

The Bank of Japan is the central bank of Japan.



Announcements

[Home](#) > [Announcements](#) > [Releases 2009](#) > Introduction of a DVP Mechanism for the Issuance and Redemption of Stocks under the New Book-Entry Transfer System for Dematerialized Stocks

Introduction of a DVP Mechanism for the Issuance and Redemption of Stocks under the New Book-Entry Transfer System for Dematerialized Stocks

January 5, 2009

Bank of Japan

On January 5, 2009, the Act on Transfer of Bonds, Shares, etc. (Act No.75 of 2001)¹ came into effect, achieving the full dematerialization of shares and bonds with warrants etc. (hereinafter collectively referred to as "stocks"). Based on this new legal framework, the Japan Securities Depository Center, Inc. (JASDEC) today started operations of the new book-entry transfer system for stocks. Under the new system, stocks listed on securities exchanges in Japan² are dematerialized and settled by book entries on the books of JASDEC.³

With the move toward dematerialization, the Bank of Japan took various measures for delivery-versus-payment (DVP) such as setting up a link between the BOJ-NET Funds Transfer System and the JASDEC book-entry transfer system for stocks. As a result, the gross-gross type DVP (RTGS⁴) settlement for the issuance and redemption of stocks was started today.

The Bank believes the full dematerialization of stocks and the achievement of DVP for the issuance and redemption of stocks will enhance the efficiency and safety of securities settlement, and eventually lead to the further development and expansion of relevant markets. The Bank, in cooperation with relevant parties, continues to give full support to further improvement of securities settlement systems in Japan.

- ¹ With the full implementation of the Settlement Streamlining Act (Act No. 88 of 2004), the Act on Transfer of Bonds etc. (enacted in January 2003) was amended to expand the coverage of securities to include stocks, and renamed the Act on Transfer of Bonds, Shares, etc.
- ² Excludes certain types of securities such as foreign currency-denominated convertible bonds.
- ³ Before the dematerialization, stock settlement was carried out in two ways: one was to deliver physical certificates; and the other was to deposit physical certificates with JASDEC based on the Act on Custody and Transfer of Share Certificate, etc. (Act No. 30 of 1984), and transfer them by book entries on the books of JASDEC ("immobilization" of stock certificates).
- ⁴ This stands for real-time gross settlement. In gross-gross type DVP, transfer instructions for both securities and funds are settled immediately on a trade-by-trade basis, with transfer of securities occurring at the same time as transfer of funds.

2-1-1 Nihonbashi-Hongokucho, Chuo-ku, Tokyo (location) Tel: +81-3-3279-1111

Copyright Bank of Japan All Rights Reserved.