

The Bank of Japan's Initiatives for Enhancing Payment and Settlement Systems

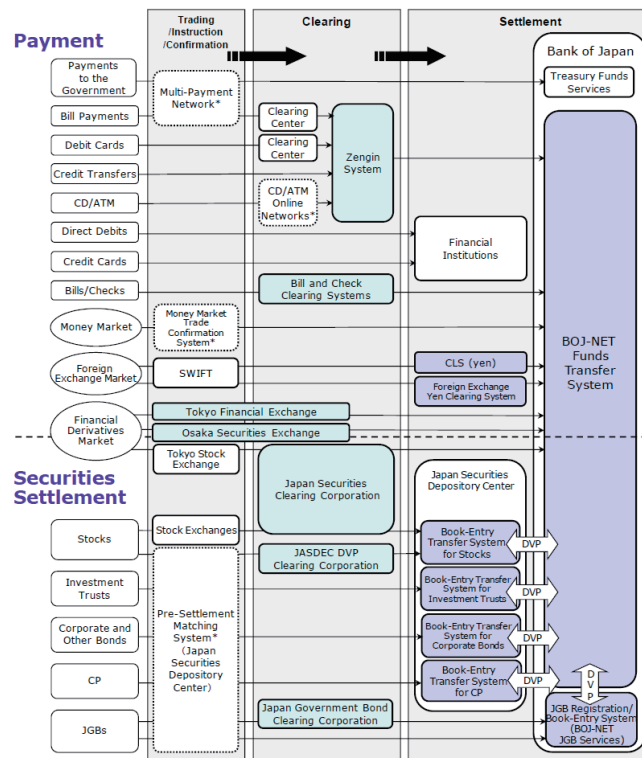
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 - Shortening of the JGB Settlement Cycle
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Overview of Payment and Settlement Systems in Japan



* Systems surrounded by the dotted line are not used for all of the transaction.

Average Daily Value and Number of Transactions Processed by Major Payment and Settlement Systems in Japan¹

Payment Systems	Value (trillion yen)	Number (thousand)
BOJ-NET Funds Transfer System	103.6	51.3
of which: interbank transfers	38.0	n.a.
DVP for JGBs	40.1	n.a.
CLS (yen payments)	34.5	100.0
Foreign Exchange Yen Clearing System (FXYCS)	12.0	26.1
Zengin System ²	10.2	5652.2
Bill and Check Clearing Systems ³	1.1	114.5
Securities Settlement Systems	Value (trillion yen)	Number (thousand)
BOJ-NET JGB Services	75.4	16.0
Japan Government Bond Clearing Corporation (JGBCC) ⁴	36.5	n.a.
Japan Securities Clearing Corporation (JSCC) ⁴	1.9	n.a.
JASDEC DVP Clearing Corporation (JDCC) ⁴	1.0	83.3
Japan Securities Depository Center (JASDEC) ⁵		
of which: Stocks	n.a.	341.3
dematerialized CP	4.8	1.2
corporate and other bonds	0.9	2.1
investment trusts	0.7	16.7

Notes: 1. Figures are average daily value and number for FY2010.

2. Figures for the Zengin System show the value and number of payments cleared.

3. Figures for bill and check clearing systems show the value and number of bills and checks cleared at the Tokyo Clearing House.

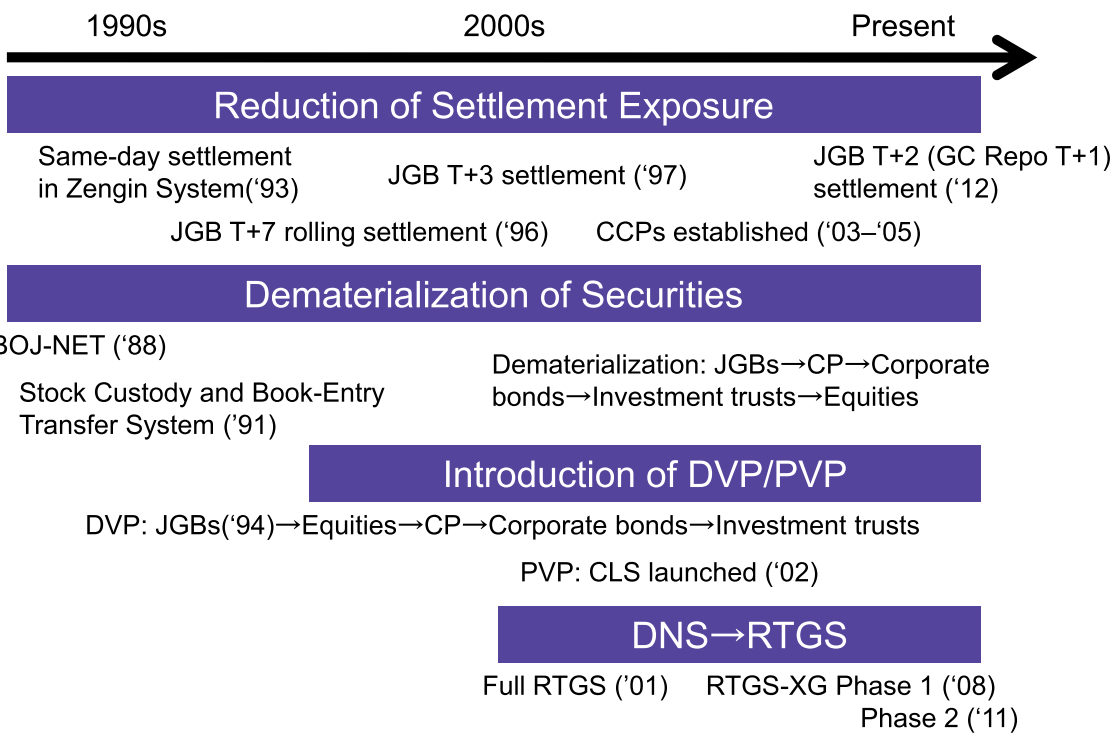
4. Figures for JGBCC, JSCC, and JDCC show the value of transactions cleared by the CCP. JSCC is a CCP for stock transactions executed on stock exchanges.

JASDEC is a CCP for stocks traded between securities companies and their customers.

5. Figures for JASDEC show the total amount of issuance, transfer, and redemption made on the book-entry transfer system for each type of security.

Sources: Bank of Japan; TBA; CLS; JGBCC; JSCC; JDCC; JASDEC.

Improvements in Payment and Settlement Systems



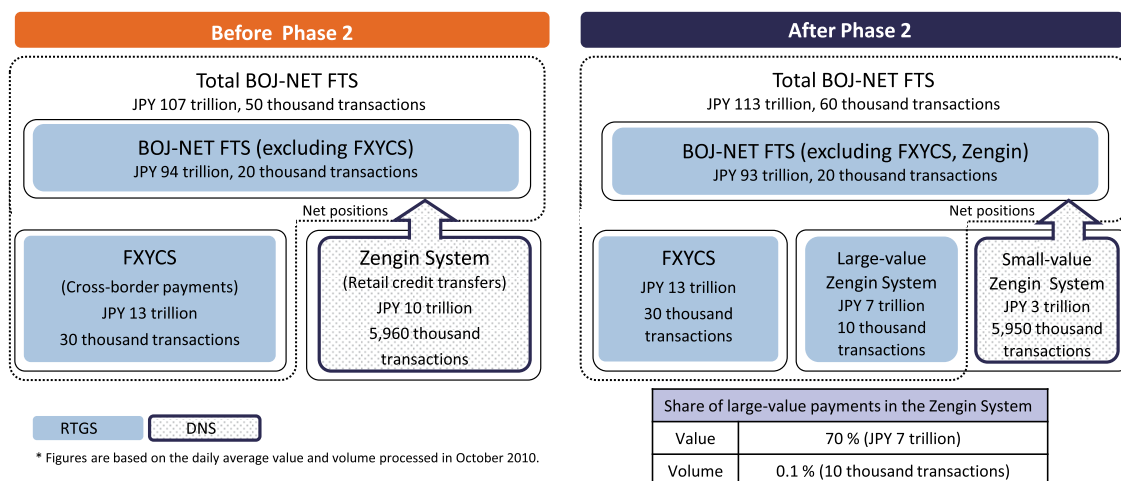
Overview of the Next-Generation RTGS Project

Phase 1: October 2008

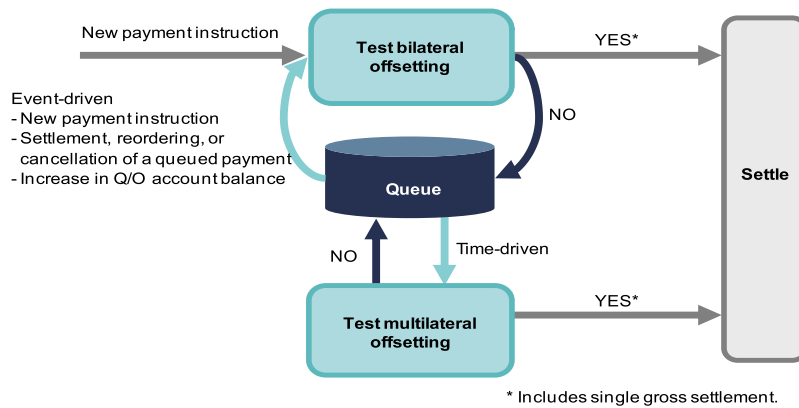
- Introduction of liquidity-saving features into the BOJ-NET Funds Transfer System (FTS)
- Shift of all payments in the Foreign Exchange Yen Clearing System (FXYCS) to RTGS in BOJ-NET FTS

Phase 2: November 14, 2011

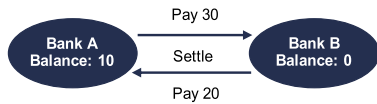
- Shift of large-value payments (payments equal to or larger than JPY 100 million) in the Zengin System to RTGS in BOJ-NET FTS



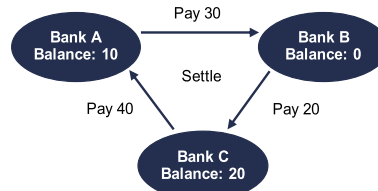
Settlement Processing with Liquidity-Saving Features



Bilateral offsetting

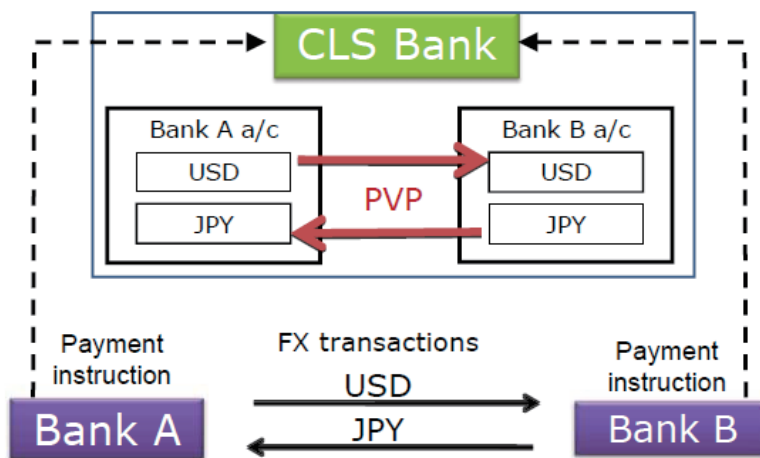


Multilateral offsetting



Note: In the examples above, payment instructions cannot be settled individually but can be settled when taking into account incoming payments as a source of liquidity.

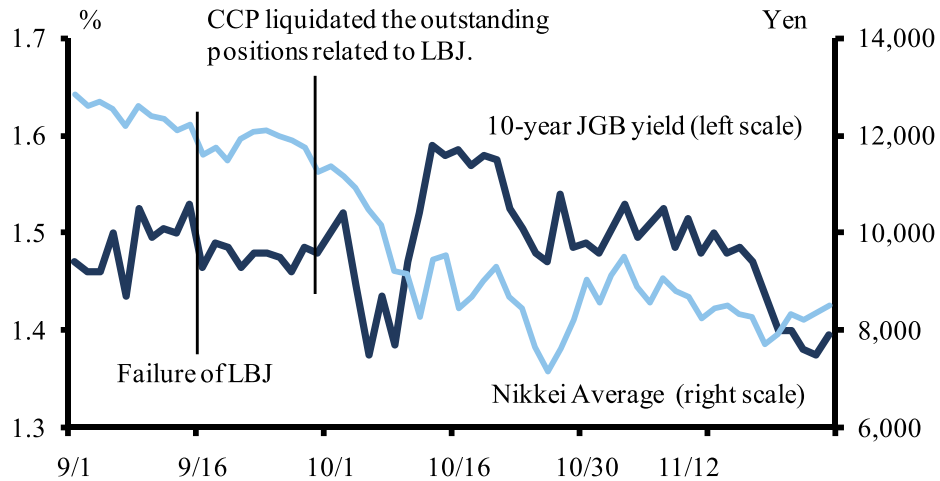
Settlement at CLS Bank



CLS : Continuous Linked Settlement

PVP : Payment versus Payment

Government Bond Yields and Stock Prices Around the Failure of Lehman Brothers Japan



Sources: Bloomberg; Japan Bond Trading.

Post-trade Structure of JGB GC Repo T+0 (Under discussion for implementing in 2017 at the earliest)

