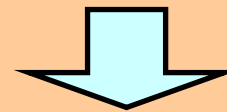


Outline of the bill for amendment of the Financial Instruments and Exchange Act, etc.

Provision of good opportunities for investment of household financial assets

Supply of funds for growth of domestic and foreign companies

Generation of high added value by the financial services industry



Need to strengthen the competitiveness of Japan's financial and capital markets

Provision of various opportunities for investment and fund-raising

○Creation of markets for professional investors

- Creation of exchange markets that limit participants to professional investors
- Exemption from current disclosure regulations; establishment of a more flexible framework for providing information
- Restrictions on resale to general investors

○Diversification of exchange-traded funds (ETFs)

- Introduction of investment trusts that are transferable to commodities in kind
- Exclusion of investment management firms who have obtained approval for the business of managing investment trusts that invest in commodity futures from the regulations concerning commodities investment advisory business

Provision of diverse and high-quality financial services

○Revamp of the firewall regulations among securities firms, banks and insurance firms

- Abolition of the ban on concurrent posts among securities firms, banks and insurance firms

○Establishment of systems for managing conflicts of interest

- Establishment of systems for managing conflicts of interest by securities firms, banks and insurance firms

○Broadening the scope of businesses permitted to banks, etc.

- Introduction of a framework that allows banks' sibling companies in the same banking groups with adequate risk management to engage in spot commodity transactions, etc.
- Allowing banks and insurance firms to engage in investment advisory businesses, as well as emission trading
- Introduction of a framework for agency and intermediary activities on behalf of foreign banks

Creation of fair, transparent and reliable markets

○Review of the administrative monetary penalty system

- Increase the amount of administrative money penalties
 - (1) Insider trading
 - (2) Market manipulation
 - (3) Dissemination of unfounded rumors, trading by fraudulent means
 - (4) False statements in offering disclosure documents or ongoing disclosure documents
- Addition of violations subject to administrative monetary penalties
 - (1) Other types of market manipulation, such as illegal market stabilization
 - (2) Failure to submit offering disclosure documents or ongoing disclosure documents
 - (3) False statements in or failure to submit tender offer bid disclosure documents or large shareholding disclosure documents
- Introduction of systems for increased penalties (in cases of repeated offenses) and reduced penalties (in cases of early discovery and early reporting)
- Extension of the statute of limitation (from the current three years to five years)