

February 19, 2019

Press Release

Daiwa Securities Group Inc.
Daiwa Securities Co. Ltd.
Daiwa Asset Management Co. Ltd.
Fintertech Co. Ltd.
Daiwa Institute of Research Ltd.

Attention

This document is an unofficial translation of a press release announced on February 19, 2019 by Daiwa Securities Group Inc. The original press release is in Japanese.

~ Completion of "Phase 2" ~

A subsequent project of Blockchain / DLT applicability to the Post-Trade Processing

19th February 2019, Daiwa Securities Group announces a completion of the proof of concept for securities in the trade matching of post-trade processing. The proof of concept was conducted with 26 companies, which include the institutional investors, financial institutions and system providers participated in the project of "JPX Proof of Concept Testing for Utilization of Blockchain / DLT in Capital Market Infrastructure."(*1)

Daiwa Securities Group has been leading discussion about functional requirement, role, standardization of workflow and system requirements to improve the efficiency of the Post-Trade Process with DLT technology. At the first phase (*2) in 2017, we confirmed the effectiveness of the DLT in the Post-Trade Process. And in the phase 2, further practical system solution, such as data field standardization of workflow process and operation policy of the DLT, was discussed to build an industry-wide consensus. The results of this project are published today as a working paper.(*3)

The working paper states that the standardization of the specifications and workflow processes will enable a wide range of companies to reduce their operational cost and to develop their new products and services more easily. We believe that the standardization will also generate considerable benefits to the investors who are the ultimate beneficiaries.

To implement the standardization through the DLT system, more practical considerations are required. We may need to develop a new organization or a consortium which holds responsibility of the system development and administration, budget management and fund development. We are going to discuss more about the framework of collaboration with the market participants and to conduct feasibility study in order to put this concept stated in the working paper into action.

List of companies participated in this project (excluding Daiwa Securities Group)

BNP Paribas Securities (Japan) Limited	Nomura Asset Management Co., Ltd.
DTCC Japan K.K.	Nomura Research Institute, Ltd.
Goldman Sachs Japan Co., Ltd.	Nomura Securities Co.,Ltd.
HSBC Securities (Japan) Limited	OGIS-RI Co.,Ltd.
Marusan Securities Co., Ltd.	Okasan Securities Co., Ltd.
The Master Trust Bank of Japan, Ltd.	QUICK Corp.
Merrill Lynch Japan Securities Co., Ltd.	Refinitiv
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	Sumitomo Mitsui Asset Management Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	Sumitomo Mitsui Trust Asset Management Co., Ltd.
Mizuho Securities Co., Ltd.	Sumitomo Mitsui Trust Bank, Limited
NAITO Securities Co., Ltd.	Tokai Tokyo Financial Holdings, Inc.
Nikko Asset Management Co., Ltd.	XNET Corporation
Nissay Asset Management Corporation	And the other one company

Observer

Japan Securities Depository Center, Incorporated
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Platform offer · Advisory

Japan Exchange Group, Inc.

Daiwa Securities Group Project Team

Daiwa Securities Co. Ltd.	Fintertech Co. Ltd.
Daiwa Asset Management Co. Ltd.	Daiwa Institute of Research Ltd.

(*1) Proof of Concept Testing for Utilization of Blockchain / DLT in Capital Market Infrastructure in Japan Exchange Group

<https://www.jpx.co.jp/english/corporate/research-study/dlt/index.html>

(*2) Daiwa Securities Group Inc. Press Release January 18, 2018 (Japanese)

Completion of application of Blockchain / DLT to securities Post-Trade Processing.

~ Publication of results of domestic securities industry crossing project as working paper

http://www.daiwa-grp.jp/data/attach/2347_06_20180118a.pdf

(*3) "Consideration of Application of Blockchain / DLT in Contract Verification Business Phase 2"

<https://www.dir.co.jp/english/release/2019/14btvo0000003gm7-att/2019021902.pdf>

Japan Stock Exchange Group JPX Working Paper (Vol.22 and Vol.26)

<https://www.jpx.co.jp/corporate/research-study/working-paper/index.html>