

SMI Markets: Japan

Date: 06 Jan 2014

CMIRR Markets: Japan

CSDs: JASDEC (Japan)

JASDEC Introduces New System

As a development to our previous newsflash, the Japan Securities Depository Center (JASDEC) launched the new system on 6 January 2014. Alongside this, JASDEC adopted ISO 20022 messaging standard and participants are expected to transition to the new format within 5 years. A link to SWIFTNet has also been established.

Furthermore, JASDEC introduced JPY 100 tolerance limit for securities transactions pre-matched via JASDEC PSMS. DVP settlement for stock lending transactions has also been allowed, although this only applies to onshore trades.

Market Information Impact

Japan

This information affects the data contained in the Settlement and Stock Lending and Repos sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Japan

Market Rating: A+

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA-

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A+

Flash Impact = Positive

Impacted Risk Type: Operational Risk

Current Rating = A

Flash Impact = Positive

The adoption of the ISO 20022 messaging standard is expected to add efficiency to the operations and services of JASDEC, helping to improve the overall level of straight-through-processing (STP). DVP settlement for onshore stock lending activities will also help mitigate counterparty risk exposure for such trades. Furthermore, the matching tolerance will likely reduce the incidence of mismatched instructions.

CSD Risk Impact

JASDEC (Japan)

CSD Rating: AA-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA-

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = AA-

Flash Impact = Positive

Impacted Risk Type: Operational Risk

Current Rating = AA-

Flash Impact = Positive

The adoption of the ISO 20022 messaging standard is expected to add efficiency to the operations and services of JASDEC, helping to improve the overall level of straight-through-processing (STP). DVP settlement for onshore stock lending activities will also help mitigate counterparty risk exposure for such trades. Furthermore, the matching tolerance will likely reduce the incidence of mismatched instructions.

Related Flash: [JASDEC Medium-Term Business Plan \(FY2011 to FY2013\), 08/03/2011 \(click to view\)](#)

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