

Issues and Solutions for T+1 in Japan

Japan Securities Depository Center, Inc.

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I. Keywords for T+1 move issues in Japan

II. Proposed Solutions

- Issue 1**
- Issue 2**
- Issue 3**
- Issue 4**

I. Keywords for T+1 move issues in Japan

What Is Required for T+1 in Japan?

→ Keywords for Shortening Settlement Cycle in Japan

- **Accuracy** (→ II-1)
- **Efficiency** (→ II-2)
- **Restructuring** (→ II-3)
- **Rescheduling** (→ II-4)

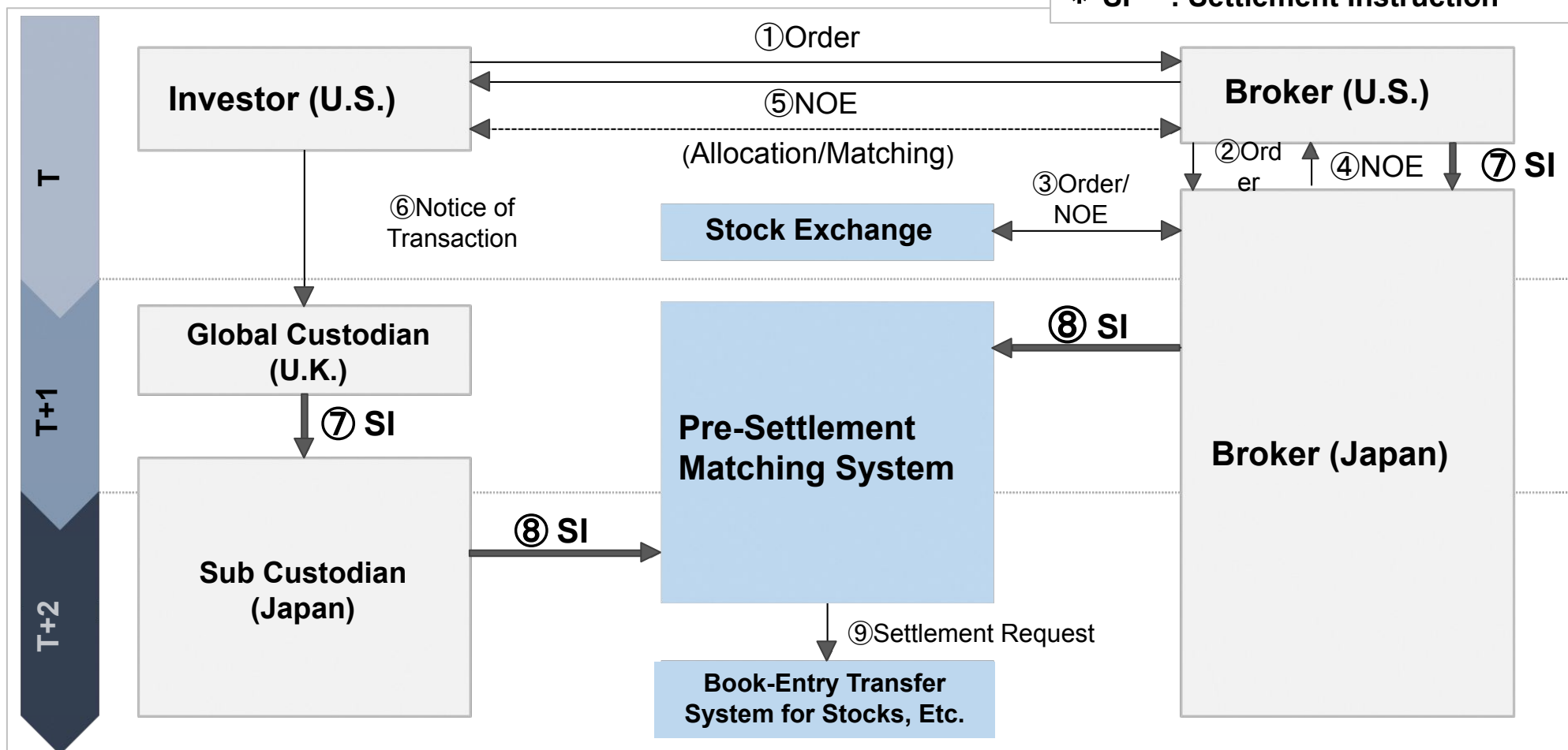
II-1. Acceleration and Improvement of Accuracy for Non-Resident Transactions

Non-Resident Transaction Flow (T+2 Settlement)

※A case where the time difference effect is particularly large

→ large effect of T+1 settlement

* NOE : Notice of Execution
* SI : Settlement Instruction

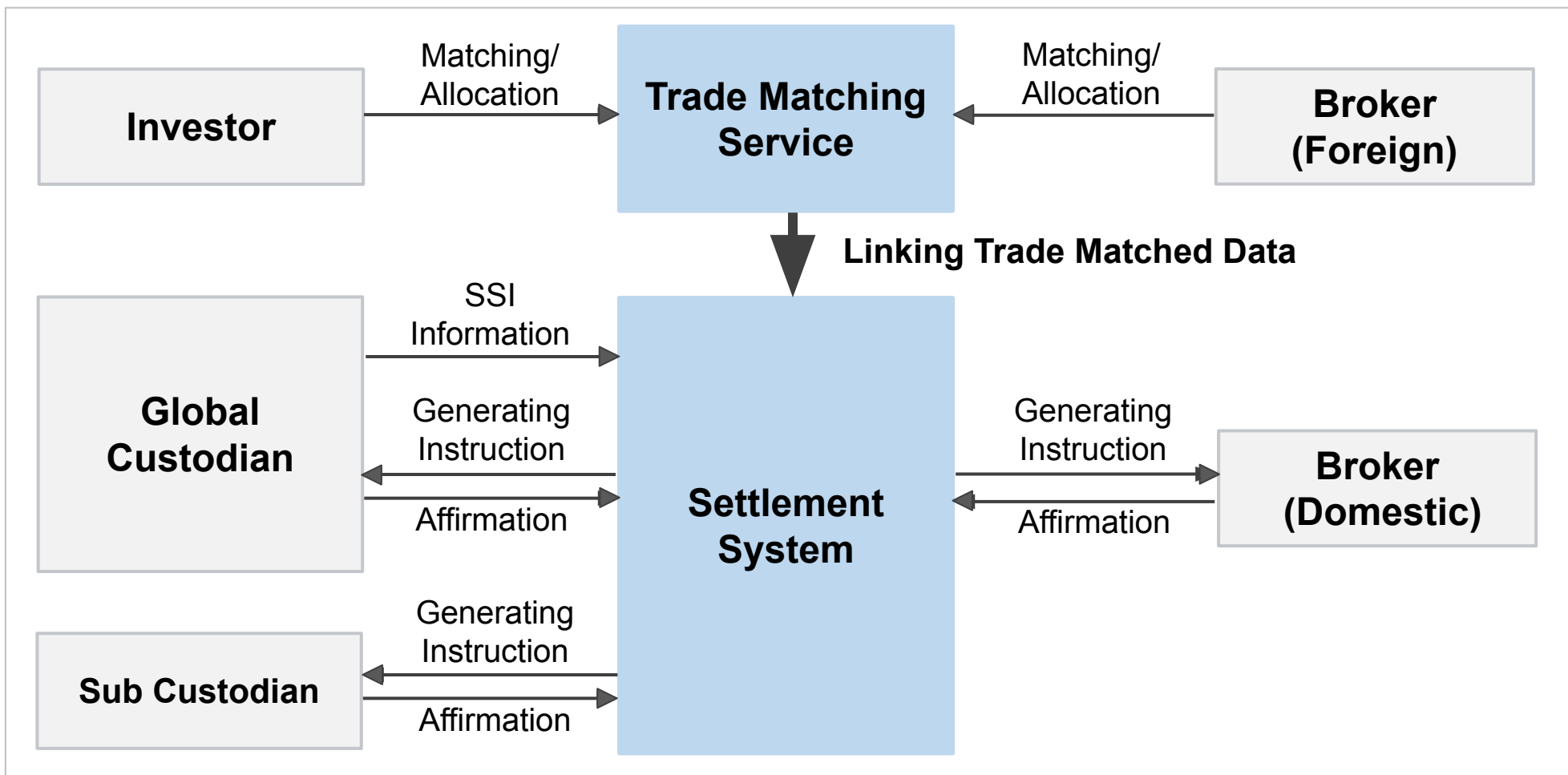


II-1. Acceleration and Improvement of Accuracy for Non-Resident Transactions

□ Proposed Solution:

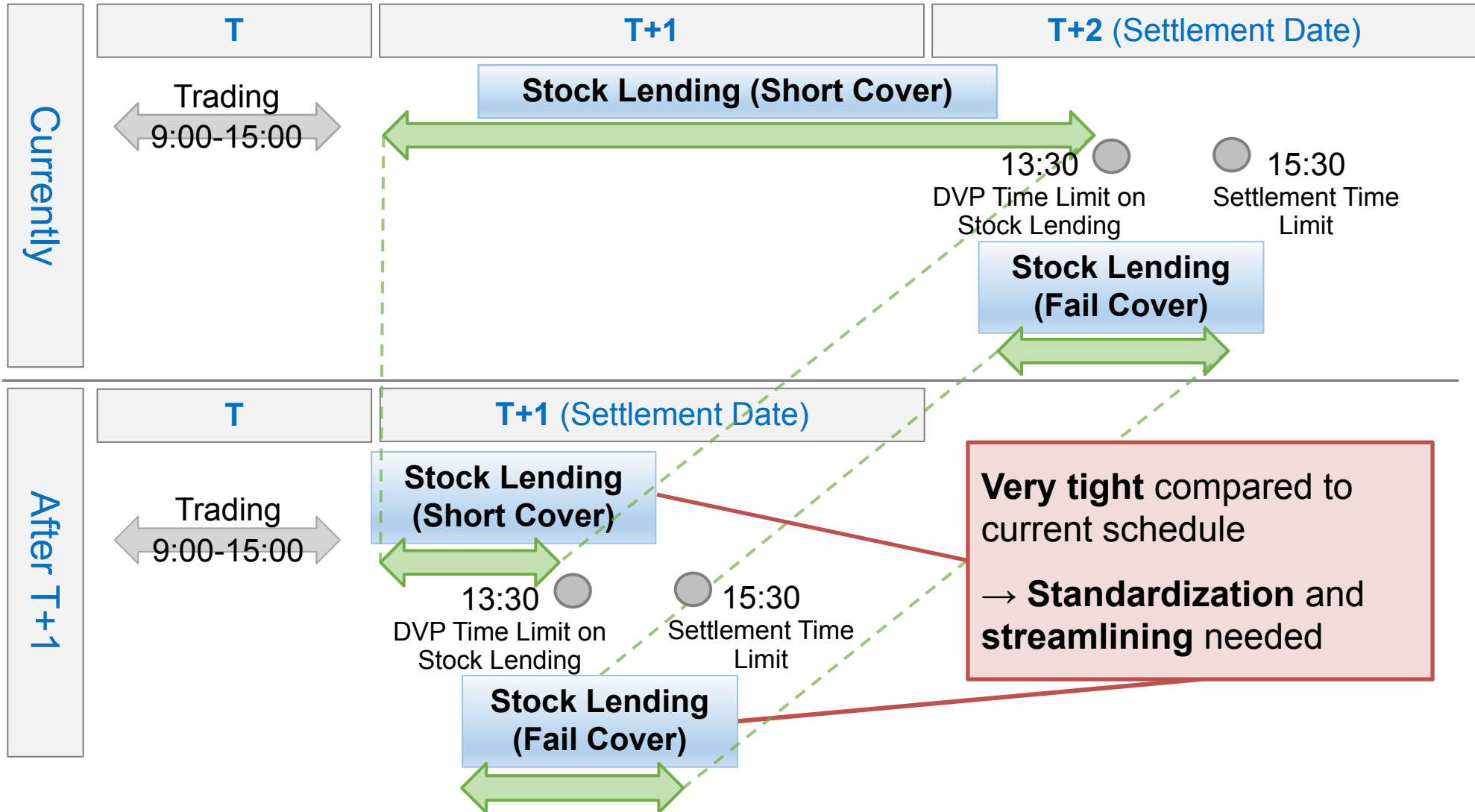
Connect Trade Matching Service with Settlement System

Image



II-2. Standardization and Efficiency of Stock Lending Transactions

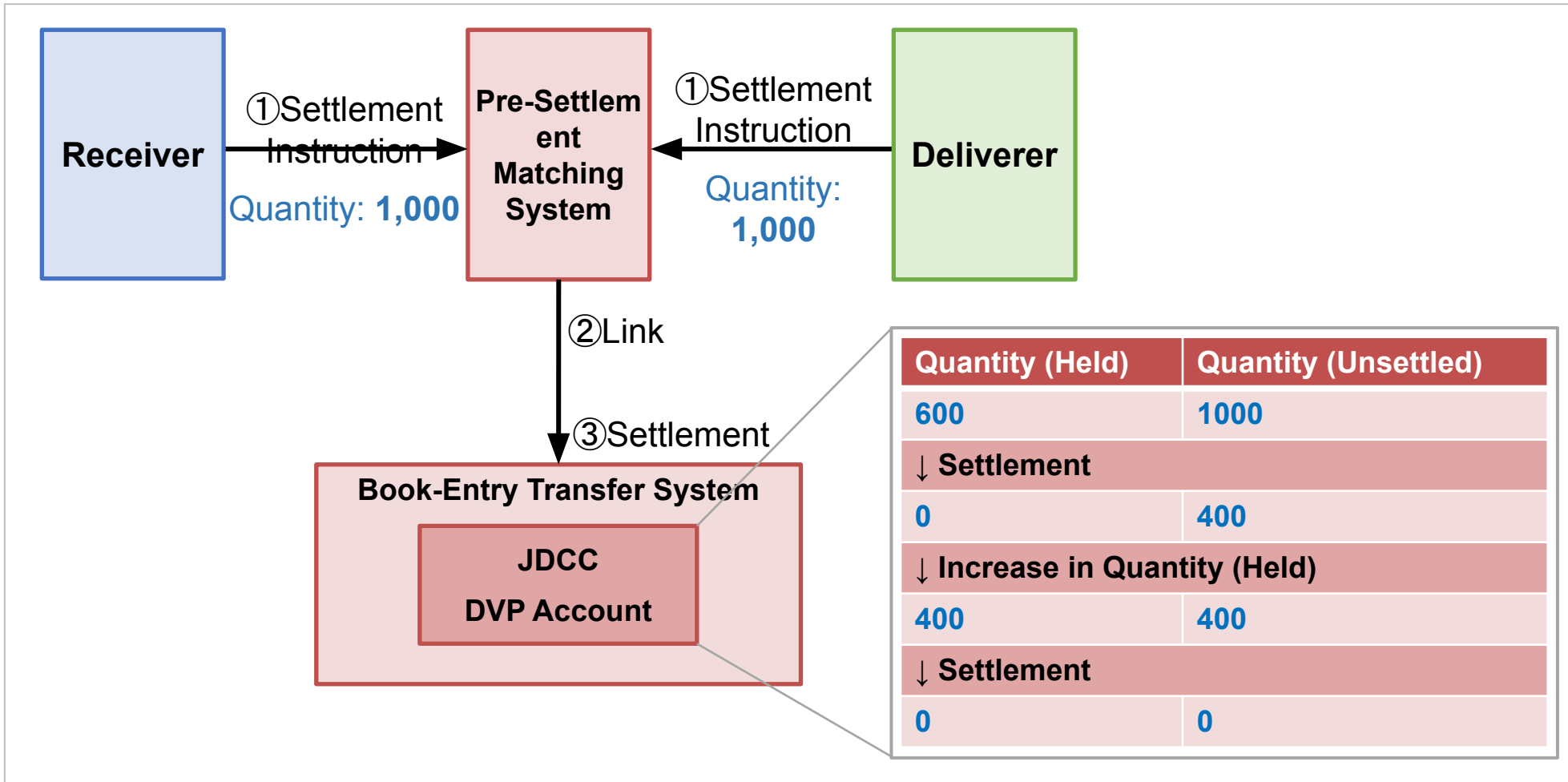
Stock Lending Schedule Currently and After T+1 Move (Image)



II-3. Restructuring for Fail Reduction

□ Proposed Solution : **Partial Settlement**

Partial Settlement Flow (Image)



II-4. Rescheduling Clearing and Settlement Infrastructure Timeframes

Processing schedule in JASDEC system (9:00-15:30)

	Book-entry Transfer System for Stocks, etc.	Pre-Settlement Matching System
7:00		Online start time
9:00	Online start time	
12:20		Non-resident transaction cut-off time
12:40		Non-resident transaction settlement time limit (in market practice)
13:00	DVP settlement time limit (Street side)	
13:30	DVP settlement time limit (Customer side - Stock lending)	
14:00	DVP settlement time limit (Customer side)	<div style="border: 1px solid red; padding: 5px; text-align: center;"> Must review whether to revise the time limit </div>
15:10	DVP cash settlement time limit (Customer side)	
15:30	FOP settlement time limit	

II-4. Rescheduling Clearing and Settlement Infrastructure Timeframes

Processing schedule in JASDEC system (15:30-27:00)

	Book-entry Transfer System for Stocks, etc.	Pre-Settlement Matching System
15:30-16:20	Daytime batch processing time	
18:30	Master update processing	
20:00	Online closing time (file transmission input time limit)	
22:00		Online closing time (settlement matching entry time limit)
20:00-23:00	Night batch processing time	
27:00	Night batch processing results distribution	

**Subject to review
due to changes in the schedule on
the previous page**

Thank you!

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