



# **Update of Medium-Term Business Plan (FY2022-2024)**

March 30, 2023

Japan Securities Clearing Corporation

# Update Policies for Business Plan

- Under the current medium-term business plan, from the viewpoint of playing a function as a core infrastructure of market and contributing to its continuous development, we set following 3 management policies and 5 critical issues, under which we formulate/perform the detailed business plan.

## Management Policy

- I . Expand the scope of trades eligible for Clearing to cover wider market
- II . Offer top global level Clearing Service
- III . Offer services with related Post trade services

## Critical Issue

- i. Launch clearing of uncleared trades in Cash market
- ii. Enhance the competitiveness in Derivatives market
- iii. Continue to improve the serviceability in light of global best practice
- iv. Build robust business continuity scheme
- v. Improve the existing service utilizing new technologies and launch new services

## Update Policies for Business Plan

- Over the past one year, the environment surrounding JSCC, including monetary policy and new technology, such as DLT has changed in a variety of areas.
- Therefore, going forward, we will focus on addressing those environmental change as well as implementing the scheduled measures based on the current management policies and the critical issues.

# Key Measures (Against Each Critical Issue)

(Note) Underlined are updated items.

| Critical issue   | Market                                       | Specific measures   |
|--|--|---|
| 1) Market clearing of uncleared trades in Cash market                              | Equity market                                | ● Consider measures to expand the scope of trades eligible for clearing   |
|  | JGB market                                   | ● <b>Improve serviceability</b> to market new customers ( <u>revise deposit procedure for Initial Margin/Clearing Fund</u> )  |
| 2) Enhance the competitiveness in Derivatives market                               | Listed Derivatives market                    | ● <b>Deal with the introduction of new products/new scheme at exchanges</b> ( <u>deal with listed new products including short-term interest rate futures, and ESG indices futures, and extend trading hours, etc.</u> ) to activate markets  |
|  | OTC Derivatives market                       | <ul style="list-style-type: none"> <li>● <b>Expand scope of trades eligible for clearing</b> in JPY IRS clearing, <b>enhance clearing scheme</b> to improve the serviceability (<u>introducing cross margining between interest rate swaps and short-term interest rate futures</u>).</li> <li>● <b>Expand the number of Reference Entities, etc. for CDS and conduct marketing activities to gain new users</b> towards expansion of trades eligible for clearing</li> </ul> |
| 3) Continue to improve the serviceability in light of global best practice         | Equity market                                | ● <b>Deal with further shortening of settlement cycle</b> that is in progress in the U.S.   |
|  | Listed Derivatives market                    | <ul style="list-style-type: none"> <li>● <b>Migrate to VaR method-based margin</b></li> <li>● <b>Review margin/Clearing Fund</b> in light of measures taken by key overseas CCPs in a comprehensive manner</li> </ul>   |
|  | OTC Derivatives market                       | ● <b>Improve the serviceability</b> in light of key overseas CCPs   |
| 4) Build robust business continuity scheme   | Common issues across markets                 | ● <b>Strengthen Business Continuity Scheme</b> , <u>such as further improved resilience</u>   |
| 5) Improve the existing service utilizing new technologies and launch new services | Utilization/ application of new technologies | ● <b>Apply new technologies to the existing services/ Develop new services</b> ( <u>apply blockchain technology deployed in the settlement by delivery of rubber futures to other products</u> )  |