Transactions		Account	End of Period Account Balance	
				2009	2008		2009	2008
Tokyo Stock Exchange, Inc. (a subsidiary of the parent company)	—	Entrustment of clearing system processing	Payment of entrustment fees for clearing system processing	¥6,726 million (\$68,455 thousand)	¥5,788 million	Accounts payable-trade	¥690 million (\$7,024 thousand)	¥528 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, 2009 and 2008 is as follows:

	Yen		U.S. Dollars
	2009	2008	2009
Net income per share of common stock	¥31,122.23	¥103,819.41	\$ 316.73

### 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, 2009 and 2008 is as follows:

	Yen		U.S. Dollars
	2009	2008	2009
Equity per share of common stock	¥487,388.94	¥456,266.70	\$ 4,960.19
Outstanding numbers of shares of common stock	30,000 shares	30,000 shares	

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 ¥98.26 to U.S.\$1, the approximate rate of exchange at March 31, 2009. 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.

- and do not transfer ownership of the leased property to the lessee.
- 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.
- 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.
- 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.
- 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.

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, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Margin funds for derivatives	¥960,601	¥851,713	\$9,776,120
Deposits for clearing funds	165,618	364,427	1,685,512
Deposits as collateral for facilitating settlement	121,149	109,563	1,232,943
Margin funds for when-issued transactions	89	328	911

are accrued bonuses and accrued enterprise taxes, respectively.

As the differences between the statutory tax rates and the effective tax rates for the years ended March 31, 2009 and 2008 are less than 5% of the statutory tax rates, the reconciliations are omitted.

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.



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Japan Securities Clearing Corporation:

We have audited the accompanying balance sheets of Japan Securities Clearing Corporation (the "Company") as of March 31, 2009 and 2008, and the related statements of income and changes in equity 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, 2009 and 2008, and the results of its operations for the years 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 audits 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 13, 2009

# clearing participants (As of August 1, 2009)

1. Cash products
2. JGB Futures & Options on JGB Futures
3. Index Futures & Index Options
4. Securities Options

	1	2	3	4
<b>A</b> ACE SECURITIES CO.,LTD.	○	○	○	○
The Aichi Bank, Ltd.	—	○	—	—
AIZAWA SECURITIES CO.,LTD.	○	○	○	○
AKAKIYA SECURITIES CO.,LTD.	○	○	○	○
ANDO SECURITIES CO.,LTD.	○	○	○	○
Aozora Bank, Ltd.	—	○	—	—
ARK SECURITIES CO.,LTD.	○	○	○	○
The Awa Bank, Ltd.	—	○	—	—
<b>B</b> THE BANK OF FUKUOKA, LTD.	—	○	—	—
The Bank of Ikeda, Ltd.	—	○	—	—
The Bank of Kyoto, Ltd.	—	○	—	—
THE BANK OF SAGA LTD.	—	○	—	—
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	★	○	—	★
The Bank of Yokohama, Ltd.	—	○	—	—
Barclays Capital Japan Limited	○	○	○	○
BNP PARIBAS Securities (Japan) Limited	○	○	○	○
<b>C</b> 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.	★	—	—	—
CLICK Securities, Inc.	○	—	—	—
Cosmo Securities Co.,Ltd.	★	○	○	○
Credit Suisse Securities (Japan) Limited	○	○	○	○
<b>D</b> The Dai-ichi Mutual Life Insurance Company	—	○	—	—
Daiko Clearing Services Corporation	★	★	★	★
Daiman Securities Co., Ltd.	○	—	—	—
DAISEI SECURITIES CO.,LTD.	○	○	○	○
The Daishi Bank, Ltd.	—	○	—	—
Daiwa Securities Co.Ltd.	○	○	○	○
Daiwa Securities SMBC Co.Ltd.	○	○	○	○
Deutsche Securities Inc.	○	○	○	○
DOJIMAKANTO Securities Co.,Ltd.	○	○	○	○
DRESDNER KLEINWORT (JAPAN) LIMITED	—	○	○	—
<b>E</b> The Eighteenth Bank, Limited	—	○	—	—
Eiwa Securities Co.,Ltd.	○	○	○	○
<b>G</b> Goldman Sachs Japan Co., Ltd.	○	○	○	○
The Gunma Bank, Ltd.	—	○	—	—
<b>H</b> H.S. SECURITIES CO.,LTD.	○	○	○	○
The Hachijuni Bank, Ltd.	—	○	—	—

	1	2	3	4
HACHIJUNI SECURITIES Co.,Ltd.	○	○	○	○
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.	—	○	—	—
<b>I</b> Ichiyoshi Securities Co.,Ltd.	○	○	○	○
IDO Securities Co.,Ltd.	○	○	○	○
The Imamura Securities Co., Ltd.	○	○	○	○
INSTINET JAPAN LIMITED	○	○	○	○
INVEST SECURITIES CO., LTD.	○	○	○	○
Iwai Securities Co.,Ltd.	○	○	○	○
<b>J</b> JP Morgan Securities Japan Co., Ltd.	○	○	○	○
Japan Asia Securities Co.,Ltd.	○	○	○	○
JAPAN SECURITIES FINANCE CO.,LTD.	○	—	—	—
Jefferies (Japan) Limited	○	—	—	—
The Johnan Shinkin Bank	—	○	—	—
The Joyo Bank, Ltd.	—	○	—	—
The Juroku Bank, Ltd.	—	○	—	—
Jyoko Securities Co.,Ltd.	○	—	—	—
Jyujiya Securities Co.,Ltd.	○	○	○	○
<b>K</b> kabu.com Securities Co.,Ltd.	—	—	○	—
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.	○	○	○	○
<b>L</b> Leading Securities Co., Ltd.	○	—	—	—
<b>M</b> Macquarie Capital Securities (Japan) Limited	○	—	—	—
MAEDA SECURITIES CO.,LTD.	○	○	○	○

	1	2	3	4
Marufuku Securities Co.,Ltd.	○	○	○	○
Maruhachi Securities Co.,Ltd.	○	○	○	○
MARUKUNI SECURITIES CO.,LTD.	○	○	○	○
Marusan 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.	○	○	○	○
<b>N</b> NAGANO SECURITIES CO.,LTD.	○	○	○	○
NAITO SECURITIES CO.,LTD.	○	○	○	○
The Nakahara Securities Co.,Ltd.	○	○	○	○
The Naruse Securities Co.,Ltd.	○	○	○	○
Natixis	○	○	○	○
New-S Securities Co.,Ltd.	○	—	—	—
Newedge Japan Inc.	○	○	○	○
Niigata Securities Co.,Ltd.	○	○	○	○
Nikko Cordial Securities Inc.	○	○	○	○
Nikko Citigroup Limited	○	○	○	○
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.	○	○	○	○
<b>O</b> The Ogaki Kyoritsu Bank, Ltd.	—	○	—	—
THE OITA BANK, LTD.	—	○	—	—
OKACHI SECURITIES CO.,LTD.	○	○	○	○
OKASAN SECURITIES CO.,LTD.	★	○	○	○
OKAYASU SECURITIES, Co.,Ltd	○	—	—	—
ORIX Securities Corporation	○	○	○	○

	1	2	3	4
Osaka Securities Finance Co.,Ltd.	○	—	—	—
<b>P</b> Phoenix Securities Co., Ltd.	○	—	—	—
<b>R</b> Rakuten Securities, Inc.	○	○	○	○
RBS SECURITIES JAPAN LIMITED	—	○	○	—
Resona Bank, Limited	—	○	—	—
Retela Crea Securities Co.,Ltd.	○	○	○	○
<b>S</b> San-ei Securities Co.,Ltd.	○	○	○	○
The San-in Godo Bank, Ltd.	—	○	—	—
SANKO SECURITIES CO.,LTD.	○	○	○	○
Sankyo Securities Co., Ltd.	○	—	—	—
SBI SECURITIES Co., Ltd.	○	○	○	○
Securities Japan, Inc.	○	○	○	○
THE SEIBU SHINKIN BANK	—	○	—	—
The 77 Bank, Ltd.	—	○	—	—
THE SHIGA BANK, LTD.	—	○	—	—
Shinkin Central Bank	—	○	—	—
Shinkin Securities Co., Ltd.	—	○	—	—
THE SHIZUOKA BANK, LTD.	—	○	—	—
The Shoko Chukin Bank, 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.	—	○	—	—
<b>T</b> TAKAGI SECURITIES CO.,LTD.	○	○	○	○
The Tama Shinkin Bank	—	○	—	—
THE TACHIBANA SECURITIES CO.,LTD.	○	○	○	○
Tokai Tokyo Securities Co.,Ltd.	○	○	○	○
THE TOKYO HIGASHI SHINKIN BANK	—	○	—	—
TOYO SECURITIES CO.,LTD.	○	○	○	○
<b>U</b> UBS Securities Japan Ltd.	○	○	○	○
Unimat Securities Co., Ltd.	○	○	○	○
UTSUMIYA SECURITIES CO.,LTD.	○	○	○	○
<b>Y</b> YAHATA SECURITIES CO.,LTD.	○	○	○	○
YAMAGEN Securities Co.,Ltd.	○	○	○	○
The Yamaguchi Bank, Ltd.	—	○	—	—
Yamani Securities Co.,Ltd.	○	○	○	○
YAMAWA SECURITIES CO.,LTD.	○	○	○	○
The Yutaka Securities Co.,Ltd.	○	○	○	○

## Board of Directors

President & CEO  
**Yasuo Tobiyama**



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  
**Moriyuki Iwanaga**  
Executive Officer,  
Tokyo Stock Exchange, Inc.



Member of the Board  
**Masakazu Kubota**  
Senior Managing Director,  
Japan Business Federation



Member of the Board  
**Ritsuro Koza**  
Senior Managing Director,  
Nomura Securities Co., Ltd.



Member of the Board  
**Hitoshi Chinen**  
Executive Director,  
Nikko Cordial Securities Inc.



Member of the Board  
**Yoshimasa Nagase**  
Senior Executive Officer,  
Daiwa Securities SMBC Co. Ltd.



Member of the Board  
**Seiji Miyauchi**  
Senior Managing Director,  
KYOKUTO SECURITIES CO., LTD.



Member of the Board  
**Kotaro Yamazawa**  
Director,  
Osaka Securities Exchange Co., Ltd.



## Auditors

Standing Statutory Auditor  
**Sakae Tanaka**



Statutory Auditor  
**Shigeru Nakajima**  
Attorney-at-law



Statutory Auditor  
**Tsutoo Matsumoto**  
CPA



## Corporate Data (As of August 1, 2009)

<b>Company Name</b>	Japan Securities Clearing Corporation
<b>President &amp; CEO</b>	Yasuo Tobiyama
<b>Head Office</b>	2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo 103-0026, Japan
<b>T E L</b>	+81-3-3665-1234
<b>U R L</b>	<a href="http://www.jsccl.co.jp">http://www.jsccl.co.jp</a>
<b>Date of Incorporation</b>	July 1, 2002(Commenced business on January 14, 2003)
<b>Capital</b>	1.7 billion yen
<b>Shareholders</b>	Tokyo Stock Exchange Group, Inc. Osaka Securities Exchange Co., Ltd. Jasdaq Securities Exchange, Inc. Nagoya Stock Exchange, Inc. Fukuoka Stock Exchange Sapporo Securities Exchange

## Organization Chart (As of August 1, 2009)

