

Progress of Better Market Initiative

Status of Implementation of Plan for Strengthening the Competitiveness of Japan's Financial and Capital Markets (December 21, 2007)

I. Creation of reliable and vibrant markets

Expansion of opportunities for trading of foreign company stocks (JDR) (February)

Launching new electronic corporate disclosure system (EDINET) with the use of XBRL format (March).

Allowing the incorporation of overseas real estate in J-REIT (May)

Widening the scope of securities disclosed in English (June 1)

Diversifying ETFs with contribution (expanding the scope of its application to securities, etc., eliminating the method of enumerating individual stock price indices) (June 27)

Further diversification of ETFs, expanding to commodity futures, etc.) (*)

Developing markets for professional investors (*)

Increase the amount of and expanding the coverage of violations subject to administrative monetary penalties (*)

Alliances among financial instruments exchanges and commodity exchanges

Efforts forward international convergence of the accounting standards

Cooperation with overseas authorities to ensure XBRL compatibility

Strengthening the corporate governance of listed firms

To be implemented by December 12, 2008

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Consideration given by end of 2008, then to be implemented promptly

II. Putting in place a business environment that vitalizes the financial services industry and promotes competition

Minimizing PE risk (publishing collections of "reference cases")(June 27)

Revamping the firewall regulations, and putting in place internal systems for controlling conflicts of interest (*)

Broadening the scope of businesses permitted to banking and/or insurance groups

- to provide spot transactions of commodities through the bank's sibling companies
- to engage in emissions trading
- to engage in Islamic finance by subsidiaries/ sibling companies
- Stockholding for corporate revitalization by bank groups
- bank's agency and intermediary operations on behalf of foreign banks, etc.(*)

To be implemented by June 12, 2009

To be implemented by December 12, 2008

III. Improving the regulatory environment ("better regulation")

Facilitating communication with foreign authorities

Disclosing the state of exposures of Japan's financial institutions to subprime-related products, securitized products, etc

Launching e-mail information alert service for FSA Website in English (January)

Questionnaire survey of financial firms, etc. (March)

The Principles in the Financial Services Industry (April)

Publication of the first progress report on the efforts toward better regulation (May)

Continuous efforts toward raising FSA staff's awareness of the concept of "better regulation", increasing dialogue with the industry, and enhancing opportunities for communication

The state of progress to be announced twice a year

IV. Improving the broader environment surrounding the markets

The basic concept for developing financial expert, including establishment of a certificate system (April)

Summarizing points of public comments (around summer 2008)

Work on institutional design to start after summer 2008

Plan to enhance Japan's role as an international financial center (meeting of the Headquarters for the Regional Revitalization (April))

International Financial Center Forum to be launched to steadily implement the plan and monitor progress

(*) Promulgated the amended Financial Instruments and Exchange Act, etc. on July 13, 2008.