

# **Outline of Establishment of the Promotion Meeting for Reform of Securities Clearing and Settlement System**

May 27, 2003

The Committee for Reform of  
Securities Clearing and Settlement System

## **1. Background**

To proceed further with reform of the securities settlement system in Japan, there will be a growing need for overall follow-up and coordination of the reform as well as deliberation on cross-sectional issues of the market systems and practices from the viewpoint of business practice, as preparation of laws and the efforts of infrastructure providers have progressed. It is also proposed in the report compiled in November 2002 “Towards Japan Securities Settlement Systems and Infrastructure Reform” that organizational structure be reinforced to enhance project management function.

In this context, the Working Group on Promoting Reform of the Securities Settlement System will be expanded to the Promotion Meeting for Reform of Securities Clearing and Settlement System (hereinafter referred to as “the Promotion Meeting”) established under the Committee for Reform of Securities Clearing and Settlement System (hereinafter referred to as “the Committee”). The Promotion Meeting is designed to further the industry-wide reform and strong initiative from all the market participants for deliberation and promotion in addition to the function of the above working group.

The Promotion Meeting will work on adjustment and deliberation on the issues across the industry and product categories as well as overall and cross-sectional management and coordination of progress in reform of the securities settlement system. The Promotion Meeting will also set up working groups to deliberate the specific issues as required, by considering the progress of discussion by the other deliberative bodies.

## **2. Main Tasks**

- (1) Overall and cross-sectional management and coordination of progress in reform

of the securities settlement system.

- (2) Deliberation on the specific issues of development of unified laws for securities settlement system in Japan, dematerialization of physical certificates, STP initiatives, and shortening of settlement cycles.
- (3) Analysis of costs and benefit of the market participants' response to reform of the securities settlement system.
- (4) Adjustment and deliberations on the issues across the industry and product categories, with regard to reform of the securities settlement system.

### **3. Structure**

- (1) The members of the Promotion Meeting shall be member companies (including the observers) of the Working Group on Promoting Reform of the Securities Settlement System, in principle. The Promotion Meeting may entrust its chairman with change of members and report it to the Committee in writing.
- (2) There will be one chairman, and several vice-chairmen who assist the chairman in facilitating the Promotion Meeting.
- (3) The chairman shall appoint the vice-chairmen.

### **4. Secretariat**

- (1) The Reform Promotion Center for Securities Clearing and Settlement System (hereinafter referred to as "the Center") of Japan Securities Dealers Association will serve as secretariat (hereinafter referred to as "the Secretariat") for the Promotion Meeting.
- (2) The Secretariat will support the operation of the Promotion Meeting (including that of working groups) by engaging in preparation of the materials and planning/affairs of operation.

### **5. Establishment and Dissolution**

The Promotion Meeting shall be established with the approval of the Committee. Also, appointment of the chairman shall be subject to the approval of the Committee. The Committee will not set a term to the Promotion Meeting for the moment and decide on dissolution by considering the progress in reform of the securities settlement system in Japan.

## **6. Operation**

- (1) The chairman will call the Promotion Meeting and expedite the proceedings. The Promotion Meeting may be held in writing at the discretion of the chairman, in case of necessity.
- (2) In the absence of the chairman, a vice-chairman will expedite the proceedings on behalf of the chairman.
- (3) The Promotion Meeting may decide on setting up of working group to deliberate the specific issues as required.
- (4) The chairman will appoint a chief investigator of each working group.

## **7. Information Disclosure**

The Secretariat will compile a summary of the minutes of the Promotion Meeting (including that of working group) and post it on the Center's website on an appropriate basis. The Promotion Meeting will decide on the other ways to release information besides using the Center's website.

## **8. The Others**

With regard to operation of the Promotion Meeting, any matter not stipulated herein shall be determined through due consultation by the chairman/the vice-chairmen of the Promotion Meeting and the Secretariat.