

Minutes of the 9th Meeting of the Promotion Meeting for Reform of Securities Clearing and Settlement System

Date: Tuesday, April 24, 2007 from 10:30 a.m. to 11:40 a.m.

Venue: Meeting Room #1 of JSDA

Agenda

1. Guideline for interpretation of “the justifiable reasons for request of the notification of general shareholders' list”
2. Deliberations in “the working group for discussion on the implementation of “Dematerialization of stock certificates””
3. Deliberations in JASDEC
4. Revision of the milestones set in the report “Towards Japan Securities Settlement System and Infrastructure Reform”
5. Guideline for words and descriptions used in publicity and enlightenment of dematerialization of stock (Scheme)

Minutes of Meeting

1. Guideline for interpretation of “the justifiable reasons for request of the notification of general shareholders' list”

Mr. Shiseki, the official of the Ministry of Justice, reported issues about request of the notification of general shareholders' list, “the justifiable reasons” and request of information supplement stipulated in 8th paragraph of Article 151 of “the Law regarding Book-entry Transfer of Corporate Bonds, etc.”, and “justifiable reasons” stipulated in Article 277 of the aforementioned law. And also, issues about the scheme of interpretation of “justifiable reasons” on book-entry transferred share purchase warrant and book-entry transferred warrant bond were explained and decided to be discussed in “Committee for Reform of Securities Clearing and Settlement System”.

2. Deliberations in “the working group for discussion on the implementation of “Dematerialization of stock certificates””

The secretariat office reported aforementioned deliberations as follows;
(Summary of report)

- (1) “Communization of the milestone of the new system migration”

- ① “Deliberations in the discussion groups of the members”

The reports were made by the members (Trust Companies Association of Japan, Japanese Bankers Association, JSDA, Japan Federation of Economic Organizations and JASDEC).

- ② “Thrashing out items to be discussed for practical business (revised) and the deliberation group (scheme)”

Some issues including the revised items were reported by the secretariat office.

(2) Themes of deliberation on “publicity and enlightenment for dematerialization of stock certificates”

① “The report of the current situation of publicity and enlightenment for dematerialization of stock”

The explanatory meetings for securities companies and financial institutions, regarding “Connection with Book-entry Transfer System for Securities” summarized by JASDEC and other issues, were held in 8 cities in December last year.

A research on the progress of the system preparation for the paperless share system in securities companies was conducted last November and the result of the research was reported in this January. And also, hearings with system companies commissioned to develop systems were conducted and the report was completed in this March.

In February this year, “Forum for Electronic Share Certificates (Paperless Share System)”, which was renamed from “Forum for Promotion for Reform of Securities Clearing and Settlement System”, was held in the same cities as last year (Tokyo, Osaka and Nagoya) and new cities (Sapporo, Fukuoka and Kanazawa). The results of these researches were reported in the forum.

In addition, the secretariat office reported that “the English version of Paperless Share System FAQ for nonresidents” which had been requested by some members was published and some public relations activities through seminars and media were carried out.

② “Cross-industrial publicity and enlightenment for dematerialization of stock certificates”

Followings were reported based on the data of “the publicity plan of dematerialization of the stock certificates (mainly focused on the enhancement period to promote depositing of stock certificates)”.

- The period between the end of June and July this year was set as an enhancement period to promote depositing of stock certificates physically held by shareholders (both corporate and private) with JASDEC. The deadline for promotion of depositing shall be 2007.
- Japan Bankers Association held an explanatory meeting for financial institutions regarding share collateral in this April.
- The Financial Services Agency reported that the government publicity was broadcast on TV and also posted on the internet at the Financial Services Agency’s website in this April.
- 2007 version of the leaflets are to be enclosed with general shareholder meeting reports which are sent to shareholders from transfer agents during the period between May 1st this year and April 30th next year.
- The call center set within the Reform Promotion Center will be reinforced more than last year in response to increasing inquiries along with distribution of the leaflets.
- According to the research “the distributional survey of the stock certificates physically held by shareholders(April,2007)”, the number of stock certificates physically held by

shareholders has decreased by about 10 billion compared to the one in March last year.

- Mr. Takiguchi from Sumitomo Mitsui Banking Corporation, one of the acting chairpersons, reported about “the FAQ about handling concurrent transition of share collaterals along with dematerialization of stock certificates (1st edition)” and “the anticipated clerical workflow regarding share collaterals along with dematerialization of stock certificates”.

<Qs and As>

Question: Seminars about dematerialization of stock certificates have been actively held in Japan. Do you plan to hold seminars abroad in the future as well as in Japan?

Answer: We have no plans about that yet. But we will hereafter consider that, as investment in Japanese market from foreign countries is becoming quite important.

3. Deliberations in JASDEC

Mr. Saito, the manager of JASDEC, reported as follows.

- Book-entry system for investment funds started in January this year.
- The DVP system for non-exchange transaction deliveries has increased efficiency of fund settlement. Consequently, the average daily amount of fund settlement now is about 180 billion yen, although the average daily amount last year was 1,680 billion yen.
- According to the type of business, the percentage of matching utility users in securities companies, trust companies and custodian banks is almost 100%, while that of asset management companies is low.
- More than 99% of domestic transaction matches on a daily basis with matching utility and settlement is always available.
- Book-entry system for CP started in 2003, but the remaining value did not increase at first. The electric CP started increasing after the preferential treatment for stamp duty on the bill CP was terminated in March, 2005, and the remaining value of the electric CP is around 20 trillion yen at the moment.
- The participants of the book-entry system for investment funds consist of 181 direct account management institutions and 658 indirect account management institutions.
- New systems to receive dividends, which are “registered dividend account system” and “stock pro rata system”, will be available after implementation of paperless share system in January, 2009, as well as current systems of “postal money” and “bank transfer to the requested account for each brand”.
- Regarding name identification of multiple accounts holder under the same name, we are now preparing for that with accepting shareholders data from account management institutions and improving the accuracy of the identification.

4. Revision of the milestones set in the report “Towards Japan Securities Settlement System and Infrastructure Reform”

The secretariat office reported changes as follows;
(The revised points)

- The Committee for Reform of Securities Clearing and Settlement System set the target date for implementation of the dematerialization of stock certificates in January, 2009, which was added to the milestone.
- The implementation of book-entry transfer system for investment funds which started in this January was added to the milestone.

5. Guideline for words and descriptions for publicity and enlightenment of dematerialization of stock (Scheme)

The secretariat office reported changes as follows;
(The revised points)

- The term “Special Account (tokubetsukouza)”, which was previously considered confusing with “Specific Account (tokuteikouza)”, has now become popular. Therefore, the term “Special Account” is to be used for publicity and added to descriptions.

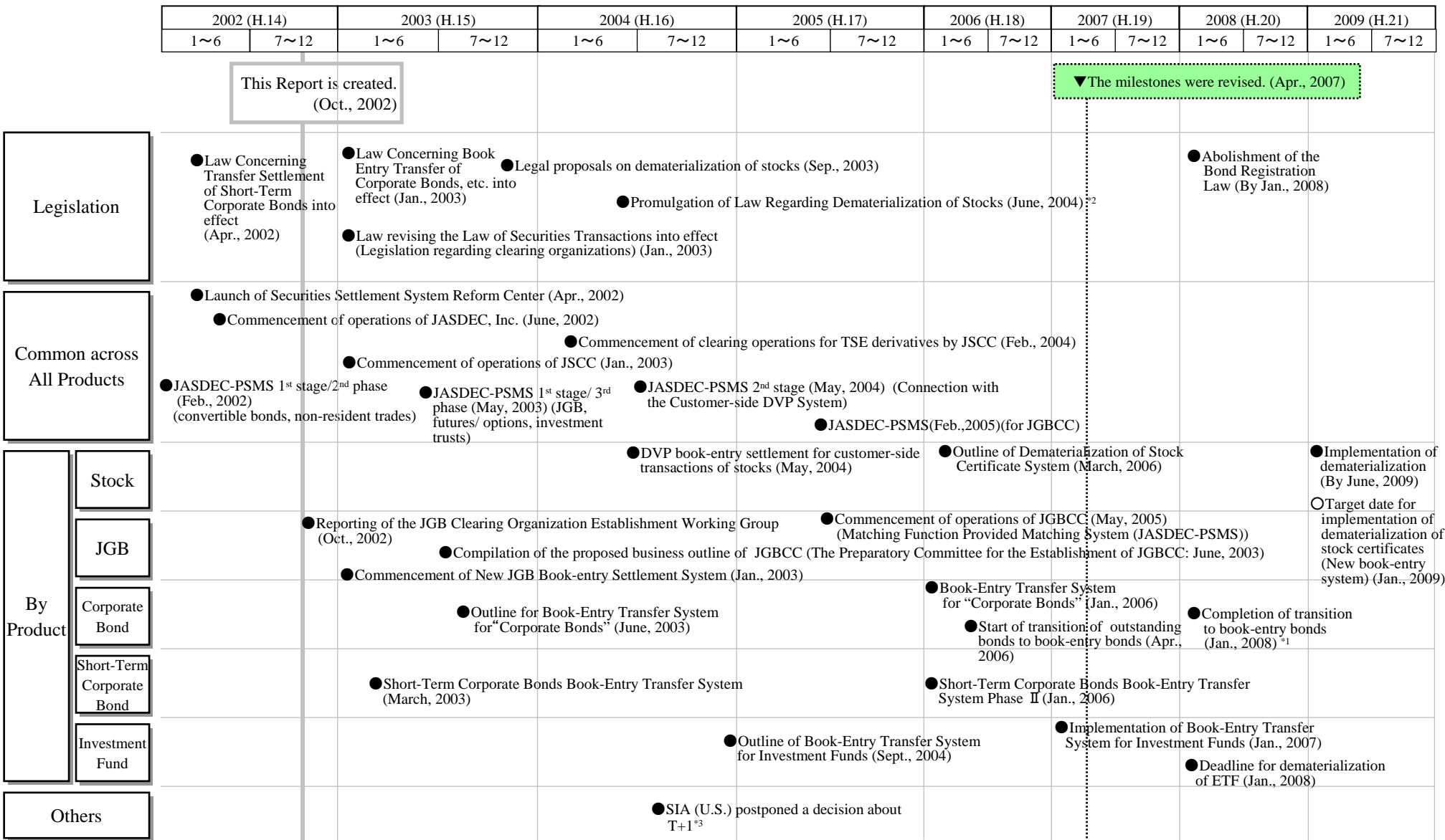
<p>Regarding this document, please contact: Reform Promotion Center for Securities Clearing and Settlement System Japan Securities Dealers Association TEL. 03-5649-3980 Please note that this minute is provisional and may be revised.</p>
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Figure 6-1 Securities Settlement Systems Reform Milestones (fixed or planned)

Revised in April 2007

[Figure 6-1 in the summary]

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



*1 The target for completion of conversion to Book-Entry Transfer system for "Corporate Bond" 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