

# PRESS RELEASE

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## **Japan Securities Dealers Association, Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange, Sapporo Securities Exchange and Fukuoka Stock Exchange Agree to Establish A Unified Clearing Organization In Japan**

Japan Securities Dealers Association, Tokyo Stock Exchange, Inc., Osaka Securities Exchange Co., Ltd., Nagoya Stock Exchange, Sapporo Securities Exchange and Fukuoka Stock Exchange (hereafter referred to as “Market Provider(s)”) today announced that they have agreed to establish a unified clearing organization in Japan. The board of each Market Provider has given the approval to the initiative.

The new unified clearing organization is scheduled to be operational in November 2002.

Under the existing system, after the execution of transactions in stocks, convertible bonds and other securities in each market, each Market Provider independently processes post-trade operations that include assumption of the original obligations\* from such transactions under its own settlement guarantee scheme (so called Central Counterparty function), computation of the settlement amount and delivery/payment instructions. The series of these operations are called “clearing of transactions.”

\* Some Market Providers do not assume obligations.

By establishing this new horizontally integrated clearing organization, all clearing procedures for cash transactions, currently provided independently by each marketplace, will be streamlined into a single operation at the unified clearing organization. The unification, for example, can reduce the amount of both securities and fund required for settlement since the clearing organization assumes all obligations resulting from transactions in cross-listed stocks at multiple marketplaces and offsets selling and buying positions. In addition, access to the clearing operation from users will be centralized at the organization. These, among others, will bring greater efficiency to, and enhance the user-friendliness and improve the safety of the Japanese market. Market Providers believe that the establishment of the unified clearing organization will help not only strengthen the global competitiveness of the Japanese securities market but also develop a foundation for the introduction

of T+1 settlement in the future.

The Market Providers, in line with the Schematic Summary approved by the boards of all Market Providers, will conduct further investigations into the commencement of operations for the unified clearing organization.

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