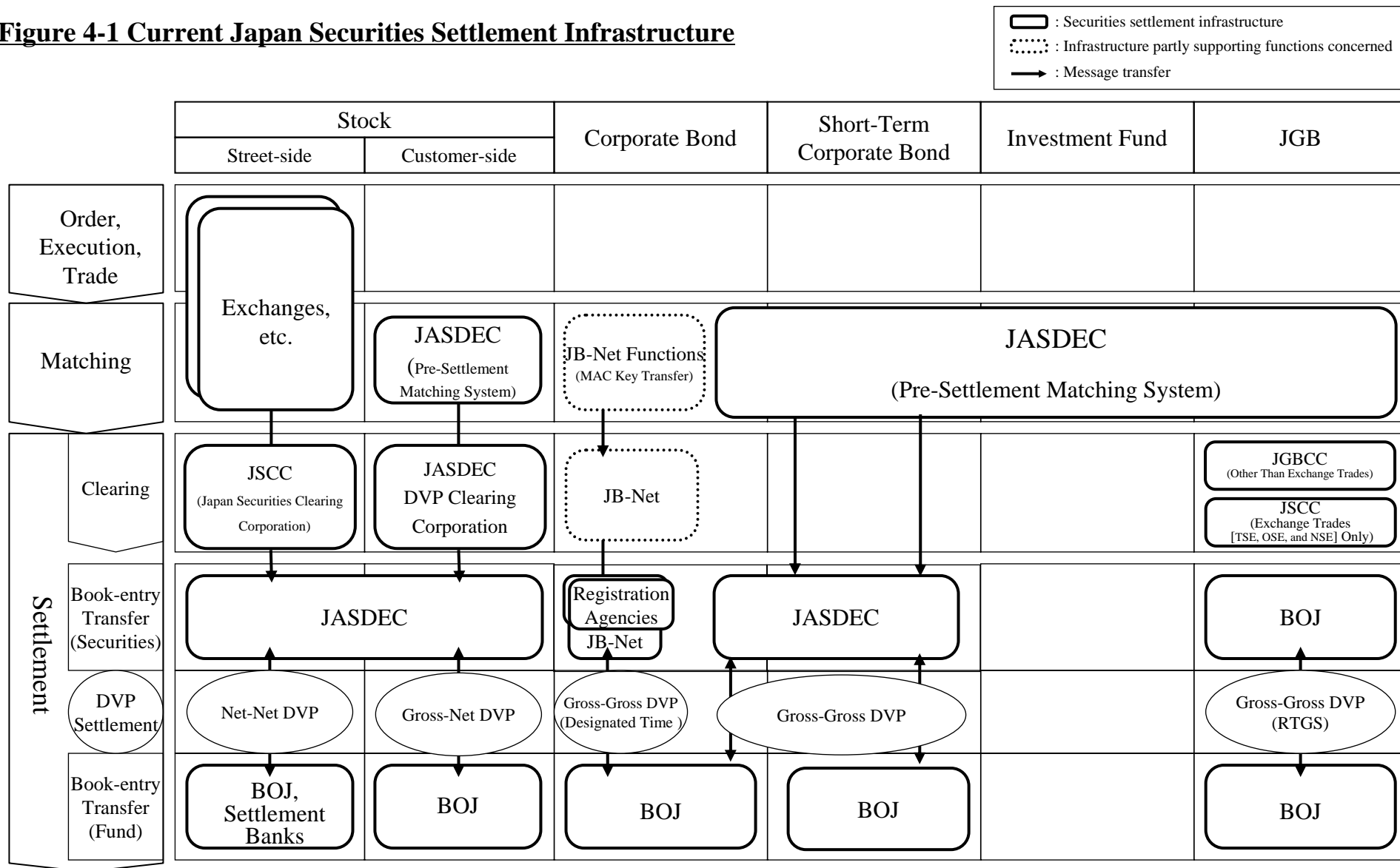


Figure 4-1 Current Japan Securities Settlement Infrastructure



* ETF shares infrastructure with Stock

Figure 4-2 Major Issues Overview

Revised in January 2006

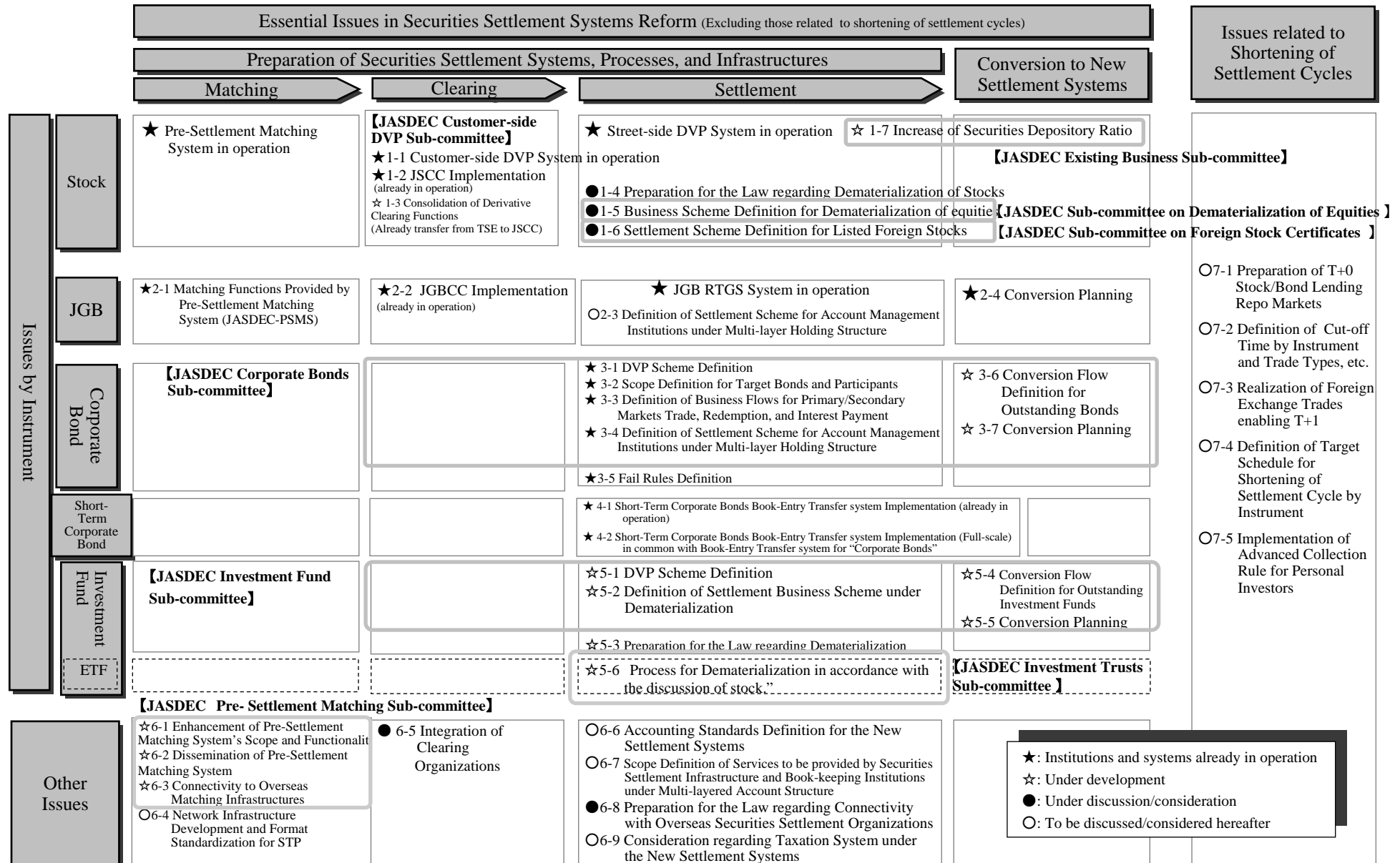




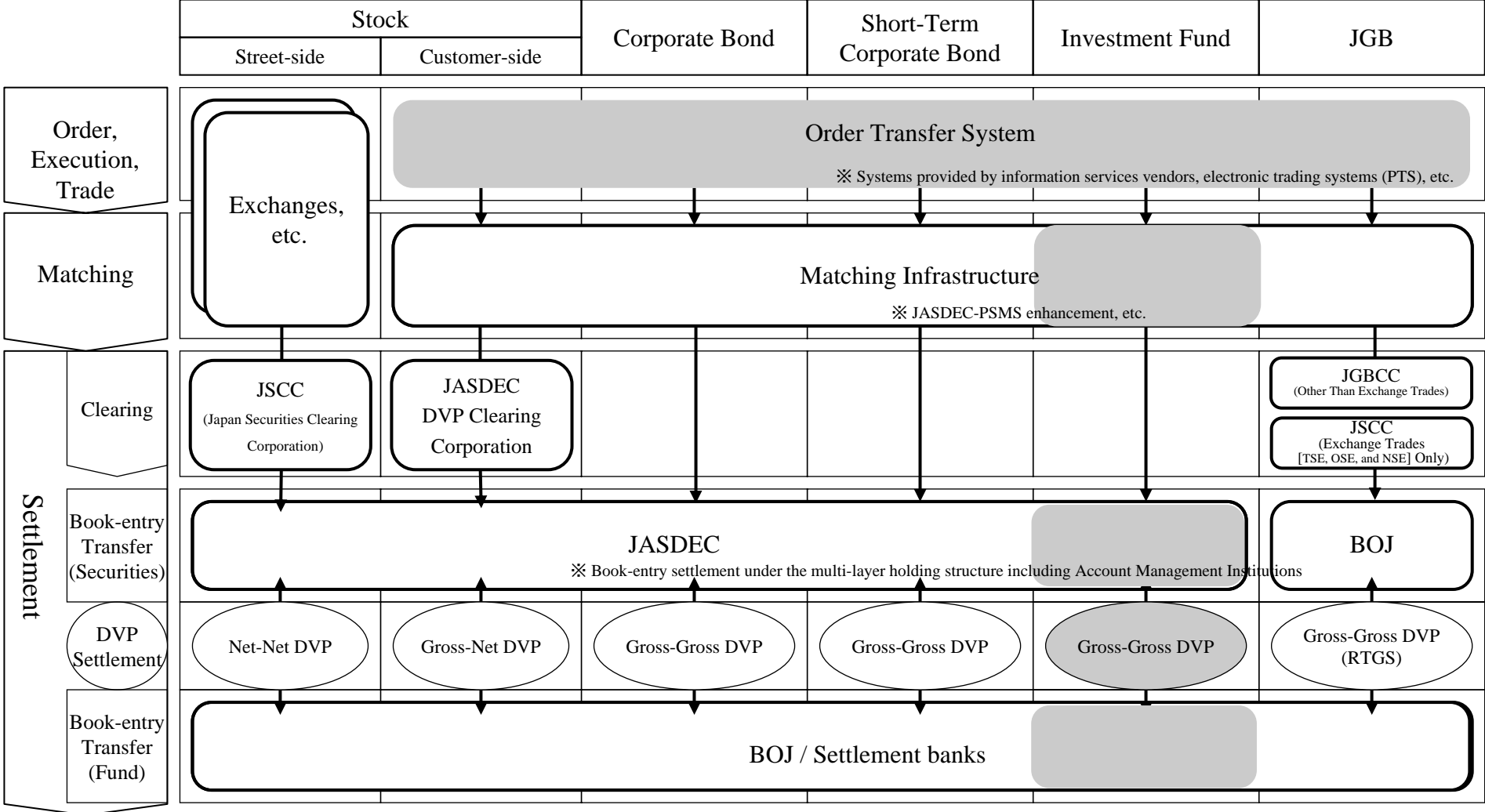


Figure 5-2 (2) Securities Settlement Systems Overview at Completion of Current and Likely Infrastructure Initiatives

 : Securities settlement infrastructure
 : Infrastructure partly supporting functions concerned
 : Enhancement from the current state (Figure 4-1)
 : Message transfer

Revised in January 2006



- Dematerialization and DVP settlement for issuance/ redemption based on the Law Concerning Book Entry Transfer of Corporate Bonds, etc. will be implemented
- Matching infrastructure will be implemented
- Dematerialization of ETF will be progressed in accordance with the discussion of stock (ETF)

Figure 6-1 Securities Settlement Systems Reform Milestones (fixed or planned)

Revised in January 2006

● : Major milestone already set
 ○ : Major milestone currently planned
 △ : Major milestone tentatively set by JASDEC

		2002(H.14)		2003(H.15)		2004 (H.16)				2005 (H.17)		2006 (H.18)		2007 (H.19)		2008 (H.20)		2009 (H.21)	
		1~6	7~12	1~6	7~12	1~3	4~6	7~9	10~12	1~6	7~12	1~6	7~12	1~6	7~12	1~6	7~12	1~6	7~12
		This Report is created. (Oct., 2002)										▼The milestones were revised. (Jan2006)							
Legislation		● Law Concerning Transfer Settlement of Short-Term Corporate Bonds into effect (Apr., 2002)		● Law Concerning Book Entry Transfer of Corporate Bonds, etc. into effect (Jan., 2003)		● Legal proposals on dematerialization of stocks (Sep., 2003)				● Promulgation of Law Regarding Dematerialization of Stocks (June 2004) *2									● Abolishment of the Bond Registration Law (By Jan., 2008)
	Common across All Products	● Launch of Securities Settlement System Reform Center (Apr., 2002)	● Commencement of operations of JASDEC, Inc. (June, 2002)			● Commencement of clearing operations for TSE derivatives by JSCC (Feb., 2004)													
By Product	Stock	● JASDEC-PSMS 1 st stage/2 nd phase (Feb., 2002) (convertible bonds, non-resident trades)		● JASDEC-PSMS 1 st stage/ 3 rd phase (May, 2003) (JGB, futures/ options, investment trusts)					● DVP book-entry settlement for customer-side transactions of stocks (May, 2004)					○ Outline of Dematerialization of equities (March, 2006)					● Implementation of dematerialization of equities (By June, 2009)
	JGB		● Reporting of the JGB Clearing Organization Establishment Working Group (Oct., 2002)		● Compilation of the proposed business outline of JGBCC (The Preparatory Committee for the Establishment of JGBCC: June, 2003)					● Commencement of operations of JGBCC (May, 2005) (Matching Function Provided Matching System (JASDEC-PSMS))									
	Corporate Bond			● Commencement of New JGB Book-entry Settlement System (Jan., 2003)										● Book-Entry Transfer System for "Corporate Bonds" (Jan. 2006)					● Completion of conversion to book-entry transfer system (Jan., 2008) *1
	Short-Term Corporate Bond				● Compilation of the outline for Book-Entry Transfer System for "Corporate Bonds" (June, 2003)									○ Start of transfer of outstanding bonds to book-entry transferred bonds (after April)					
	Investment Fund			● Short-Term Corporate Bonds Book-Entry Transfer System (March, 2003)							● Full-scale implementation of DVP book-entry settlement of Short-Term Corporate Bonds (Jan 2006)								
	Others									● Outline of Book-Entry Transfer System for Investment Funds (Sep, 2004)					○ Implementation of Book-Entry Transfer System for Investment Funds (Jan 2007) (Target set by JASDEC)				
									● SIA (U.S.) postponed a decision about T+1 *3										

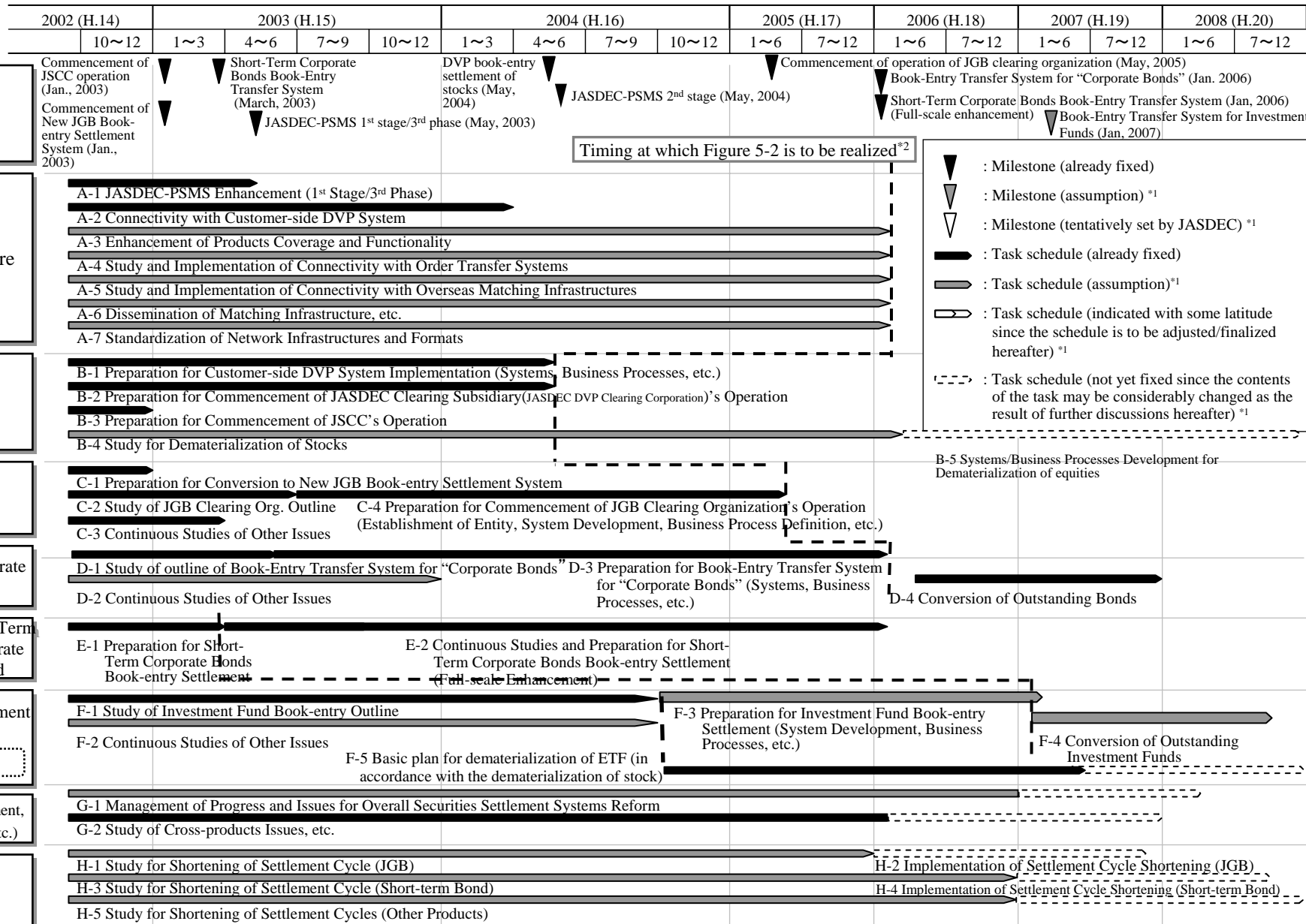
*1 The target for completion is January, 2008 due to taxation of outstanding corporate bonds at abolishment of the Bond Registration Law.

*2 Stocks of listed companies will be uniformly transferred to the dematerialization of stock certificates system on the day set by the government ordinance within 5 years after promulgation of a new law.

*3 SIA (U.S.) published that they postponed a decision about T+1 in June 2004

Figure 6-2 Master Schedule for Securities Settlement Systems Reform (under current assumptions)

Revised in January 2006



*1 Infrastructure detailed task schedules should be led by organization(s) that would provide eventual infrastructure, based on users requirements, legislation, and system approaches.

*2 Refer to the revised version of "(2) Securities Settlement Systems Overview at Completion of Current and Likely Infrastructure Initiatives".