



CLIENT PROFILE

CLSA Securities Japan

LINE OF BUSINESS

Research Brokerage

FOUNDED

2013

IMPLEMENTED SOLUTION

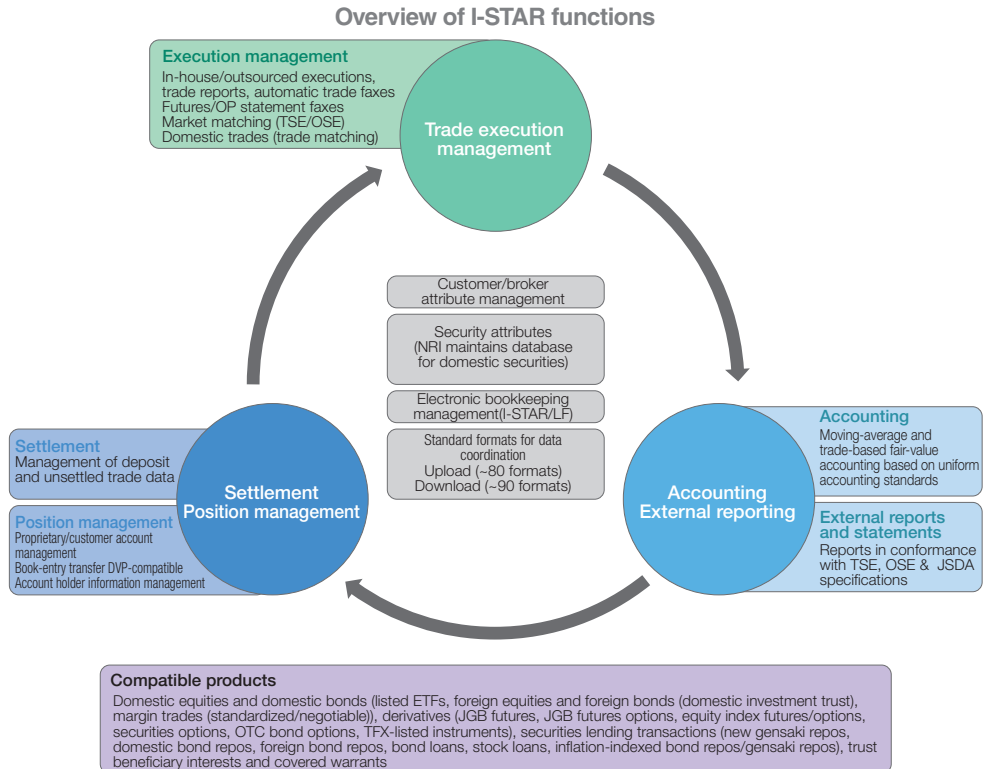
I-STAR

CLSA Securities Japan has been using I-STAR, a back-office system for wholesale securities brokers, since June 17, 2013.

I-STAR comprises a suite of solutions that comprehensively support wholesale securities operations. Its functions include trade execution management, settlement management, securities position management, cash balance management, customer accounts, accounting and external reporting. Securities brokers in Japan are required to file statutory reports in compliance with the Financial Instruments and Exchange Act and to report data to public entities such as stock exchanges and the Japan Securities Dealers Association. I-STAR includes these reporting functions as standard features. I-STAR accommodates a full range of assets, including listed products (e.g., cash equities, futures, options), foreign securities, bonds, and securities lending transactions.

Nomura Research Institute (NRI) launched I-STAR service in 1987 in the aim of facilitating foreign financial institutions' entry into the Japanese market, which was then in the early stages of financial deregulation and internationalization, by providing a shared-use system compliant with Japanese regulations and institutional infrastructure. When financial system reforms subsequently opened the Japanese securities industry to new entrants from other industries, some Japanese brokerages (e.g., Japanese banks' brokerage subsidiaries) also began using I-STAR in addition to foreign brokerages.

Having originated as a service for foreign financial institutions, I-STAR was designed to meet global players' needs with features such as bilingual (English/Japanese) input and output and multicurrency accounting in both foreign currency and yen-equivalent terms.





WHY CLSA SECURITIES JAPAN CHOSE I-STAR

CLSA Securities Japan is a recently established company that took over the equity brokerage and research operations of Credit Agricole Securities' Tokyo Branch. It commenced operations on June 17, 2013.

Credit Agricole Securities' Tokyo Branch had been an I-STAR user. CLSA Securities Japan decided without hesitation to continue using I-STAR from its inception. According to CLSA Securities Japan's Representative Director Takeshi Takakuwa,



“Relaunching the business as CLSA Securities Japan was our top priority. We consequently did not consider changing the IT system environment. Using a system other than I-STAR, which was what Credit Agricole Securities' Tokyo Branch had been using, was not an option. I-STAR has long been the de facto standard, a status that reflects its high-quality service in my opinion.”

Takeshi Takakuwa
Representative Director

Mr. Takakuwa added, “Another reason that we like I-STAR is that it is well backed up.” I-STAR has a disaster recovery (DR) site as a precaution against disasters. The I-STAR DR site is capable of connecting with customers' business continuity sites and the Japan Securities Depository Center (JASDEC) and Bank of Japan's DR sites. It also meets the requirements specified in the Financial Services Agency's inspection manuals.

ADVANTAGES OF AN INTEGRATED PACKAGE

Securities companies must be connected with the Bank of Japan and JASDEC to settle trades. The I-STAR suite of solutions offers real-time connectivity with settlement entities (Exhibit 2).

I-STAR/LC connects with the Bank of Japan Financial Network System (BOJ-NET) and monitors trade settlements in real time. It fully supports settlement of current-account deposit, JGB, collateral and foreign exchange transactions, enabling users to efficiently manage cash and securities (collateral) by utilizing intraday overdrafts of current-account balances and simultaneous processing of DVP (delivery versus payment) and collateralization for JGB trades. I-STAR/LC enables users to also monitor the settlement process in real time, thereby reducing settlement risk.

I-STAR/MX connects directly with JASDEC's settlement matching system, transmits matching data, and monitors the status of the settlement matching process.

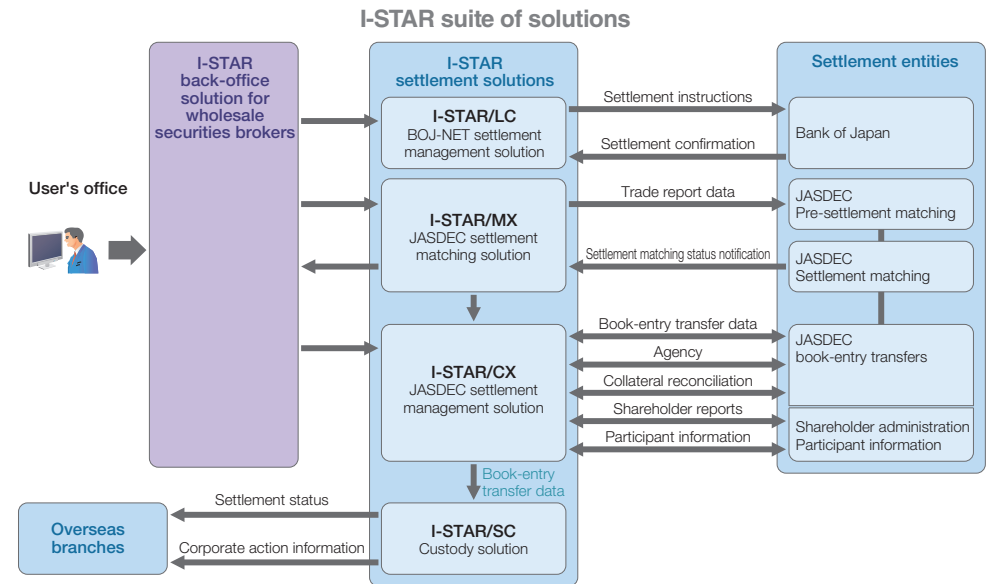


CASE STUDY

CLSA Securities Japan uses
NRI's I-STAR

I-STAR/CX connects with JASDEC's book-entry transfer system and manages securities positions in real time. It is also capable of netting trades settled by securities exchanges and automating non-resident settlement matching (release flag management).

I-STAR/SC supports the custodial services of brokerages that store and manage securities certificates on behalf of their overseas affiliates and clients.



Brokers can use these systems in any combination that meets their individual business needs. CLSA Securities Japan chose to use I-STAR/MX and CX when it opened for business. Satoshi Yamada, head of CLSA Securities Japan's Operations, said,



"I-STAR is the core of our back-office system. We integrated matching and settlement into a single process with MX and CX, respectively. Doing so was a no-brainer. If we were without even one of these functions, we would have a much heavier workload. An integrated system is the most efficient approach in my opinion."

Satoshi Yamada
Head of Operations



CLSA is a Hong Kong-based, independent equity brokerage and investment banking group focused on the Asia Pacific region. With a global footprint that spans 21 cities, including London and New York, CLSA provides equity brokerage, investment banking, and asset management services to companies and institutional investors throughout the world.

CLSA Securities Japan is CLSA's Japanese subsidiary, established on June 17, 2013, to take over Credit Agricole Securities' Tokyo Branch's equity brokerage and research operations.

CONTACT

Nomura Research Institute Ltd.

Tokyo (Headquarters)
Marunouchi Kitaguchi Building
1-6-5 Marunouchi Chiyoda-ku
Tokyo, Japan 100-0005

New York
810 Seventh Avenue, 1100C,
New York, NY 10019, U.S.A.
Phone: +1 (212) 636-0500
E-mail: info@nri.com

London
68 King William Street
London, EC4N 7DZ
Phone: +44 (0)207-959-2470



Mr. Yamada went on to say, "Companies may differ in how they use I-STAR, but many companies use I-STAR and the same I-STAR modules. This is beneficial for us because we can recruit personnel with experience using I-STAR. We don't have to train new personnel. Our new hires are productive employees from day one. That makes our job much easier."

BUSINESS ANALYSTS PLAYED KEY ROLE IN PROJECT

Although CLSA Securities Japan had decided to use I-STAR, I-STAR/MX and I-STAR/CX from the outset, it had difficulty formulating a schedule for the project.

According to Philippe Bredel, CLSA Securities Japan's head of IT,



Philippe Bredel
Head of IT

"A system installation project's start date and completion date are typically determined in advance. Once the schedule has been set, we then decide what we can feasibly accomplish within the scheduled timeframe. The I-STAR project, however, was an exception because we were not sure about the schedule. We did not know how long the Financial Services Agency would take to grant a business license. We had already decided on the system we wanted to install and the I-STAR modules we wanted to use."

CLSA Securities Japan ended up receiving its license on May 10, 2013, and commenced operations on June 17.

Mr. Bredel added, "For me, this project strongly reaffirmed the importance of account managers and PMs (project managers). IT personnel alone cannot successfully execute IT projects. You need to understand business processes and product flows. A project will not be successful unless it is skillfully managed by both IT and business personnel. There is a big gap between business and IT. This gap is usually the cause of IT project failures. I deal with many companies in connection with IT matters. Most companies send out both IT specialists and business consultants. NRI is different in this respect. For our project, NRI assigned a PM knowledgeable about both IT and business. The PM controlled the overall project very well. Additionally, the fact that NRI's PMs are bilingual was helpful in terms of communication."

"At CLSA, we proactively utilize outsourcing, even in Japan. We consequently have a very small IT staff here. Our IT personnel are heavily concentrated in Hong Kong and at our development center in India. As a result, I think that the PM had a great deal of responsibility."

With I-STAR, NRI aims to support clients' operational efficiency and innovation and pursue added value by partnering with clients in the role of business analyst.

For more information, visit: www.nri.com