

Medium-Term Business Plan (FY2025-2027)

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Japan Securities Clearing Corporation



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Policies for Updating Business Plan

- Under the current Medium-Term Management Plan, from the perspective of fulfilling our role as a core market infrastructure and contributing to the sustainable development of the market, we have established three business policies and five key issues, and are formulating and implementing specific business plans accordingly.

Business Policies

- I . **Ensure highly reliable service built on close communications with users, both domestic and foreign**
- II . **Expand business steadily, whilst balancing with risk management**
- III . **Seek world leading clearing services utilizing cutting-edge technologies**

Key Issues

- i. **Advance clearing services incorporating global best practices**
- ii. **Further expand user base of the OTC Derivatives and OTC JGB Clearing Services**
- iii. **Maintain/build a robust Business Continuity Framework**
- iv. **Effectively utilize deposited collateral assets**
- v. **Streamline Clearing Qualification/Loss Compensation Framework with the aim of achieving both safety and efficiency**

Policies for Updating Business Plan

- As FY2026 represents the midpoint of the current Medium-Term Management Plan, we will focus on the steady execution of each plan aligned with our business policies and key issues.
- In addition, in light of changes in the business environment, such as shifts in monetary policy and advances in the use of new technologies including DLT and AI, as well as the increasing sophistication of market participants' needs, we will continue to examine new initiatives with a view toward the future and implement them in a phased manner.

Major Individual Business Plans for Each Key Issue

(Note) Underlined are updated items.

Key Issue	Market	Specific Business Plan	
i Advance Clearing Services incorporating Global Best Practices	Equity Market	<ul style="list-style-type: none"> ● Improve creation/redemption framework for cash-type ETF and platform replacement ● Introduction of new initiatives (e.g. Digitization of investment securities issued by BOJ) ● Discussion of shortening settlement cycles, taking account of international trends 	
	Listed Derivatives Market	<ul style="list-style-type: none"> ● Introduction of new products/initiatives ● Further optimize Clearing Fund/Initial Margin framework ● Activate commodity derivatives (promote onboarding of new participants) 	
	OTC Derivatives Market	CDS	<ul style="list-style-type: none"> ● Study shortening of clearing cycle ● Improve serviceability of participants (e.g. Streamline trade processing and automation of position transfer process)
		IRS	<ul style="list-style-type: none"> ● Improve the operational efficiency for participants (e.g. Enhance vendor-initiated compression functionality and automation of position transfer process) ● <u>Further</u> improve serviceability of overseas clients
	OTC JGB Market	<ul style="list-style-type: none"> ● Expand eligible products for clearing and improve serviceability 	
Common to All Markets	<ul style="list-style-type: none"> ● Join innovative initiatives in digital area both in/outside Japan (e.g. Optimization of trade reporting via DRR*) * Digital Regulatory Reporting ● Optimize operations and leverage data, such as by using AI 		

Major Individual Business Plans for Each Key Issue

(Note) Underlined are updated items.

Key Issue	Market	Specific Business Plan
ii Further Expand the User Base of the OTC Derivatives and JGB OTC Clearing Services	OTC Derivatives Market	<p>CDS</p> <ul style="list-style-type: none"> Maintain/expand clearing share (e.g. Expand the number of single name Reference Entities) <p>IRS</p> <ul style="list-style-type: none"> Further promote onboarding of domestic/foreign clients (<u>e.g. identify client needs accurately</u> and strengthen relationship with clients)
	OTC JGB Market	<ul style="list-style-type: none"> Expand use of clearing (e.g. launch/<u>promote utilization of</u> Clearing Fund Sponsored Scheme, <u>drive initiatives</u> toward clearing of non-resident transactions)
iii Maintain/Build a Robust Business Continuity Framework	Common to All Markets	<ul style="list-style-type: none"> Strengthen cybersecurity measures Improve resilience (e.g. Continuous enhancement of clearing system)
iv Effectively Utilize Deposited Collateral Assets	Common to All Markets	<ul style="list-style-type: none"> Diversification of collateral management method
	Common to All Markets	<ul style="list-style-type: none"> Leverage DLT/digital assets (e.g. Digitization of warehouse receipts and <u>continuing efforts toward implementation of</u> tokenizing collateral asset)
v Streamline Clearing Qualification/ Loss Compensation Framework	Listed Derivatives Market	<ul style="list-style-type: none"> Review clearing qualification structure/loss compensation framework and related matters