

February 23, 2017

Japan Securities Dealers Association

**Target Implementation Date
for Shortening of JGB Settlement Cycle to T+1**

Recognizing that improved convenience in securities settlement systems and stronger risk management are particularly needed to make Japan's financial and capital markets more competitive, Japan Securities Dealers Association (JSDA) has been discussing various issues with market participants regarding shortening the settlement cycle of Japanese government bonds (JGB) as a major task to improve Japanese securities settlement systems.

Based on our discussion, **Tuesday, May 1, 2018** (trade date basis) has been set as the target date for implementation of T+1 JGB settlement cycle.

For smooth transition, the JSDA will continue to work with regulatory authorities, related institutions and market participants to provide information and raise awareness of this change, and to set necessary market practices.

Note: Significance of Shortening the Settlement Cycle of JGBs

Shortening the settlement cycle will reduce settlement risks, namely replacement cost risks, and liquidity risks, arising from unsettled positions.

In addition, it is expected to enhance the liquidity, stability, efficiency and competitiveness of Japanese financial markets through the development of infrastructure to shorten the settlement cycle.