



Japan Securities Clearing Corporation

Annual Report 2012



In January 2003, 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 related to clearings in stock exchanges. The birth of JSCC 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 stock exchanges. Since July 2011, we have newly launched a clearing service for CDS(Credit Default Swap) transactions providing clearing functions for OTC derivatives transactions, and we started providing the clearing service for IRS(Interest Rate Swap) transactions in October 2012. This will allow JSCC to start providing the field of OTC transactions with its clearing functions, in addition to equity-based exchange-traded transactions.

Contents

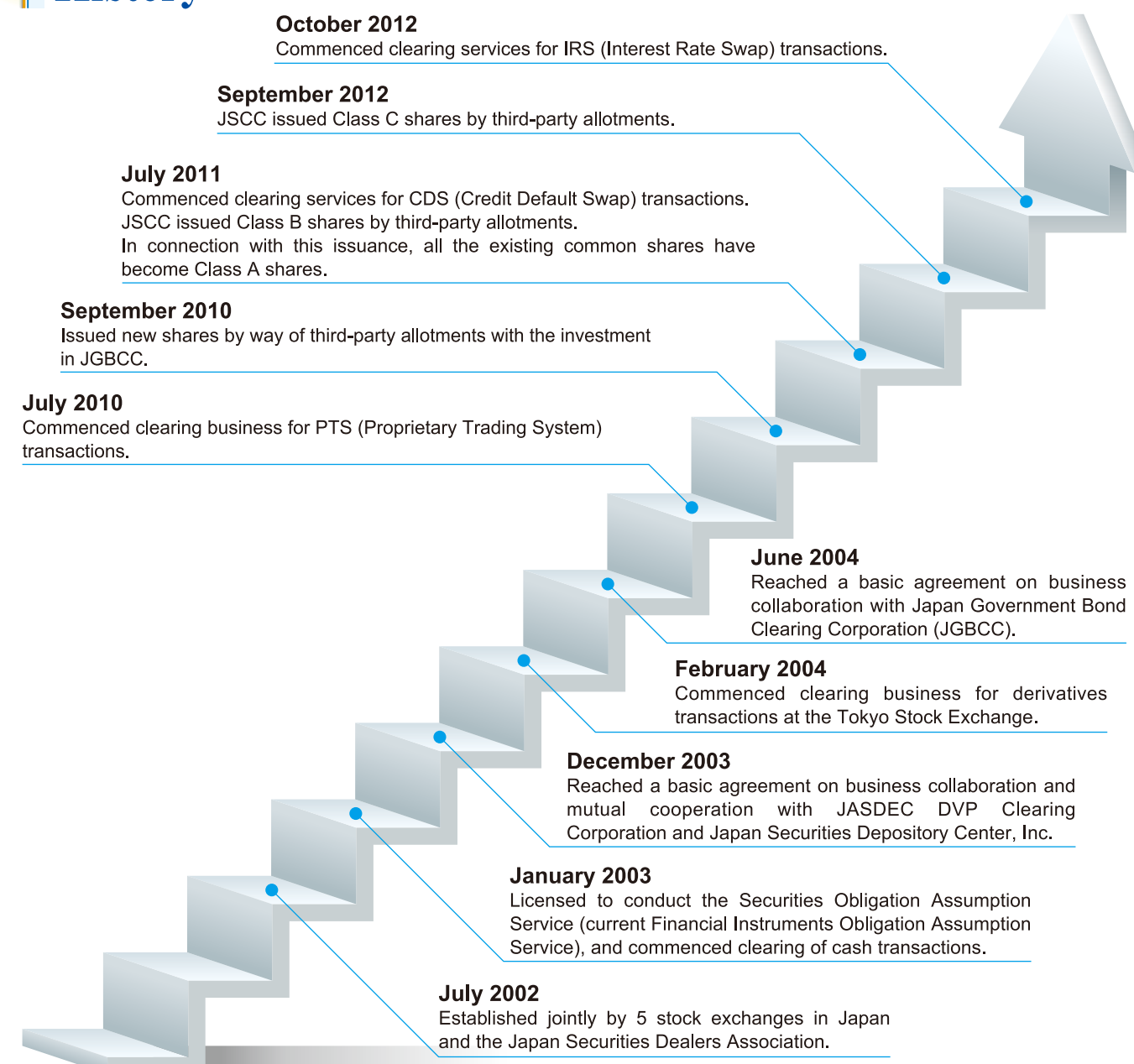
2 ~ 3	Message from the President and CEO
4 ~ 5	Roles as a Cross-Market Clearing Organization in Japan
6	Extensive Clearing Services
7 ~ 12	Steady Strengthening of Risk Management System
13 ~ 15	Strengthening of System Function, Business Statistics
16 ~ 17	Clearing Participants
18 ~ 19	Financial Statements
20 ~ 21	Board of Directors & Auditors Company Profile and Organization Chart

Corporate Philosophy

We endeavor to enhance the competitiveness of Japanese financial and capital markets by improving the efficiency, convenience and safety in post-trade processing infrastructure of financial instruments transactions.

Under its corporate philosophy, JSCC is committed to continuing on providing the clearing and settlement infrastructure for financial and capital markets as Japan's core clearing organization and steadfastly fulfill its role as such.

History





Activities and Achievements in Fiscal Year 2011

JSCC has been working on the following policies in order to seek improvement on efficiency, convenience, and safety of financial instruments transactions as well as contribute to enhancement of international competitive edge of Japanese financial and capital markets.

Greater Expansion of Clearing Services

JSCC commenced clearing services for CDS transactions (Index CDS) executed on the OTC derivatives market in July 2011 as the first clearing house in Japan.

Also, aiming to start providing clearing services for IRS transactions from October 2012, we have promoted discussions on framework and systems with market players, and had advanced preparations, such as compiling the framework outlines in March 2012.

Furthermore, we took measures aiming at the reinforcement of cooperation with Japan Government Bond Clearing Corporation, such as jointly reviewed the countermeasures to the market consultation proposal of "Principles for Financial Market Infrastructures".

Resilient Risk Management System

JSCC has taken more concrete measures, such as development of necessary systems and continued investigation of the trigger criteria, toward introduction of the intra-day collateral call system.

In addition, aiming at further development of the risk management framework, we have submitted comments on the market consultation proposal for "Principles for Financial Market Infrastructure" published by CPSS/IOSCO and verified the adequacy of the stress test and collateral model based on the current "Recommendations for Central Counterparties" by CPSS/IOSCO.

Competent System Infrastructures

Upon the launch of the clearing business for Index CDS transactions in July 2011, JSCC has achieved the stable operation of the system.

Also, toward the launch of the clearing business for the IRS transactions in October 2012, we have summarized the system requirements, and have promoted system development, etc, to achieve the stable operation.

In addition, based on the opinions of the market participants, we have built a consensus about the system requirements having in mind the enhancement of functionality and improvement in safety for the next version of the clearing system which is scheduled to be in operation at the beginning of 2014.

Future Outlook and Issues

In order to ensure the business foundation to beat the global competition as the clearing house representing Japan, JSCC will address specific business plans under the following four corporate policies.

Extensive Clearing Services

While the scope of the mandatory use of the clearing house for OTC derivatives is expected to expand gradually, JSCC shall adopt "Extensive Clearing Services" as the first pillar of our corporate policy that will provide the clearing function for a wide variety of products and widely contribute to the improvement on convenience, efficiency and safety in the market as the leading clearing house in Japan.

Specifically, we will make efforts to take measures based on the regulatory movement related to OTC derivatives, such as the launch of the IRS clearing business in October 2012, and subsequent expansion of the subject products for clearing and the range of the participants, etc, for IRS transactions and CDS transactions.

Moreover, we will promote reinforcement of cooperation with Japan Government Bond Clearing Corporation to respond to FMI Principles, etc.

Steady Strengthening of Risk Management System

Amid escalation of level of requirements for the risk management system of clearing houses, such as the establishment of the FMI Principles, having the steady risk management system is regarded as the minimum requirement for the competition with the foreign clearing houses. As such, "Steady Strengthening of Risk Management System" shall be adopted as the second pillar of our corporate policy to constantly work on the reinforcement of the risk management.

To be more specific, we will introduce intra-day collateral call system related to cash transactions, take measures to observe the FMI Principles, plan the advanced risk management method to address Wrong-Way risk, etc, and re-confirm the handling of BCP in relation to the systems failure.

Strengthening of the System Function

To materialize "Extensive Clearing Services" and "Steady Strengthening of Risk Management System," given that JSCC needs to surely continue with the stable operation as well as to reinforce the function in the systems that process operations, we will adopt "Strengthening of the System Function" as the third pillar of our corporate policy, aiming for the reinforcement of the function for system flexibility, efficiency, and safety.

Specifically, we will steadily proceed with preparations for the operation of next version of the clearing system and the expansion of the products of OTC derivatives.

Assured Implementation of the Responses to the Merger of TSE and OSE

In order to steadily promote the integration of clearing functions associated with the business combination with OSE, it is necessary to steadily proceed with the development of structure, system and organization. Therefore, "Assured Implementation of the Responses to the Merger of TSE and OSE" will be adopted as the fourth pillar of our corporate policy.

Specifically, JSCC will proceed with measures for the integration of the clearing function for derivatives as well as the system enhancement in line with the business combination with OSE.

Concluding Remarks

JSCC will do our best to help the further development of financial capital market, through the series of deliberations towards further expansion of clearing services including the clearing business for IRS transactions in addition to the exchange-traded-products and CDS transactions.

I respectfully request your continued, further understanding and support for our endeavors.

Yasuo Tobiyama
President and CEO,
September 2012

飛山 康雄

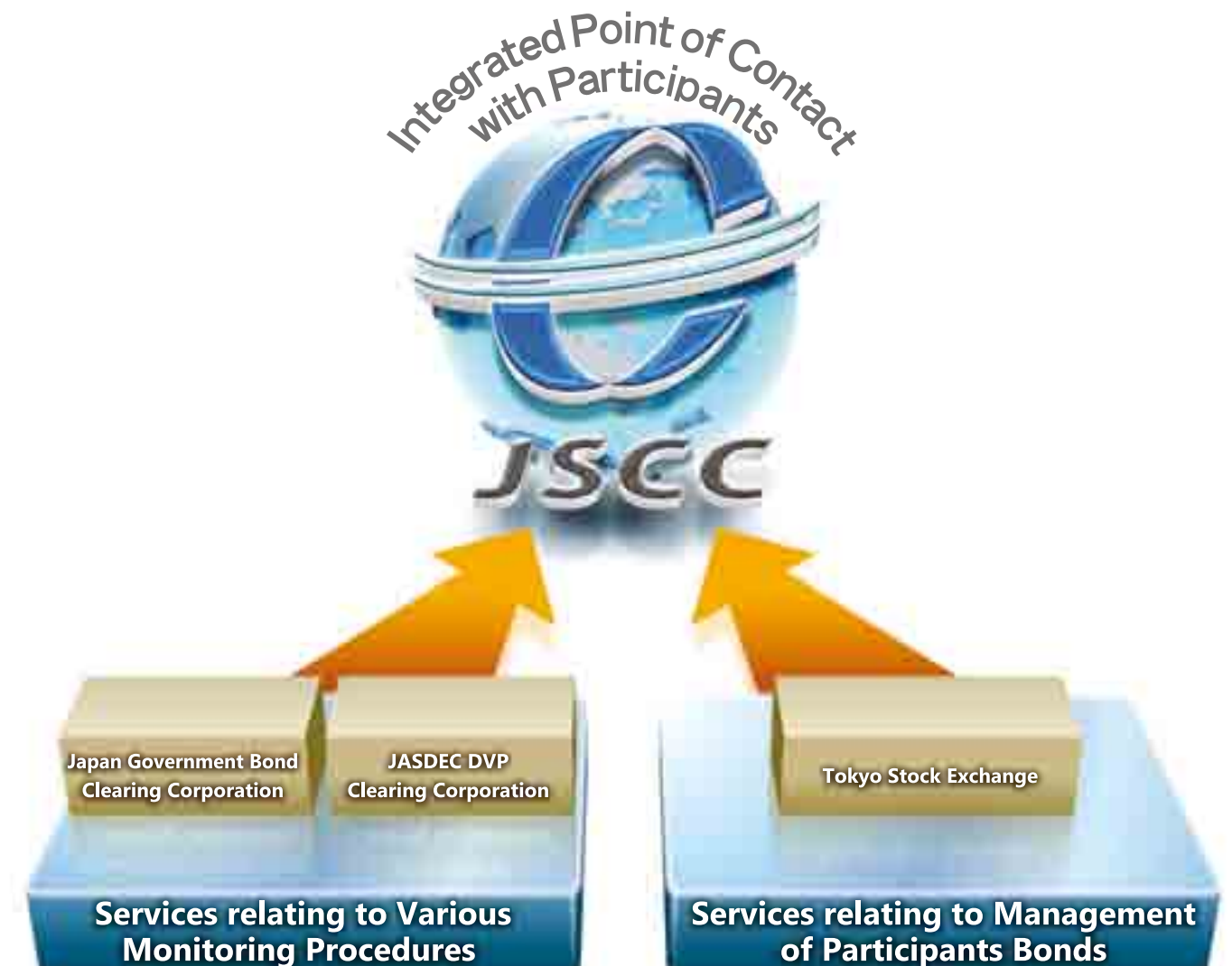
Roles as a Cross-Market Clearing Organization in Japan

Roles of JSCC in the Financial and Capital Market in Japan

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 executed at any of the stock exchanges and two PTSs (Proprietary Trading System) in Japan, as well as futures and options transactions executed at Tokyo Stock Exchange Inc. In addition, we provide clearing services for CDS transactions and IRS transactions executed on the OTC derivatives market.



Services Offering to the Securities Infrastructure



JSCC is entrusted by Japan Government Bond Clearing Corporation and JASDEC DVP 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 the result, clearing participants of each clearing organizations can complete filing with and reporting to all clearing organizations by submitting various documents to JSCC.

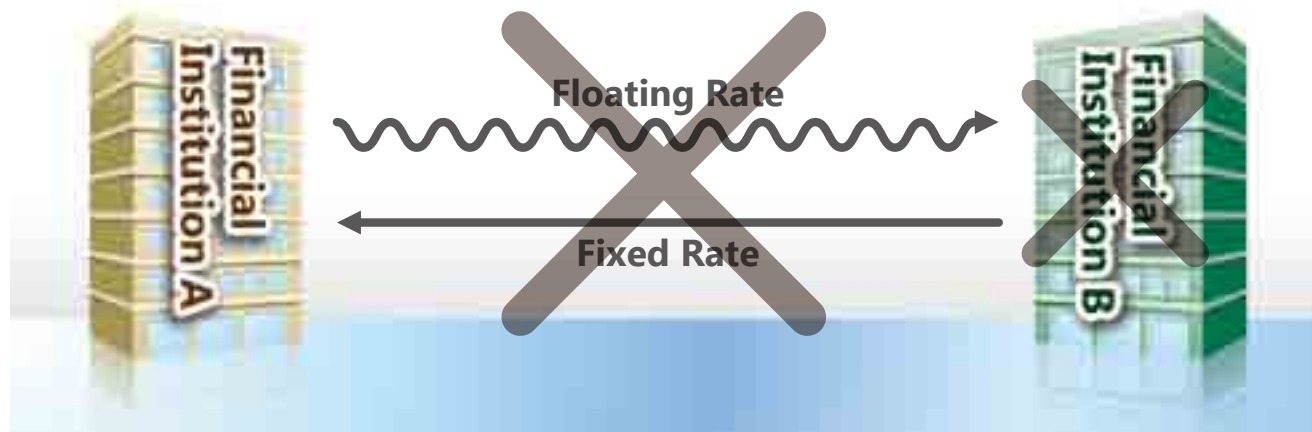
JSCC is entrusted with management operations relating to participant bonds that participants deposit with Tokyo Stock Exchange. As the result, JSCC serves as an integrated point for participants to deposit various types of collaterals, including clearing funds.

Providing Clearing Services for OTC Derivatives

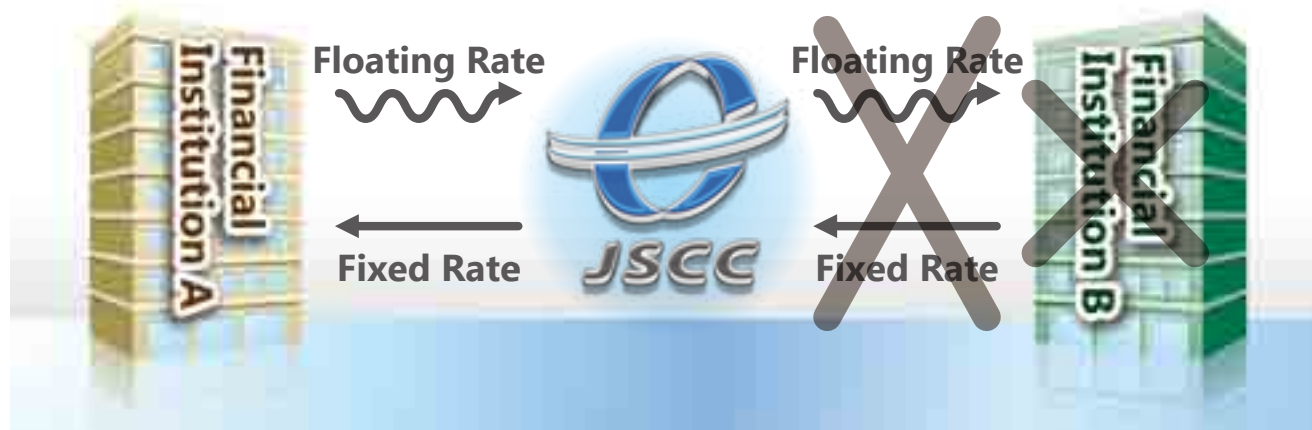
JSCC has commenced clearing services for CDS transactions (Index CDS) since July 19, 2011 as the clearing business related to OTC derivatives for the first time in Japan. Furthermore, we have started handling clearing services for IRS transactions since October 2012.

By provision of clearing services, JSCC will become the counterparty to all settlements. Therefore, market participants are assured of safe transactions as JSCC guarantees performance of settlements in respect of the OTC derivatives executed over-the-counter, even in the case of a counterparty's default.

Before commencement of clearing services



After commencement of clearing services



Basic Framework of Risk Management

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.

Since 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 which is built based on the principle that, posted collaterals are to be applied to compensate for losses and thereby the defaulting party is primarily responsible for any losses while a multi-tiered compensation scheme is in place.

1. Risk Management System for Exchange-traded Clearing

Clearing Participant Qualifications

JSCC has defined the qualifications to become a participant (requirements for entry and maintenance) for exchange-traded clearing, and regularly monitors the management structure, ability to conduct business, and financial standing of clearing participants. If the clearing participant falls under the significant circumstances which JSCC deems it necessary, JSCC may suspend the assumption of its obligations and revoke its qualification as a clearing participant.

There are four categories of clearing qualifications for the clearing qualification regarding exchange-traded transactions: 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.

Main Entry Requirements of Clearing Participant Qualifications related to Exchange-traded transactions

Financial Instruments Business Operator	Principal	Agency	Registered Financial Institution	Principal	Agency
Capital	¥300 million	¥300 million	Capital	¥300 million	¥300 million
Net Assets	¥2 billion	¥20 billion	Shareholders' Equity	¥2 billion	¥20 billion
Capital to Risk Ratio	over 200%	over 200%	Capital Adequacy Ratio	International standard over 8%	Domestic standard over 8%
				over 4%	over 4%
			Solvency Margin Ratio	over 400%	over 400%

Collateral System

Cash Transactions

Collateral Type	
Clearing Fund	<ul style="list-style-type: none"> To be deposited to cover the risk exposure of the price fluctuation for each equity which covers 99% confidence level for the past 120 days based on each participant's unsettled position. The required amount is calculated daily.
Collateral for Facilitating Settlement	<ul style="list-style-type: none"> At DVP settlement for cash trading, this will be deposited by participants at their option in order to receive the related securities at an early stage.

Futures and Options Transaction

Collateral Type	
Clearing Margin	<ul style="list-style-type: none"> To be deposited to cover the risk exposure of the price fluctuation for each participant's open position which covers 99% confidence level for the past 24 weeks (120 days approx). The required amount is calculated daily via SPAN®. <p>* The SPAN® (Standard Portfolio Analysis of Risk) system is a methodology that calculates risk-based margin developed by Chicago Mercantile Exchange (CME) in 1988.</p>
Clearing Fund	<ul style="list-style-type: none"> To be deposited to cover the risk exposure in the case where the daily mark-to-market difference has not been paid by cutoff time of settlement or where the clearing margin has not been deposited by the determined cutoff time. The required amount is calculated monthly.

Default Management

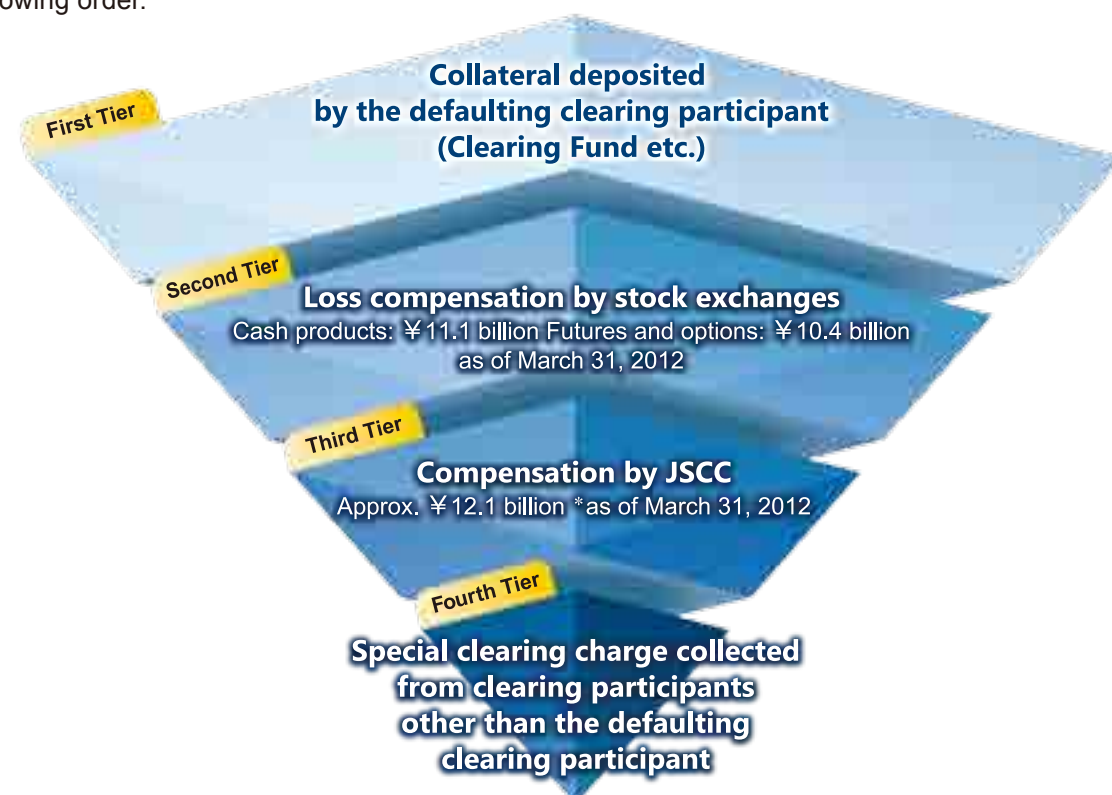
In the event of a default of a clearing participant related to the exchange-traded transactions, JSCC first suspends the delivery of the settlement of funds and securities to the defaulting participant. JSCC then conducts transactions to offset the unsettled contracts of the defaulting clearing participants while at the same time selling the securities whose delivery was suspended so as to determine the amount of loss resulting from the default.

Clearing participants are thus assured of safe market transactions even in the event of default as JSCC acts as the counterparty to complete the settlement with other clearing participants.

In order to deal with the potential defaults by clearing participants, JSCC maintains the agreement on liquidity supply with fund settlement banks to secure short-term liquidity.

Loss Compensation Scheme

In the event that JSCC incurs losses as a result of a clearing participant's default, the loss is compensated in the following order.



2. Risk Management System for CDS Clearing

Clearing Participants Qualification

JSCC has defined the qualifications to become a participant (requirements for entry and maintenance) for CDS clearing, and regularly monitors the management structure, ability to conduct business, and financial standing of clearing participants. If the clearing participant falls under the significant circumstances which JSCC deems it necessary, JSCC may suspend the assumption of its obligations and revoke its qualification as a clearing participant.

Main Entry Requirements of Clearing Participant Qualification related to CDS transactions

	Item	Criteria		Item	Criteria
Financial Instruments Business Operator	Net Capital	¥100 billion	Registered Financial Institution	Net Capital	¥100 billion
	Capital to Risk Ratio	over 200%		Capital Adequacy Ratio	International: 8% Domestic: 4%
	Credit standing (note)	Having a certain level of creditworthiness		Solvency Margin Ratio	over 400%
				Credit standing (note)	Having a certain level of creditworthiness

Note: Will be judged comprehensively with a rating of a clearing participant as one of the measuring factors.

Collateral Management

For the sake of risk management related to the position held by clearing participant in respect of CDS transactions, JSCC requests clearing participant to deposit collateral.

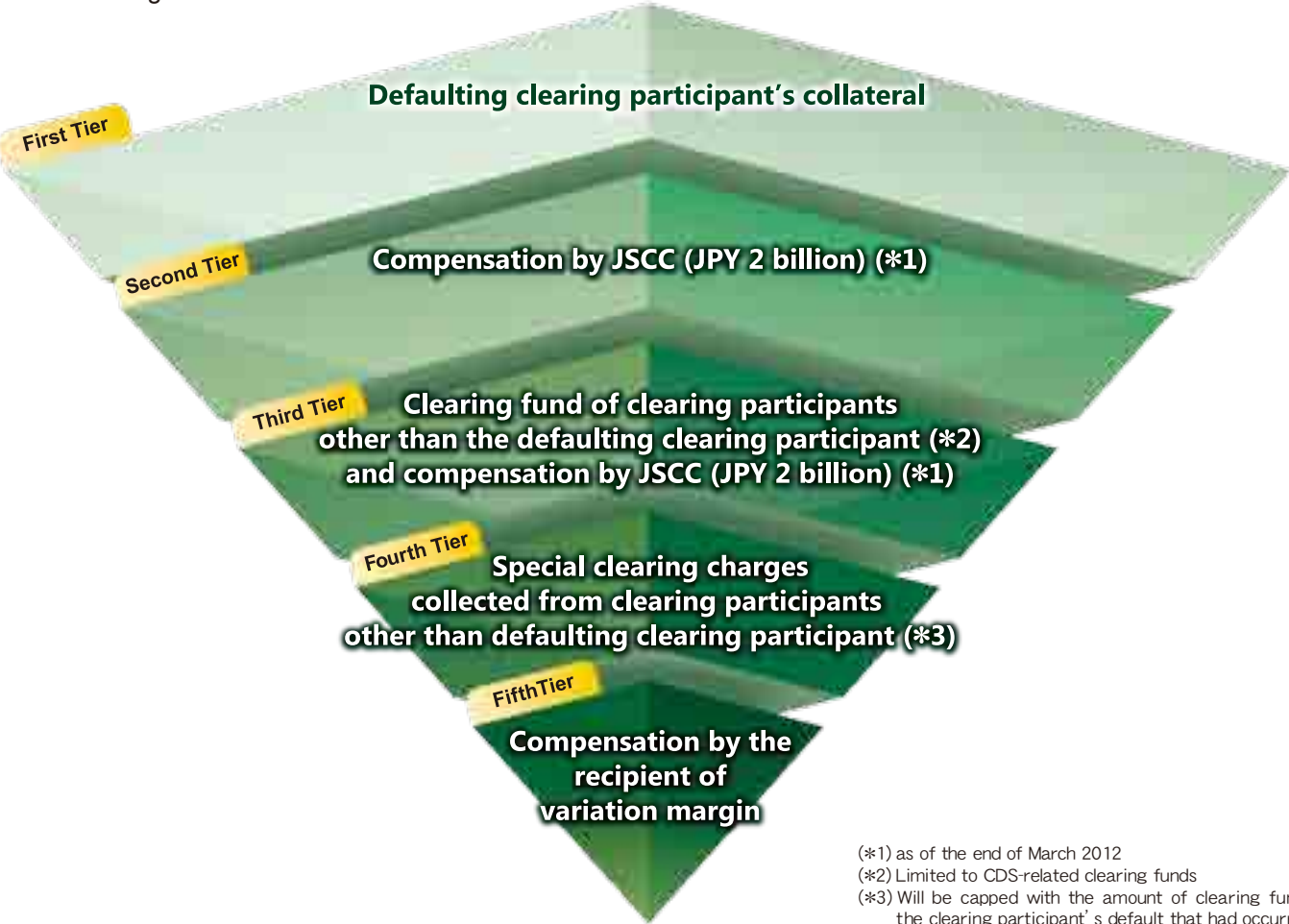
Collateral Type	
Initial Margin	<ul style="list-style-type: none"> ● To be deposited to cover the average of top 1% that exceeds 99% of the price fluctuation for the past 750 days. ● The required amount is calculated daily. ● Besides this, there will be following additions depending on risks associated with clearing participant's position. <ul style="list-style-type: none"> ◆ A certain amount will be added to initial margin of short party in CDS to cover risk exposures in the event of occurrence of credit event of the reference entity (short charge). ◆ The amount determined according to each issue will be added to cover the liquidity risk of each issue (bid/offer charge) ◆ A certain amount will be added with respect to the issue to which credit event has occurred in order to hedge the risk exposure for the period from the time of occurrence of the credit event to the settlement of the credit event (credit event margin).
Variation Margin	<ul style="list-style-type: none"> ● To be deposited in cash in the amount equal to the variance of NPV (Net Present Value) associated with daily price fluctuation to cover the risk exposure of the daily price fluctuation.
Clearing Fund	<ul style="list-style-type: none"> ● To be deposited to cover the risk of incurrence of following two losses: <ul style="list-style-type: none"> ◆ The loss incurred in the case where daily variation margin of each clearing participant is not paid by settlement cutoff time, and a clearing participant defaults without having paid initial margin. ◆ The loss incurred in the case of a default of the 2 companies whose losses accruing in excess of the required initial margin amount deposited by clearing participants are the largest and the second largest, under the stressed conditions. ● The required amount is calculated weekly.

Default Management

In the event clearing participant in CDS transactions defaults, JSCC will suspend the payment of the settlement amount to the defaulting clearing participant, and at the same time, will promptly hedge the defaulting clearing participant's portfolio based on the advice given by the CDS Default Management Committee (the committee consisted of clearing participants appointed in advance to cooperate the default management related to CDS transactions). Subsequently, the defaulting clearing participant's portfolio will be put up to an auction in which other clearing participants participate. Settlements with other clearing participants will be performed by JSCC, as a party to receivables and payables.

Loss Compensation Scheme

In the event that JSCC incurs losses as a result of a clearing participant's default, the loss is compensated in the following order.



(*1) as of the end of March 2012
(*2) Limited to CDS-related clearing funds
(*3) Will be capped with the amount of clearing fund for the clearing participant's default that had occurred by the 30th day from the first default (if another default has occurred during that period, 30th day from the relevant default).

3. Risk Management System for IRS Clearing

Clearing Participants Qualification

JSCC has defined the qualifications to become a participant (requirements for entry and maintenance) for IRS clearing, and regularly monitors the management structure, ability to conduct business, and financial standing of clearing participants. If the clearing participant falls under the significant circumstances which JSCC deems it necessary, JSCC may suspend the assumption of its obligations and revoke its qualification as a clearing participant.

Main Entry Requirements of Clearing Participant Qualifications related to IRS transactions					
Financial Instruments Business Operator	Item	Criteria	Registered Financial Institution	Item	Criteria
	Net Capital	¥ 100 billion		Net Capital	¥ 100 billion
	Capital to Risk Ratio	over 200%		Capital Adequacy Ratio	International: 8% Domestic: 4%
	Credit standing (note)	Having a certain level of creditworthiness		Solvency Margin Ratio	over 400%
				Credit standing (Note)	Having a certain level of creditworthiness

Note: Will be judged comprehensively with a rating of a clearing participant as one of the measuring factors.

Collateral Management

For the sake of risk management related to the position held by clearing participant in respect of IRS transactions, JSCC requests clearing participant to deposit collateral.

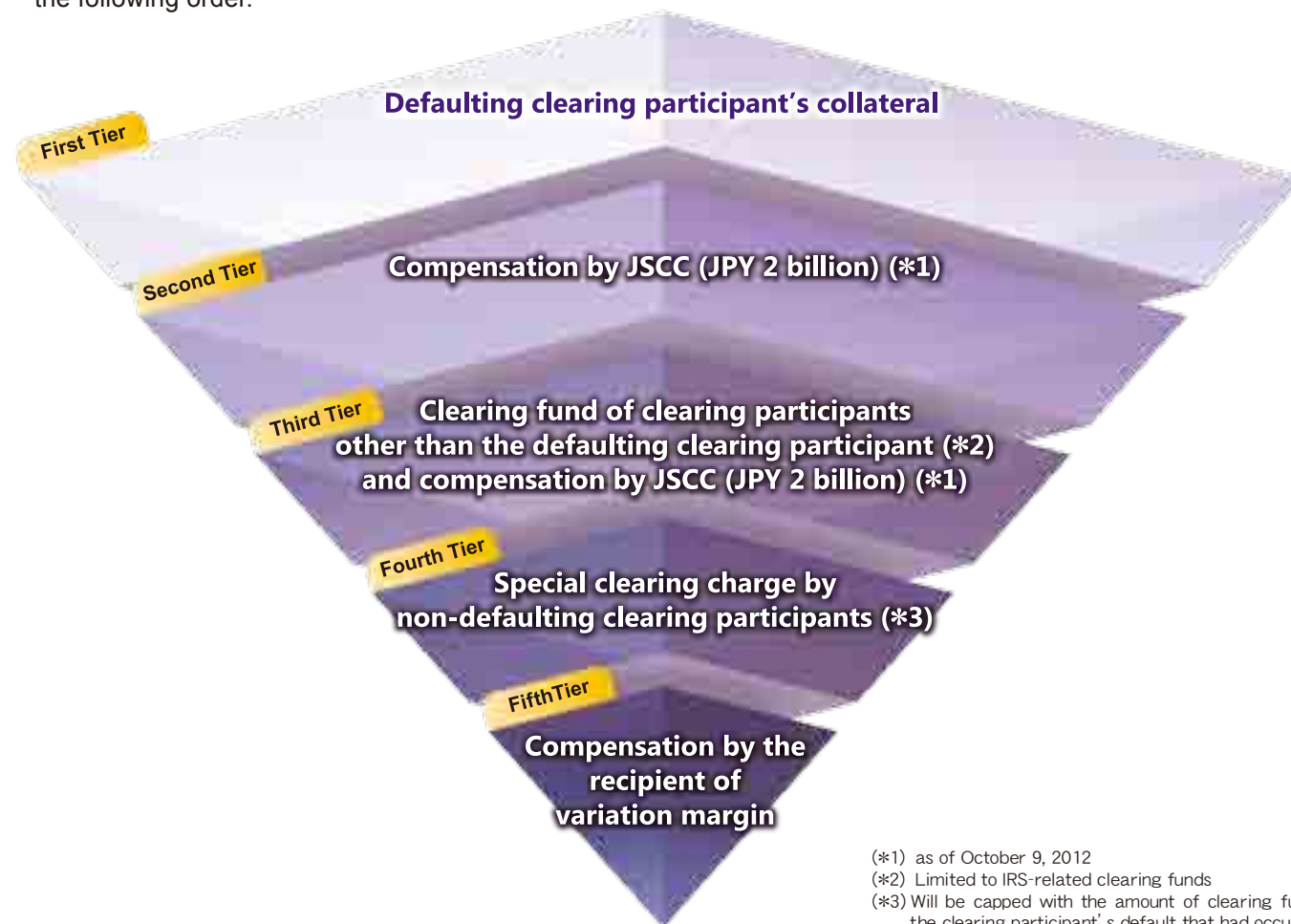
Collateral Type	
Initial Margin	●To cover the largest loss for the price fluctuation for the past 1250 days. ●The required amount is calculated daily.
Variation Margin	●To be deposited to cover the risk exposure of the price fluctuation which is received or paid by cash equivalent to the NPV variation.
Intra-day Margin	●The amount equivalent to the initial margin and the variation margin which are calculated during the day to be deposited during the current day.
Clearing Fund	●To be deposited to cover the loss incurred, under the stress condition, in the case of the default of the top 2 companies in the loss incurred exceeding the initial margin requirements deposited by the clearing participants. ●The required amount is calculated weekly.

Default Management

In the event clearing participant in IRS transactions defaults, JSCC will suspend the payment of settlement amount to the defaulting clearing participants, and then will promptly hedge the defaulting clearing participant's portfolio based on the advice given by the IRS Default Management Committee (the committee consisted of clearing participants appointed in advance to cooperate the default management related to IRS transactions). Subsequently, the defaulting clearing participant's portfolio will be put up to an auction. Settlements with other clearing participants will be performed by JSCC, as a party to receivable and payable.

Loss Compensation Scheme

In the event that JSCC incurs losses as a result of a clearing participant's default, the loss is compensated in the following order.

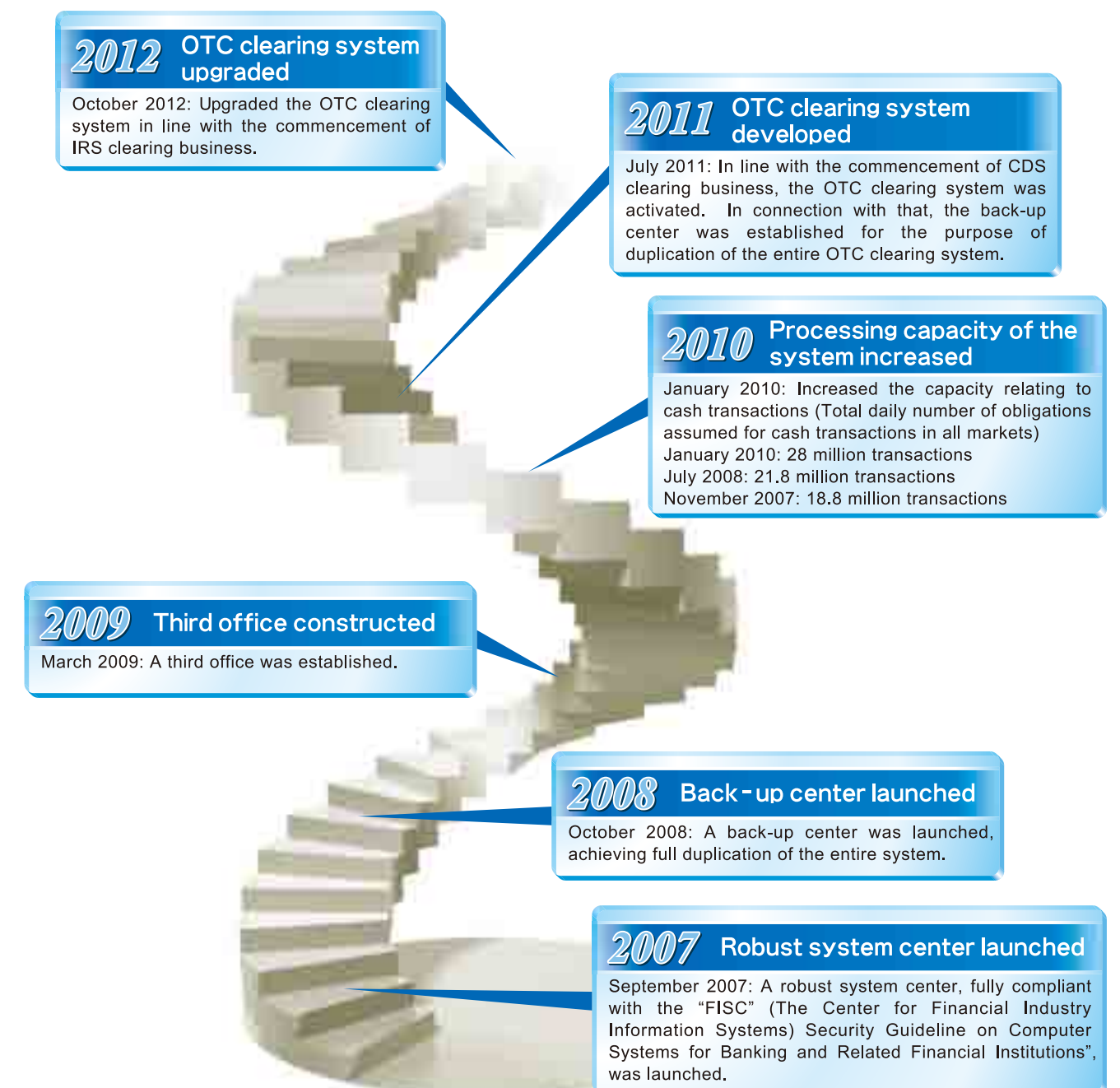


(*1) as of October 9, 2012
 (*2) Limited to IRS-related clearing funds
 (*3) Will be capped with the amount of clearing fund for the clearing participant's default that had occurred by the 30th day from the first default (if another default has occurred during that period, 30th day from the relevant default).

Based on the discussions at the Securities Market BCP Council*, JSCC launched the back-up center in October 2008, achieving full duplication of the system. In addition, JSCC established the third office in March 2009 to ensure stable and reliable operations in emergency situations. Also, the entire OTC clearing system was developed in line with the commencement of CDS clearing business in July 2011, and JSCC further upgraded the OTC clearing system in line with the commencement of IRS clearing business in October 2012.

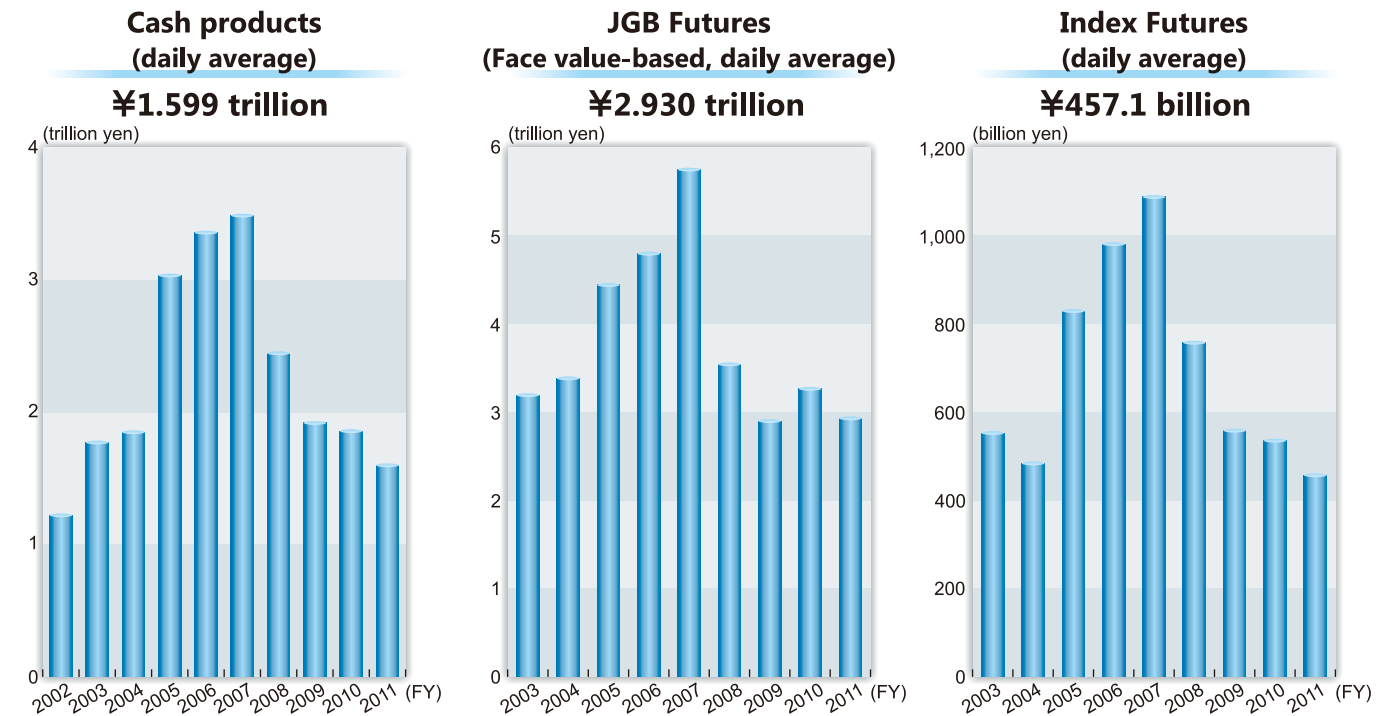
JSCC will be continuously continuing efforts to improve the safety and reliability by reviewing the system base and taking appropriate measures as needed.

*The Securities Market BCP Council has been regarded as the top of the "BCP forum" of the securities market for the purpose of studying BCP in the whole market, and securities-related organizations comprise its membership.

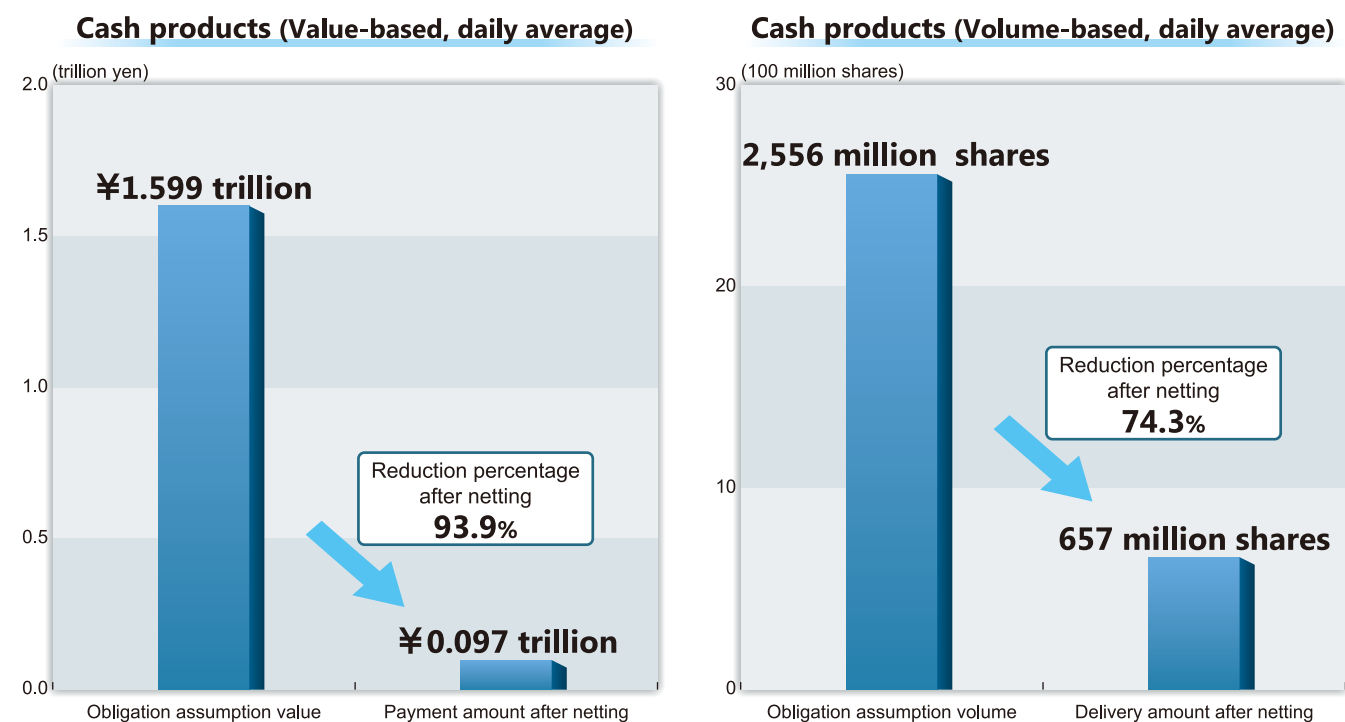


Business Data and Statistics

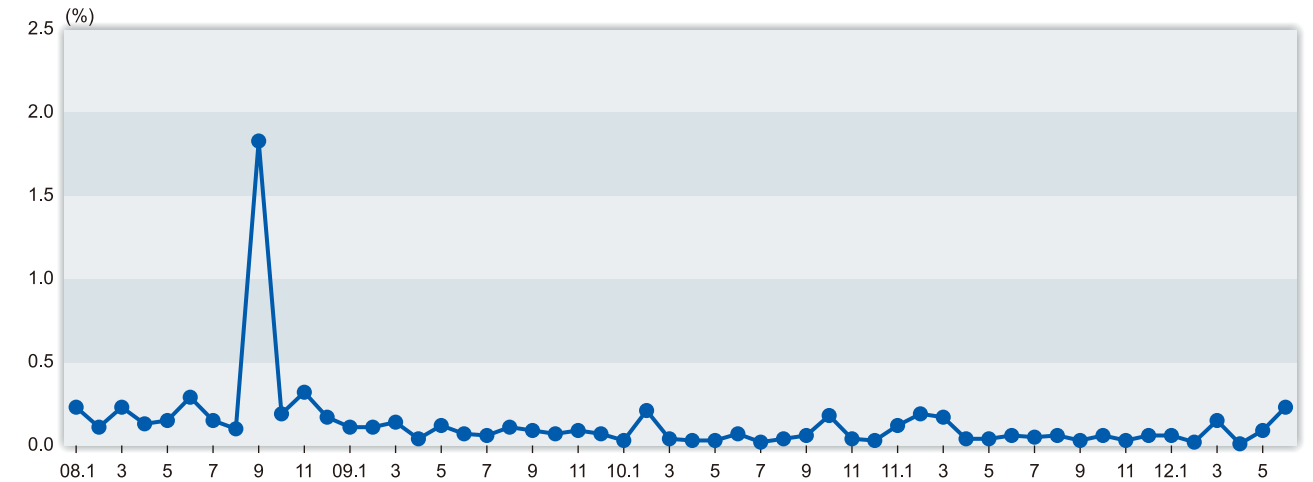
Obligation Assumption Values (FY2011)



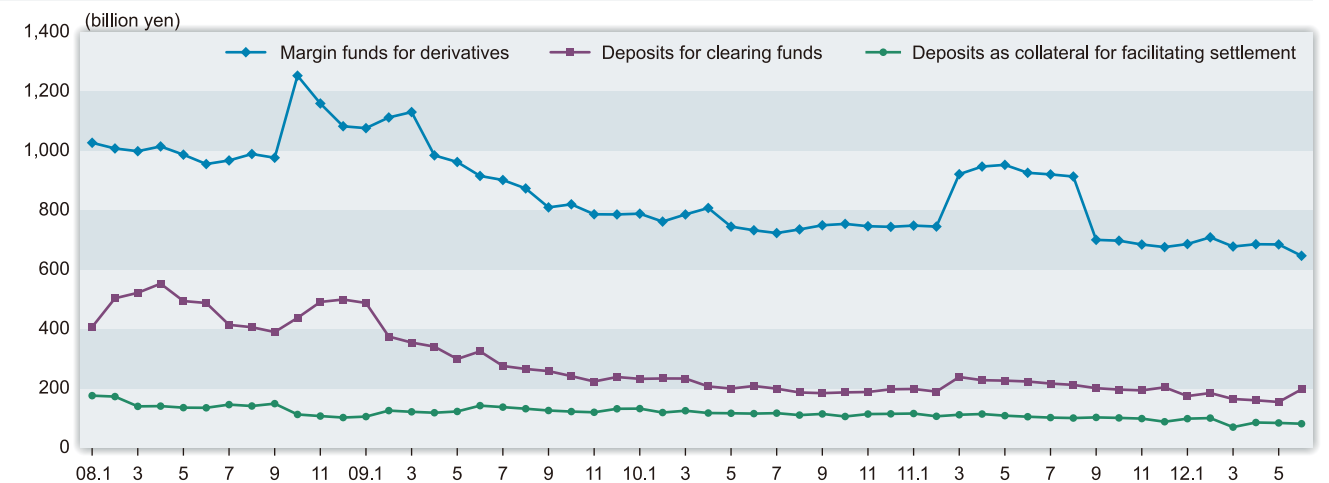
Netting (FY2011)



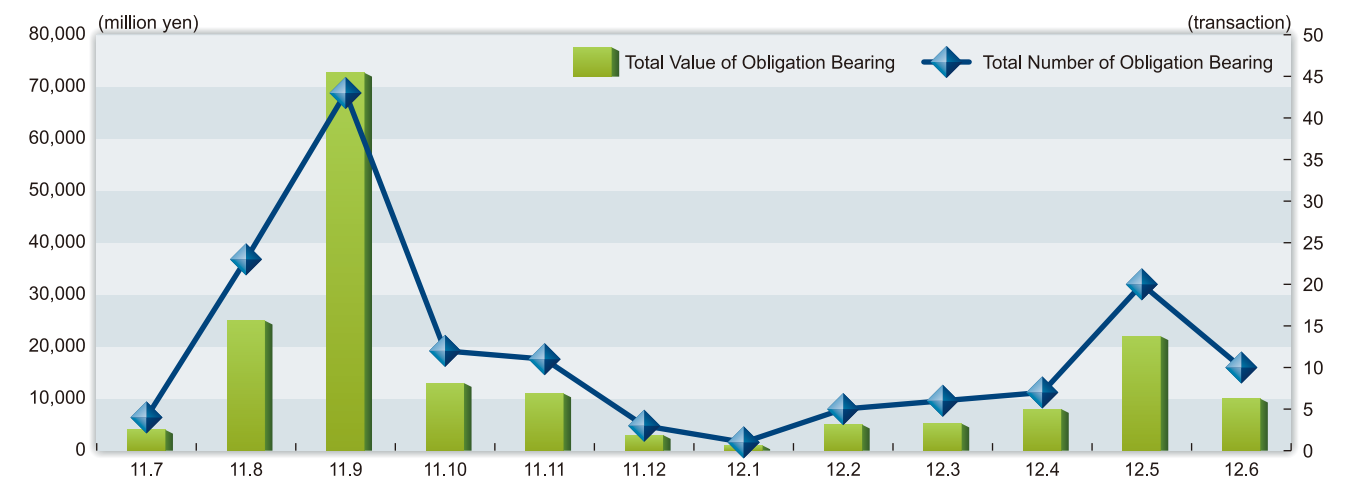
Fail Rate Cash products (Volume-based)



Changes in Clearing Fund Deposits, etc.



Total Value of CDS Obligation Bearing (based on notional amount)



Clearing Participants (As of September 30th, 2012)

Clearing Participants in relation to Listed Products (134 companies)

	a	b	c	d		a	b	c	d
A ABN AMRO Clearing Tokyo Co., Ltd.	○	○	○	○		The Imamura Securities Co., Ltd.	○	○	○
ACE SECURITIES CO.,LTD.	○	○	○	○		IwaiCosmo Securities Co.,Ltd.	★	○	○
AIZAWA SECURITIES CO.,LTD.	○	○	○	○	J JPMorgan Securities Japan Co., Ltd.	○	○	○	○
AKAKIYA SECURITIES CO.,LTD.	○	○	○	○	Japan Asia Securities Co.,Ltd.	○	○	○	○
Akatsuki Securities, Inc.	○	○	○	○	JAPAN SECURITIES FINANCE CO.,LTD.	○	—	—	—
ANDO SECURITIES CO.,LTD.	○	○	○	○	The Joyo Bank, Ltd.	—	○	—	—
Aozora Bank, Ltd.	—	○	—	—	Jyoko Securities Co.,Ltd.	○	—	—	—
ARK SECURITIES CO.,LTD.	○	○	○	○	K kabu.com Securities Co.,Ltd.	—	—	○	—
B THE BANK OF FUKUOKA, LTD.	—	○	—	—	KAZAKA Securities Co., Ltd.	○	○	○	○
The Bank of Kyoto, Ltd.	—	○	—	—	KIMURA SECURITIES CO.,LTD.	○	○	○	○
THE BANK OF SAGA LTD.	—	○	—	—	The Kiyo Bank, Ltd.	—	○	—	—
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	○	—	—	The Kosei Securities Co.,Ltd.	○	○	○	○
The Bank of Yokohama, Ltd.	—	○	—	—	KYOKUTO SECURITIES CO.,LTD.	○	○	○	○
Barclays Securites Japan Limited	○	○	○	○	Kyowa Securities Co.,Ltd.	○	○	○	○
BNP Paribas Securities (Japan) Limited	○	○	○	○	L Leading Securities Co., Ltd.	○	—	—	—
C The Chiba Bank, Ltd.	—	○	—	—	livestar Securities Co.,Ltd.	○	○	○	○
Chibagin Securities Co.,Ltd.	○	○	○	○	M Macquarie Capital Securities (Japan) Limited	○	—	—	—
CHUBU SECURITIES FINANCING CO.,LTD.	○	—	—	—	Marufuku Securities Co.,Ltd.	○	○	○	○
The Chugoku Bank, Limited	—	○	—	—	Maruhachi Securities Co.,Ltd.	○	○	○	○
Citibank Japan Ltd.	★	★	★	★	MARUKUNI SECURITIES CO.,LTD.	○	○	○	○
Citigroup Global Markets Japan Inc.	○	○	○	○	Marusan Securities Co.,Ltd.	○	○	○	○
Credit Agricole Securities Asia B.V.	○	○	○	○	MATSUI SECURITIES CO.,LTD.	○	○	○	○
Credit Suisse Securities (Japan) Limited	○	○	○	○	MEIWA SECURITIES CO.,LTD.	○	○	○	○
D Daiko Clearing Services Corporation	★	★	★	★	Merrill Lynch Japan Securities Co.,Ltd.	★	○	○	○
The Daishi Bank, Ltd.	—	○	—	—	MIKI SECURITIES CO.,LTD.	○	○	○	○
Daiwa Securities Co.Ltd.	○	○	○	○	MITA SECURITIES Co.,Ltd.	○	—	—	—
Deutsche Securities Inc.	○	○	○	○	Mito Securities Co.,Ltd.	○	○	○	○
E Eiwa Securities Co.,Ltd.	—	○	○	—	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	○	○	○	○
F Fukuoka Securities Co.,Ltd.	○	○	○	○	Mitsubishi UFJ Trust and Banking Corporation	—	○	—	—
G GMO CLICK Securities, Inc.	○	—	—	—	Mizuho Bank, Ltd.	—	○	—	—
Goldman Sachs Japan Co., Ltd.	○	○	○	○	Mizuho Corporate Bank, Ltd.	—	○	—	—
The Gunma Bank, Ltd.	—	○	—	—	Mizuho Investors Securities Co.,Ltd.	○	○	○	○
H H.S. SECURITIES CO.,LTD.	○	○	○	○	Mizuho Securities Co.,Ltd.	○	○	○	○
The Hachijuni Bank, Ltd.	—	○	—	—	Mizuho Trust & Banking Co.,Ltd.	—	○	—	—
HACHIJUNI SECURITIES Co.,Ltd.	○	○	○	○	Monex, Inc.	○	—	—	—
Hibiki Securities Inc.	○	—	—	—	Morgan Stanley MUFG Securities Co., Ltd.	○	○	○	○
THE HIKARI SECURITIES CO.,LTD.	○	○	○	○	Musashi Securities Co., Ltd.	○	○	○	○
HINODE SECURITIES CO.,LTD.	○	○	○	○	N NAGANO SECURITIES CO.,LTD.	○	○	○	○
HIROTA SECURITIES CO.,LTD.	○	○	○	○	NAITO SECURITIES CO.,LTD.	○	○	○	○
The Hokuetsu Bank, Ltd.	—	○	—	—	The Nakahara Securities Co.,Ltd.	○	○	○	○
The Hongkong and Shanghai Banking Corporation Limited	★	—	—	★	Natixis Japan Securities Co.,Ltd.	○	○	○	○
HSBC SECURITIES (JAPAN) LIMITED	○	○	○	○	New-S Securities Co.,Ltd.	○	—	—	—
The Hyakujushi Bank, Ltd.	—	○	—	—	Newedge Japan Inc.	—	○	○	—
I Ichiyoshi Securities Co.,Ltd.	○	○	○	○	Niigata Securities Co.,Ltd.	○	○	○	○

a...Cash products b...JGB Futures & Options on JGB Futures c...Index Futures & Index Options d...Securities Options
Principal Clearing Participant :○ Agency Clearing Participant :★

	a	b	c	d
NISHIMURA SECURITIES CO.,LTD.	○	○	○	○
THE NISHI-NIPPON CITY BANK, LTD.	—	○	—	—
NISSAN CENTURY SECURITIES CO., LTD.	○	○	○	○
Nomura Securities Co.,Ltd.	○	○	○	○
The Norinchukin Bank	—	○	—	—
O The Ogaki Kyoritsu Bank, Ltd.	—	○	—	—
OKACHI SECURITIES CO.,LTD.	○	○	○	○
OKASAN SECURITIES CO.,LTD.	★	○	○	○
OKAYASU SECURITIES, Co.,Ltd	○	—	—	—
Osaka Securities Finance Co.,Ltd.	○	—	—	—
P Phillip Securities Japan,Ltd.	○	○	○	○
Phoenix Securities Co., Ltd.	○	—	—	—
R Rakuten Securities, Inc.	○	○	○	○
RBS SECURITIES JAPAN LIMITED	○	○	○	○
Resona Bank, Limited	—	○	—	—
Retela Crea Securities Co.,Ltd.	○	○	○	○
S San-ei Securities Co.,Ltd.	○	○	○	○
SANKO SECURITIES CO.,LTD.	○	○	○	○
Sankyo Securities Co., Ltd.	○	—	—	—
SBI SECURITIES Co., Ltd.	○	○	○	○
Securities Japan, Inc.	○	○	○	○
The Senshu Ikeda Bank, Ltd.	—	○	—	—
The 77 Bank, Ltd.	—	○	—	—
Shinkin Central Bank	—	○	—	—
Shinkin Securities Co., Ltd.	—	○	—	—
THE SHIZUOKA BANK, LTD.	—	○	—	—
The Shoko Chukin Bank, Ltd.	—	○	—	—
Sinsei Bank, Limited	—	○	—	—
SMBC Friend Securities Co.,Ltd.	○	○	○	○
SMBC Nikko Securities Inc.	○	○	○	○
Societe Generale Securities (North Pacific) Ltd.	○	○	○	○
Sumitomo Mitsui Banking Corporation	—	○	—	—
Sumitomo Mitsui Trust Bank, Limited	—	○	—	—
T TAKAGI SECURITIES CO.,LTD.	○	○	○	○
The Tama Shinkin Bank	—	○	—	—
THE TACHIBANA SECURITIES CO.,LTD.	○	○	○	○
Tokai Tokyo Securities Co.,Ltd.	○	○	○	○
TOYO SECURITIES CO.,LTD.	○	○	○	○
U UBS Securities Japan Co., Ltd.	○	○	○	○
UTSUMIYA SECURITIES CO.,LTD.	○	○	○	○
Y YAHATA SECURITIES CO.,LTD.	○	○	○	○
YAMAGEN Securities Co.,Ltd.	○	○	○	○
The Yamaguchi Bank, Ltd.	—	○	—	—
Yamani Securities Co.,Ltd.	○	○	○	○

	a	b	c	d
YAMAWA SECURITIES CO.,LTD.	○	○	○	○
The Yutaka Securities Co.,Ltd.	○	○	○	○
Principal Clearing Participant	91	116	83	80
Agency Clearing Participant	6	2	2	3

CDS Clearing Participants (6 companies)

BNP Paribas
Daiwa Securities Co. Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Mizuho Securities Co., Ltd.
Morgan Stanley MUFG Securities Co., Ltd.
Nomura Securities Co., Ltd.

IRS Clearing Participants (21 companies)

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Barclays Bank PLC
BNP Paribas
Citigroup Global Markets Japan Inc.
Credit Suisse Securities (Japan) Limited
Daiwa Securities Co. Ltd.
Deutsche Bank Aktiengesellschaft
Goldman Sachs Japan Co., Ltd.
JPMorgan Securities Japan Co., Ltd.
Merrill Lynch Japan Securities Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Mizuho Corporate Bank, Ltd.
Morgan Stanley MUFG Securities Co., Ltd.
Nomura Securities Co., Ltd.
Resona Bank, Limited.
The Royal Bank of Scotland plc
SMBC Nikko Securities Inc.
Societe Generale
Sumitomo Mitsui Banking Corporation
Sumitomo Mitsui Trust Bank, Limited.
UBS AG

Financial Statements

Balance Sheet March 31, 2012 and 2011

ASSETS	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
CURRENT ASSETS:			
Cash and bank deposits	¥18,309	¥13,275	\$222,900
Accounts receivable—trade	1,099	1,287	13,381
Margin funds for derivatives	111,004	246,659	1,351,400
Deposits for clearing funds	59,376	81,967	722,873
Deposits as collateral for facilitating settlement	11,110	22,510	135,256
Margin funds for when-issued transactions	292	251	3,554
Deferred tax assets	37	42	453
Other current assets	50	86	619
Total current assets	201,279	366,079	2,450,441
PROPERTY AND EQUIPMENT—Net:			
Buildings	21	26	261
Equipment and furniture	2	4	35
Total property and equipment	24	30	296
INTANGIBLE FIXED ASSETS—Net			
software	5	11	68
Total intangible fixed assets	5	11	68
INVESTMENTS AND OTHER ASSETS:			
Investments in securities	1,591	1,599	19,376
Investments in an affiliated company	1,750	1,750	21,306
Long-term prepaid expenses	33	49	405
Guarantee money deposits	48	48	586
Deferred charges	14	5	182
Deferred tax assets	2	5	34
Total investments and other assets	3,440	3,457	41,890
TOTAL	¥204,750	¥369,579	\$2,492,697

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
CURRENT LIABILITIES:			
Accounts payable—trade	¥846	¥910	\$10,309
Income taxes payable	170	240	2,075
Consumption taxes payable	21	24	256
Accrued bonuses	41	41	504
Accrued bonuses for directors	15	13	188
Margin funds received for derivatives	111,004	246,659	1,351,400
Deposits received for clearing funds	59,376	81,967	722,873
Deposits received as collateral for facilitating settlement	11,110	22,510	135,256
Margin funds received for when-issued transactions	292	251	3,554
Other current liabilities	15	12	190
Total current liabilities	182,893	352,630	2,226,611
NON-CURRENT LIABILITIES—			
Long-term accounts payable	7	12	94
Total non-current liabilities	7	12	94
Total liabilities	182,901	352,643	2,226,706
EQUITY:			
Shareholders' equity	4,850	2,600	59,045
Capital surplus	4,400	2,150	53,567
Retained earnings	12,598	12,186	153,378
Settlement guarantee reserve for securities trades and others	12,180		148,283
General reserve		11,810	
Retained earnings—unappropriated	418	376	5,094
Total shareholders' equity	21,848	16,936	265,991
Total equity	21,848	16,936	265,991
TOTAL	¥204,750	¥369,579	\$2,492,697

Statement of Income Year Ended March 31, 2012 and 2011

	Millions of Yen		Thousands of U.S. Dollars
	2012	2011	2012
OPERATING REVENUES			
Clearing fees	¥6,627	¥7,080	\$80,690
Monthly fees	148	138	1,802
Maintenance fees on cash products and derivatives	446	437	5,434
Other operating income	216	342	2,630
Total operating revenues	7,438	8,000	90,557
OPERATING EXPENSES			
Outsourcing business costs	5,884	6,778	71,640
Salaries and compensation	498	460	6,070
Real estate rental fees	56	53	692
Facility expenses	12	13	149
Other operating expenses	350	142	4,272
Total operating expenses	6,803	7,448	82,825
Operating profit	635	551	7,731
OTHER INCOME (EXPENSES):			
Interest income	35	44	433
Subsidy income	47	47	574
Other—net	(3)	(3)	(37)
Other income—net	79	87	971
INCOME BEFORE INCOME TAXES	714	639	8,703
INCOME TAXES—Current	295	282	3,594
INCOME TAXES—Deferred	7	(14)	89
NET INCOME	¥412	¥371	\$5,018

Statement of Changes in Equity Year Ended March 31, 2012 and 2011

			Millions of Yen					
	Outstanding Number of Shares of Capital Stock		Capital Stock	Capital Surplus	Retained Earnings			Total Equity
	Class A	Class B		Additional Paid-in Capital	Settlement Guarantee Reserve for Securities Trades and Others	General Reserve	Unappropriated	
BALANCE, APRIL 1, 2010	30,000		¥1,700	¥1,300		¥11,620	¥194	¥14,814
Issuance of new Class A shares	3,543		900	850				1,750
Transfer to general reserve						190	(190)	
Net income							371	371
BALANCE, MARCH 31, 2011	33,543		2,600	2,150		11,810	376	16,936
Issuance of new Class B shares		9,000	2,250	2,250				4,500
Transfer to general reserve						370	(370)	
Transfer to settlement guarantee reserve for securities trades and others					¥12,180	(12,180)		
Net income							412	412
BALANCE, MARCH 31, 2012	33,543	9,000	¥4,850	¥4,400	¥12,180		¥418	¥21,848

		Thousands of U.S. Dollars					
		Capital Stock	Capital Surplus	Retained Earnings			Total Equity
			Additional Paid-in Capital	Settlement Guarantee Reserve for Securities Trades and Others	General Reserve	Unappropriated	
BALANCE, MARCH 31, 2011		\$31,653	\$26,175		\$143,778	\$4,580	\$206,187
Issuance of new Class B shares		27,392	27,392				54,784
Transfer to general reserve					4,504	(4,504)	
Transfer to settlement guarantee reserve for securities trades and others				\$148,283	(148,283)		
Net income						5,018	5,018
BALANCE, MARCH 31, 2012		\$59,045	\$53,567	\$148,283		\$5,094	\$265,991

Board of Directors and Auditors

President & CEO Yasuo Tobiyama	Senior Managing Director Hirokazu Fujisawa	Managing Director Yasushi Suzuki
Member of the Board Michinori Ando Executive Director, SMBC Nikko Securities Inc.	Member of the Board Moriyasu Iwanaga Executive Officer, Tokyo Stock Exchange Group, Inc.	Member of the Board Masakazu Kubota Senior Managing Director, Keidanren
Member of the Board Ritsuro Koza Senior Managing Director, Nomura Securities Co., Ltd.	Member of the Board Masahisa Nakagawa Senior Managing Director, Daiwa Securities Co. Ltd.	Member of the Board Yasumasa Nishi Managing Executive Officer, Mizuho Corporate Bank, Ltd.
Member of the Board Seiji Miyauchi Senior Managing Director, Kyokuto Securities Co., Ltd.	Member of the Board Kotaro Yamazawa Managing Director, Osaka Securities Exchange CO., Ltd.	Member of the Board Mikio Yamashita Managing Director, Morgan Stanley MUFG Securities Co., Ltd.
Standing Statutory Auditor Akira Sato	Statutory Auditor Shigeru Nakajima Attorney-at-law	Statutory Auditor Tsutoo Matsumoto CPA

(As of October 3, 2012)

Corporate Data

(As of October 3, 2012)

■ Company Name	Japan Securities Clearing Corporation
■ President & CEO	Yasuo Tobiyama
■ Head Office	2-1, Nihombashi-Kabuto-Cho, Chuo-ku, Tokyo 103-0026, Japan
■ TEL	+81-3-3665-1234
■ URL	http://www.jscc.co.jp
■ Date of Incorporation	July 1, 2002 (Commences business on January 14, 2003)
■ Capital	7.35 billion yen
■ Shareholders	<p>Class A shares: Tokyo Stock Exchange Group, Inc. Nagoya Stock Exchange, Inc. Fukuoka Stock Exchange</p> <p>Class B shares: Tokyo Stock Exchange Group, Inc.</p> <p>Class C shares: Tokyo Stock Exchange Group, Inc. Goldman Sachs Japan Co., Ltd. Citigroup Global Markets Japan Inc. Daiwa Securities Group Inc. Barclays Bank PLC (Barclays Bank) BNP Paribas Securities (Japan) Limited Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Morgan Stanley MUFG Securities Co., Ltd. Resona Bank Co.,Ltd.</p> <p>Osaka Securities Exchange Co., Ltd. Sapporo Securities Exchange</p> <p>Credit Suisse (Japan) Limited JPMorgan Securities Japan Co., Ltd. Société Générale (Société Générale Bank) Deutsche Securities Inc. Nomura Holdings, Inc. Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Trust Bank Merrill Lynch Japan Securities Co., Ltd. UBS AG The Royal Bank of Scotland plc Tokyo Branch</p>

Organizational Chart



(As of October 3, 2012)



Japan Securities Clearing Corporation