

Comprehensive Improvement Program for Listing System 2007

April 24, 2007

Tokyo Stock Exchange, Inc.

1. Basic Policies for Improving the Listing System

Tokyo Stock Exchange, Inc. (TSE) has resolved to improve the listing system in accordance with the following basic policies for a comprehensive listing system review. These adjustments will be made in order to protect and respect shareholders and investors, fulfill the functions of the secondary market appropriately, and assist listed companies in their efforts to improve corporate value and international competitiveness and.

- To ensure market soundness, the TSE will develop a system that promotes further awareness by listed companies and other market participants of the fact that they are members who comprise the securities market.
- The TSE will ensure greater transparency by further improving disclosure of corporate information.
- The TSE will respond appropriately to corporate activities from the perspective of protecting investors and appropriately fulfilling market functions.
- The TSE will be committed to developing a more user-friendly market for listed companies and other market participants.
- In achieving the above policy goals, the TSE will take global consistency into consideration.

2. Implementation Plan

“Items to be immediately implemented” (primary items for implementation)

Items for which the TSE will develop listing system guidelines or make requests immediately following the publication of this Program

“Items to be implemented after consideration of practical approaches” (secondary items for implementation)

Items which the TSE deliberates in detail with knowledgeable individuals in order to develop listing system guidelines or make requests to listed companies by the end of FY2007.

“Items to be considered on an ongoing basis”

Items for which the TSE will conduct on-going deliberations, such as identifying fundamental issues to be realized (depending on contents of issues, relevant items will be discussed at the Advisory Group on Improvements to TSE Listing System.)

I. Improving the System Regarding Corporate Activities

Item	Items to be immediately implemented (primary items for implementation)	Items to be implemented after consideration of practical approaches (secondary items for implementation)	Items to be considered on an ongoing basis
(1) Enhanced timely disclosure	<ul style="list-style-type: none"> ○ Timely and appropriate disclosure of corporate information is an essential part of a sound securities market. As such, the TSE is committed to raising awareness of listed companies and creating an environment in which investors can more easily use corporate information. ○ The TSE will improve disclosure of information on MSCBs, etc. and capital increases through allotment of new shares to third parties. ○ In light of the adoption of the quarterly report system under the Financial Instruments and Exchange Law (including the integration of the semi-annual report system into the quarterly report system), the TSE will take necessary measures such as integration of the interim earnings digest system and the quarterly financial and performance disclosure system 	<ul style="list-style-type: none"> ○ The TSE will review the listing rules regarding timely disclosure to ensure that material information for investment decision-making is disclosed without any shortfall or excess. <ul style="list-style-type: none"> • It is conceivable that, notwithstanding the de minimis exemption criteria, the TSE will stipulate in the timely disclosure rules that a listed company is required to disclose any item that is determined by the listed company as having an impact on investment decision-making. • The TSE will consider development of appropriate de minimis exemption criteria in accordance with significance in investment decision-making. <ul style="list-style-type: none"> [Items subject to consideration (draft)] <ul style="list-style-type: none"> • Dissolution of a subsidiary; • Profit level in the case the profit is small; and others 	<ul style="list-style-type: none"> ○The TSE will make preparations for providing account settlement information in the form of XBRL, a tool to promote sophisticated use of financial statement data, through renovation of TDnet (Timely Disclosure network).

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		<ul style="list-style-type: none"> • The timely disclosure rules will be reviewed in order that the TSE will revise the de minimis exemption criteria to be on a consolidated basis. ○ The TSE will review and amend the guidelines for timely disclosure (Timely Disclosure Guidebook) to ensure that disclosure will be made in accordance with materiality of facts. At the same time the TSE will improve the notes to disclosure, descriptions, and the FAQ sections in the guidelines, to ensure that the guidelines will be more easily used on a practical basis. 	
(2) Development of Corporate Code of Conduct	<ul style="list-style-type: none"> ○ In addition to imposing the obligation to disclose corporate information appropriately on a timely basis, the TSE will develop a “Code of Conduct Regarding Corporate Activities (“Corporate Code of Conduct”)” in the listing rules, which will require listed companies to take appropriate corporate activity measures for the purpose of protection of shareholders and investors and proper market 	<ul style="list-style-type: none"> ○ The TSE will consider prescribing measures regarding the following items in the Corporate Code of Conduct, with a view to preventing minority shareholders from incurring loss due to conflicts of interest in transactions involving the management or a controlling shareholder(s). • A company owned by a parent company will be required to elect outside directors/auditors who have no affiliations with the parent company; 	<ul style="list-style-type: none"> ○ The TSE will maintain its efforts to identify additional requirements to be included in the Corporate Code of Conduct. • The TSE will meet with knowledgeable individuals to deliberate, among others, specific rules (e.g., rules stipulating the mandatory consent of shareholders for share issuance) and overall corporate governance. • The TSE will amend the Corporate

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	<p>operation.</p> <p>—Development of the Corporate Code of Conduct</p> <ul style="list-style-type: none"> • The TSE will review and reconsider the items the TSE has requested listed companies to fulfill (e.g., improving conditions to facilitate exercise of voting rights at general shareholders meetings, developing systems to prevent insider trading, etc.) and the listing rules including elements relating to the code of conduct (e.g., transition to, and efforts to maintain, desirable levels of investment units, items to be respected in introducing takeover defense measures, efforts in relation to stock splits, etc.). Subsequently, the TSE will establish the Corporate Code of Conduct by incorporating new elements that the TSE, as the market operator for listed companies, is to require the listed companies to fulfill, in addition to the elements introduced through the results of the aforesaid reconsiderations and reviews. 	<ul style="list-style-type: none"> • With respect to expression of opinions on material transactions with a controlling shareholder or TOB by a controlling shareholder, a company will be required to implement measures to prevent any adverse effects arising from conflicts of interest. Such measures may include, for example, mandatory approval by a special committee composed of outside directors/auditors. • With respect to expression of opinions on MBO, a company will be required to implement measures to prevent any adverse effects arising from conflicts of interest. <p>○ The TSE will consider including in the Corporate Code of Conduct requirements for the development of internal systems to prevent damages caused by anti-social forces.</p> <ul style="list-style-type: none"> • In light of efforts reinforced by the police and securities industry as a whole to prevent damages caused by anti-social forces, the TSE will consider including in the Corporate Code of Conduct provisions requiring listed companies to strive to develop internal systems for 	<p>Governance Principles for Listed Companies developed in 2004 in light of the recent developments in the discussions.</p>

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	<ul style="list-style-type: none"> • The TSE expects that the improvements in the environment for facilitating the exercise of voting rights at general shareholders meetings will include diversification of dates of general shareholders meetings, early mailing and distribution of convocation notices, posting of convocation notices on websites, and preparation of materials in English. —The TSE will clearly state in the general rules for listed companies that the listed company should respect the functions of the secondary markets and the rights of shareholders and investors. —The TSE will include fundamental issues related to corporate governance in the Corporate Code of Conduct in order to particularly enhance the quality of companies listed on the market for emerging companies. • Listed companies other than large scale companies defined in the Corporation Law will also be 	that purpose.	

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	<p>required to decide establishment of the board of auditors (or the audit committee) and the accounting auditor system, and the internal control system stipulated by the Corporation Law (the system to ensure appropriate business operation).</p> <ul style="list-style-type: none"> • Any listed company with less than 1,000 shareholders will also be required to deliver shareholders meeting reference documents (or any reference documents for the grant of proxy rights) to all of its shareholders. – In cases where MSCBs, etc. are issued and securities companies other than members of the Japan Securities Dealers Association (JSDA) purchase them, the TSE will request that the securities companies respect voluntary rules set forth by the JSDA. ○ The TSE will develop methods to ensure the effectiveness of the Corporate Code of Conduct. • The TSE will prescribe methods to 		

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	<p>ensure the effectiveness of the items contained in the Corporate Code of Conduct in accordance with the compliance necessity and the concreteness of acts , and implement phases of items in which companies may be delisted, items for public announcement, and the imposition of requirements for voluntary measures by listed companies.</p> <ul style="list-style-type: none"> ○ The TSE will clearly state in its rules “corporate governance” and the “effectiveness of the internal management system” as substantive listing examination items in tandem with development of the Corporate Code of Conduct. • The TSE will develop new examination criteria by integrating the essential parts of the listing examination related to “corporate governance” and the “effectiveness of the internal control system” separately provided in the supplementary rules of the listing standards . 		

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(3) Response to a listed company owned by a parent company	<ul style="list-style-type: none"> ○The TSE will make public announcements on its views on listing a company owned by a parent company. • It is inappropriate under the listing system to prohibit listing of a company owned by a parent company. • However, given that there are issues that may give rise to adverse effects and issues that may result in conflicts of interest with minority shareholders (even in the case of a company that has had a parent from the time of its initial listing or a company that has a parent through corporate restructuring after the listing), and given that listed companies have been required to substantially consolidate their management under the recent management environment, the listing of a company owned by a parent company may not necessarily be viewed as a desirable capital policy for many market players including investors. • The TSE will disseminate its recognition to concerned parties by 	<ul style="list-style-type: none"> ○ The TSE will consider including in the Corporate Code of Conduct relevant measures to prevent minority shareholders from incurring damage arising from conflicts of interest in transactions involving the management or a controlling shareholder(s). • See (2) Development of Corporate Code of Conduct. • The TSE will consider how it can improve disclosure for any items relating to a parent company, etc. (i.e., a parent company or another company with which the listed company is affiliated as an associate company) and for any transactions involving the management or a controlling shareholder(s) of a company owned by a parent company in the context of the Corporate Code of Conduct. ○ The TSE will discuss relevant issues with other exchanges to prevent the listing of a parent company and a subsidiary which are in fact managed as one company. 	<ul style="list-style-type: none"> ○The TSE will review and reconsider items and contents of the examination for listing of a company owned by a parent company. • Given that the actual conditions of management of a subsidiary will widely vary depending on the management policy of the group to which the subsidiary belongs, the TSE will continue to consider what the listing examination should be like. ○The TSE will contemplate the development of a system to confirm the internal management system of any listed company that has a parent company through corporate restructuring, etc. • The TSE will consider carrying out an examination equivalent to the examination of a parent company, etc. at the time of initial listing, based on the organized method for confirming the internal management system of a listed company, if a listed company has

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	clearly stating it in the “Handbook for Initial Listing,” “Guidebook for Timely Disclosure of Corporate Information,” on its website, etc.		come to have a listed or unlisted parent company as a result of corporate restructuring, etc.
(4) Responses to internal control reporting system	<ul style="list-style-type: none"> ○ Listed companies are required to develop a relevant internal control system to ensure confidence in disclosure, and any company that wishes to list its stock in the future will also be required to improve the internal control system after its listing. As such, the TSE will announce to the public its view that it is desirable for listed companies and companies which intend to list their stocks to be encouraged to voluntarily develop and improve their internal control systems. ○ The TSE will announce to the public the direction it intends to follow in handling of the listing examination and listing supervision in connection with internal control reporting system for the time being. • In carrying out initial listing 	<ul style="list-style-type: none"> ○ In line with the introduction of the internal control reporting system, the TSE will review listing rules for the handling of listing applications filed by companies listed on other exchanges. • In cases where an applicant for initial listing is a company listed on another exchange(s), the TSE will begin to require the applicant to submit an internal control report and related audit report in the business year starting in or after April 2008. If, meanwhile, the management fails to represent assessment results or an auditor states “no opinion” in the report, the TSE will deem this a basis for not accepting the application. • When and if the management of a listed company identifies a material flaw in an internal control system or points out that it cannot represent the assessment results of an internal control system, 	<ul style="list-style-type: none"> ○ In light of development of practices for the future, the TSE will consider requiring unlisted companies that apply for an initial listing to submit relevant documents which enable the TSE to confirm conditions of their internal control systems. With respect to listed companies, the TSE will also discuss and consider the handling of a listed company for the purpose of listing supervision if and when any material flaw is detected in the internal control system of the listed company and such flaw remains uncorrected.

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	<p>examination related to conditions of the internal control system of a company before the reporting system is introduced, the TSE will make required confirmation in accordance with the current rules . After the reporting system is introduced, the TSE will basically apply a similar approach to the initial listing examination of unlisted companies.</p> <p>Meanwhile, if any document equivalent to internal control reporting is prepared, the TSE will take such document into account in the course of making the above confirmation. .</p> <ul style="list-style-type: none"> • Material flaws in an internal control system will not immediately result in any false descriptions in financial statements for listed companies. In light of this, the TSE will not decide to delist stocks on the basis of the descriptions contained in the internal control report and related audit report. 	<p>and further, an auditor either states an unfair opinion or withholds an opinion, the TSE will have it situation subject to requirement for timely disclosure.</p>	

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(5) Development of the listing system for classified stocks	<ul style="list-style-type: none"> ○ The TSE will begin to specifically consider requirements, etc. for admitting the listing of classified stocks related to voting rights. • The TSE will impose a certain restriction on schemes for classified stocks that may be admitted for listing even at the initial public offering. For this purpose, the TSE will commence discussion with practitioners and experts on what types of schemes will be admitted for listing. ○ The TSE will review and discuss cases in which a listed company is not permitted to issue classified stocks, etc. • The TSE concludes that any restriction on the issuance of classified stocks by a listed company may be deemed as a case of “undue restriction on shareholders’ rights.” • Cases deemed as “undue restriction on shareholders’ rights” may be, in principle, expected to include the issuance of classified shares with 	<ul style="list-style-type: none"> ○ The TSE will review and discuss requirements necessary for listing of classified stocks related to voting rights. • The TSE will specifically review and discuss cases where the listing of classified stocks related to voting rights will be admitted. • The TSE will review and discuss specific schemes under which the issuance or listing of classified stocks related to voting rights is permitted by classifying such circumstances into the case of initial public offering, the case of a listed company’s issuing stock with less voting rights, etc. • The TSE will discuss and develop listing examination and delisting criteria required for classified stocks related to voting rights (e.g., liquidity criteria, etc.). • The TSE will consider whether requirements are necessary for listing of classified stocks related to voting rights as the Corporate Code of Conduct. • The TSE will discuss and develop 	<ul style="list-style-type: none"> ○ The TSE will discuss whether it should admit listing only of preferred stock of a company whose common stock has not been listed. • The TSE will make amendments to the listing rules about whether it will, or will not, admit listing of only preferred stocks and what requirements, schemes, etc. will be needed for admitting listing of only preferred stock. ○ The TSE will develop guidelines for listing of classified stocks related to voting rights. • The TSE will develop guidelines on the basis of actual cases of listings of such classified stocks.

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	larger voting rights than those attached to listed shares or restriction on the voting rights attached to listed shares.	ingenuities for indication by which investors may easily understand that a listing relates to classified stocks. • The TSE will review and discuss treatment of indices, etc. of listed classified stocks.	

II. Improvement of the Market System

Item	Items to be immediately implemented (primary items for implementation)	Items to be implemented after consideration of practical approaches (secondary items for implementation)	Items to be considered on an ongoing basis
(1) Enhancing confidence in Mothers	<ul style="list-style-type: none"> ○ The TSE will improve the listing system in order to more clearly define the nature of the Mothers market which provides opportunities to gain earlier access to the capital market to companies which are in their initial stages of growth and which intend to list their stocks in the First or Second Sections in the future. • The TSE will abolish the listing rules regarding reassignment from the First or Second Section market to Mothers. • In order to promote listing of 	<ul style="list-style-type: none"> ○ The TSE will consider the following for the purpose of improving the listing system to enhance confidence in Mothers and support the growth of Mothers-listed companies. • Considering that the TSE has been carrying out substantive listing examination for Mothers in light of high growth potential, the TSE will clearly define the positioning of such substantive examination in the listing rules. • With respect to companies which have been listed for a certain period of time 	<ul style="list-style-type: none"> ○ The TSE will consider introducing a measure for urging Mothers-listed companies that fail to grow for a certain period of time after their listings to exit from Mothers. • The TSE will require Mothers-listed companies that have been listed for a certain period of time to meet specified levels of profits or sales standards. The TSE will also discuss issues of whether it should implement a system under which the TSE will request delisting (or assignment to other market segments designated by the

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	<p>companies with high growth potential the TSE will abolish the current listing examination criteria related to sales and will not apply the delisting criteria relating to sales for five years from the time of the listing.</p> <ul style="list-style-type: none"> ○ The TSE will improve the listing system to enhance liquidity when companies are initially listed on Mothers. <ul style="list-style-type: none"> • In order to alleviate liquidity shortage at the time of the initial listing of a company on Mothers, the TSE will review the listing examination criteria relating to share distribution and require a certain ratio level for shares held by the special few at the initial listing of the company. • Given that Mothers is a market for emerging companies with high growth potential, the TSE will determine an appropriate level of liquidity. ○ The TSE will arrange seminars for the management of companies listed on Mothers. <ul style="list-style-type: none"> • The TSE will hold seminars for the 	<p>(for example, five years), in light of the fundamental market characteristics of investor protection and support for companies' growth, the TSE will introduce a system in which it will be able to carry out an examination (excluding those for business continuity and profitability) equivalent to the substantive listing examination for the First and Second Section markets, and to recommend improvements if the TSE discovers any inadequacy.</p> <ul style="list-style-type: none"> • If a company which is not alerted to any issues in need of improvement as a result of such substantive examination wishes to apply for assignment to the First or Second Section market, the TSE may omit a certain part of the substantive examination for the market assignment. • The above examination will be repeated at a five-year interval after the first examination. • The TSE will require Mothers-listed companies to continuously hold corporate seminars twice a year (they are currently required to hold these seminars only within the first three 	<p>TSE) of companies failing to meet such standards.</p> <ul style="list-style-type: none"> ○ The TSE will consider measures to improve investors' understanding of Mothers. <ul style="list-style-type: none"> • The TSE will consider innovations to assist public investors in fully understanding risks unique to investing in emerging companies with high growth potential.

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	management to ensure that directors/officers will deepen understanding of their responsibilities as the management of publicly traded companies.	years from their listings on Mothers).	
(2) Review of trading units	<ul style="list-style-type: none"> ○ The TSE will coordinate with related parties on consolidation and unification of trading units. • The TSE will call for the cooperation of other exchanges in Japan to develop action plans. • The TSE will continue to coordinate with related parties (listed companies, securities companies, transfer agents, JASDEC, etc.) on solutions for practical issues. ○ The TSE will request newly listed companies and companies which have amended their basic lots to cooperate with the TSE on consolidation of trading units. 	<ul style="list-style-type: none"> ○ As a consensus is built, the TSE will develop and publicize action plans to realize unification to a trading unit of 100 shares as a basic lot in the future, and consolidation of the trading units to 100 shares and 1,000 shares as basic lots prior to the eventual unification. • Setting a specific transitional period from the introduction of the dematerialization of stock certificates , the TSE will aim for the time being to consolidate trading units per basic lot to those composed of 100 shares and 1000 shares (the TSE will adopt a schedule in full consideration of practical issues). • In addition, revisions made to the listing rules to require accelerated application of the consolidated trading unit by newly listed companies or companies planning to revise their basic lots or set 	<ul style="list-style-type: none"> ○ The TSE will continue to discuss and consider unifying trading units in the future.

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		new basic lots prior to completion of the concentration may be considered.	
(3) Review of criteria for liquidity, etc.	<ul style="list-style-type: none"> ○ Review of criteria for the number of shareholders <ul style="list-style-type: none"> • With respect to the criteria for the number of shareholders in the delisting criteria, the TSE will review the criteria in order that the required number of shareholders will be fixed at a certain level instead of being required in an increasing approach. • The TSE will make amendments to the listing examination criteria, the First Section assignment criteria, and the Second Section reassignment criteria in accordance with the purport of reviewing the delisting criteria. ○ Introduction of criteria for the number of floating shares and the market capitalization of floating shares <ul style="list-style-type: none"> • When a company is initially listed or assigned to the First Section, the TSE will require the number and market capitalization of floating shares to 		

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	<p>exceed a specific number and value based on the formula determined by the TSE (the number and value derived by deducting the number of shares held by the special few from the total number of listed shares).</p> <ul style="list-style-type: none"> • If the number or market capitalization of floating shares of a company falls below specific criteria based on a formula determined by the TSE, the TSE will delist or reassign the stock of the company with such floating shares. <p>○ Review of the criteria for the shareholding ratio of the special few</p> <ul style="list-style-type: none"> • The TSE will revise its method of calculating the shareholding ratio of the special few in light of the recent changes in shareholder structure. • In light of the introduction of criteria for the number and market capitalization of floating shares, the TSE will revise the delisting criteria into those applied to companies whose number of floating shares is extremely fixed as the shareholding ratio of the special few exceeds 95%. 		

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	<ul style="list-style-type: none"> • With respect to the listing examination criteria , the TSE will continue to call for the current level in order to ensure smooth transactions by alleviating high levels of price fluctuations immediately after listing. • The TSE will apply the criteria for the shareholding ratio of the special few in terms of the examination of listing on Mothers in accordance with the same purport noted above. Meanwhile, the TSE will apply for looser criteria for Mothers than for the First and Second Section markets, as Mothers is operated for emerging companies with high growth potential. <p>※ In applying the new/revised criteria, the TSE will set forth a specific grace period.</p>		
(4)		○ With respect to the criteria for the	○ The TSE will discuss and consider

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Review of market segmentation		<p>First Section and Second Sections, the TSE will discuss and consider practical issues for the purpose of the following improvement of the listing system.</p> <p>< Envisioned direction ></p> <ul style="list-style-type: none"> • The TSE will reconsider and revise the First Section assignment criteria and the Second Section reassignment criteria, bringing to the forefront criteria for floating share market capitalization, and criteria that add a viewpoint of market evaluation to liquidity (the same as those adopted for the delisting criteria). • The TSE will abolish the criteria for the shareholding ratio of the special few in the First Section assignment criteria. • The segmentation of the First Section and Second Sections will be determined on the basis of quantitative criteria. Upon introducing the system for confirming the internal management system (see the right column) that replaces the First Section assignment examination, the TSE will abolish the current substantive examination carried out for the First Section assignment. 	<p>approaches to confirm the internal management system of listed companies.</p> <ul style="list-style-type: none"> • For the purpose of continuously ensuring effectiveness of a company's internal management system after listing, the TSE will discuss and consider issues towards introducing a system for confirming the internal management systems of companies, in lieu of the current substantive examination for assignment to the First Section, in the following cases: a listed company has conducted management integration with a large scale unlisted company, a large change has taken place in shareholders or directors/officers, a listed company has violated the timely disclosure rules intentionally or through gross negligence, the nature of business has changed greatly in a short period of time, or a listed company has taken any other corporate action for which the TSE determines the internal management system is inappropriate. In considering and discussing the issues, the TSE will conduct

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		<ul style="list-style-type: none"> • The TSE will make required amendments to the treatment of market segmentation in the case of initial listing on the First or Second Section and the treatment of market segmentation in the case of assignment from Mothers to the First or Second Section. ※ In considering the above, the TSE will take into account the continuity of TOPIX widely accepted by investors and the Corporate Code of Conduct for companies listed on the First Section. 	<p>comprehensive reviews on the system of the grace period examination, etc. in the delisting criteria pertaining to inappropriate merger, etc.</p> <ul style="list-style-type: none"> • The TSE will discuss and consider treatment of a listed company to which the TSE has pointed out issues as a result of confirming the internal system as noted above (e.g., assignment to a market segment separate from the First and Second Sections, and Mothers (the same market segment as the one considered in developing a system for ensuring effectiveness of the listing rules) until remediation of the issues is confirmed).

III. System Improvements for Ensuring Listing Rule Effectiveness

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Ensuring the effectiveness of the listing rules	<ul style="list-style-type: none"> ○ The TSE will initiate specific consideration of imposing penalties for violations of the listing rules. ○ The TSE will comprehensively review the approaches for ensuring effectiveness of existing Improvement Report, reprimands, announcements, etc. ○ The TSE will make a structural adjustment to establish a market segment for problematic issues. • The TSE will improve the listing system to introduce a system in which the TSE will transfer a listed company to a market segment separate from the First and Second Sections and Mothers to supervise it in cases where the TSE has found serious breach of the listing rules by the listed company which, however, does not fall under the delisting criteria, and needs to request for redressing, or where the TSE has detected issues to improve through its 	<ul style="list-style-type: none"> ○ The TSE will develop a system for imposing penalties immediately after a conclusion is reached as a result of discussion. • The TSE will discuss and develop guidelines for procedures for imposing penalties and the amount of the penalties. ○ The TSE will further discuss and consider ways to improve transparency and fairness when it implements disadvantageous measures against a listed company such as a decision to delist. • The TSE will consider the development of a system in which a listed company may appeal objectionable rulings issued by the self-regulatory corporation. • While appealing objectionable rulings is pending, it is conceivable that the implementation of measures may be suspended. 	<ul style="list-style-type: none"> ○ The TSE will discuss and promptly develop a market to ensure liquidity of issues that have met the delisting criteria. • The TSE will discuss and consider fleshing out a market for issues for which a secondary market is desired from among issues delisted from the TSE, including provision of the TSE system infrastructure.

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	<p>confirming the internal management system of the listed company.</p> <ul style="list-style-type: none"> ○ The TSE will improve transparency and fairness of decisions in the event it take disadvantageous measures against listed companies such as a decision to delist, etc. • The TSE group will establish a self-regulatory corporation with reinforced independence this fall, and fairness and transparency of decisions will be improved as the self-regulatory corporation makes such decisions. <ul style="list-style-type: none"> ○ The TSE will review and change the name of the Supervision Post. • The TSE will review the current name of the Supervision Post while different names will be given separately for cases where the TSE is carrying out a delisting examination and cases for other grounds. Thus, the TSE will introduce measures by which investors can easily understand that the TSE is carrying out a delisting examination. 		

IV. Response to Listing of Various Financial Instruments

Item	Items to be immediately implemented (primary items for implementation)	Items to be implemented after consideration of practical approaches (secondary items for implementation)	Items to be considered on an ongoing basis
Response to listing of various financial instruments	<ul style="list-style-type: none"> ○ Establishment of a listing system for funds (improvement and expansion of a listing system for investment companies) • The TSE will review the current circumstances in which the listing system for funds is provided only for real estate investment trust beneficiary certificates and will make required revisions to the listing rules to enable the TSE to list investment companies with a wide variety of managed assets and investment policies. • When the TSE lists an investment company, it will confirm the management setup of the investment management company as well as the investment company, and examine and confirm the soundness and consistency of investment policies including appropriate risk diversification in a process similar to the confirmation 	<ul style="list-style-type: none"> ○ The TSE will consider providing a wide variety of instruments permitted to be listed on exchanges in the U.S. and Europe in response to investors' needs. • The TSE will call upon related parties to make necessary improvements not only to the listing system but also to other systems in order to list various instruments. 	<ul style="list-style-type: none"> ○ The TSE will widely discuss and consider approaches to revitalize the foreign stock market with a view to truly globalizing the TSE market. ○ With respect to the listing system for beneficiary certificates of beneficiary certificate issuing trusts (Japanese Depositary Receipts or JDRs), the TSE will discuss and consider requirements for cases where underlying assets are those other than stocks of foreign companies.

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	<p>process applied to the listing of beneficiary certificates of real estate investment trusts. .</p> <p>○Improvement of the listing system for exchange-traded funds (ETFs)</p> <ul style="list-style-type: none"> • The TSE will discuss and revise the system for listing of new types of ETFs in response to the needs of related parties. • In consideration of the characteristics of ETFs, the TSE will take necessary measures to prevent liquidity fragmentation arising from multiple listings of the same type of instruments in terms of benchmark indices or trust fees, etc. on the TSE market. • Considering firm establishment of the ETF market, the TSE will review what the standards for liquidity required for ETFs should be like. <p>○Improvement of the listing system for beneficiary certificates issued by beneficiary certificate issuing trusts (Japanese Depositary Receipts or JDRs)</p>		

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	<ul style="list-style-type: none"> • In consideration of the enforcement of the amended Trust Law, the TSE will discuss and consider requirements necessary when stocks of foreign companies will be listed in the form of beneficiary certificates issued by beneficiary certificate issuing trusts as prescribed in the Trust Law, and implement required measures after coordination with related parties. In this case, it is contemplated that the TSE will make reference to the system and substance of ADRs issued in the U.S. 		

V. Others

Item	Items to be immediately implemented (primary items for implementation)	Items to be implemented after consideration of practical approaches (secondary items for implementation)	Items to be considered on an ongoing basis
(1) Reinforcing cooperation with CPAs	<ul style="list-style-type: none"> ○ The TSE will devise ways to ensure that certified public accountants, etc. who conduct audits provided by the Securities and Exchange Law will be granted as much authority 	<ul style="list-style-type: none"> ○ The Exchange will review and improve disclosure at the time of changes in certified public accountants. • In light of the report issued by the Working Group on Certified Public 	<ul style="list-style-type: none"> ○ The TSE will discuss and consider expanding cooperation duties of listed companies with respect to hearings with certified public accountants and developing specific approaches, etc. for

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	<p>as possible under the Corporation Law.</p> <ul style="list-style-type: none"> • Specifically, the TSE will prescribe requirements in the Corporate Code of Conduct that listed companies other than large scale companies provided by the Corporation Law should appoint an accounting auditor(s) (I (2) Development of Corporate Code of Conduct) and that certified public accountants, etc. who carry out audits as defined in the Securities and Exchange Law should be the same as the accounting auditors defined by the Corporation Law,” except in unavoidable cases. 	<p>Accountants at the Financial System Council (dated December 22, 2006), the TSE will consider making descriptions on backgrounds, reasons, etc. to improve disclosure at the time of changes in certified public accountants.</p> <p>○ Cooperation on the registration system for listed company audit firms</p> <ul style="list-style-type: none"> • The TSE will extend necessary cooperation in order to facilitate the implementation of the registration system for listed company audit firms. 	<p>the hearings.</p> <ul style="list-style-type: none"> • The TSE will discuss and consider expansion in the scope of cooperation duties of listed companies and procedures to be taken when the TSE holds hearings with certified public accountants.
(2) Reinforcing self-regulatory functions	<p>○ The TSE will establish a self-regulatory corporation and make required revisions to the listing system for the purpose of reinforcing self-regulatory functions.</p> <ul style="list-style-type: none"> • The TSE will entrust operations regarding listing and delisting (except for operations of developing 	<p>○ The TSE will discuss and consider introducing more transparent procedures with respect to performance of self-regulatory operations carried out by the self-regulatory corporation.</p> <ul style="list-style-type: none"> • In order to further enhance transparency of listing examination operations and listing supervision, the TSE will discuss and consider 	

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	<p>listing standards in connection with market concepts) to the self-regulatory corporation.</p> <ul style="list-style-type: none"> • Along with the establishment of the self-regulatory corporation, the TSE will undertake necessary reviews of improving the listing rule system, etc. 	<p>implementation of various measures and policies including clarification of basic ideas regarding decision-making.</p>	
(3) Others		<ul style="list-style-type: none"> ○ In order to improve the system for preventing insider trading, the TSE will consider establishing an Insider Information Center (tentative name) responsible for collecting and managing data on directors and officers of listed companies and making system improvements. • The TSE will discuss and consider establishing the Insider Information Center as a system targeting all of the listed companies on stock exchanges in Japan and granting all the securities companies with access thereto. This is based on the premise that it will be established and operated by the TSE as a system with actual costs and expenses borne by the securities companies who 	

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		are users. • On the premise that full attention is directed to handling of information on individuals, it is contemplated that the TSE will stipulate in the listing rules that listed companies register data (names, addresses, etc.) on their directors and officers in a specified scope with the Insider Information Center in a timely and appropriate manner.	

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