
Development of Electronic Voting Platform for Institutional and Foreign Investors



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TOKYO STOCK EXCHANGE, INC.

Background

1 . Changing Environment of Japanese Capital Markets

- *Liquidation of Cross Holding Shares
- *Growing Presence of Foreign Investors
- *Increasing Influence of Institutional Investors (Pension Fund, Investment Trust.etc.)

2 . Heightened Awareness toward better “Corporate Governance”

- *The need for fostering an environment where institutional and foreign investors can exercise voting rights properly, has increased.**
- * By facilitating shareholders’ rights exercise, competitiveness of Japanese capital markets will be enhanced among markets around the world. (Joint initiatives with Japan Securities Dealers Association)**

Comparison with Current Electronic Voting Systems

Current Electronic Voting Systems in place

- Providing voting tools for **Registered Shareholders** (in no use when a registered shareholder is not identical with beneficial shareholder)
- functioning in effect, only for registered individual shareholders possessing relatively limited number of issues (present utilization is still limited.)

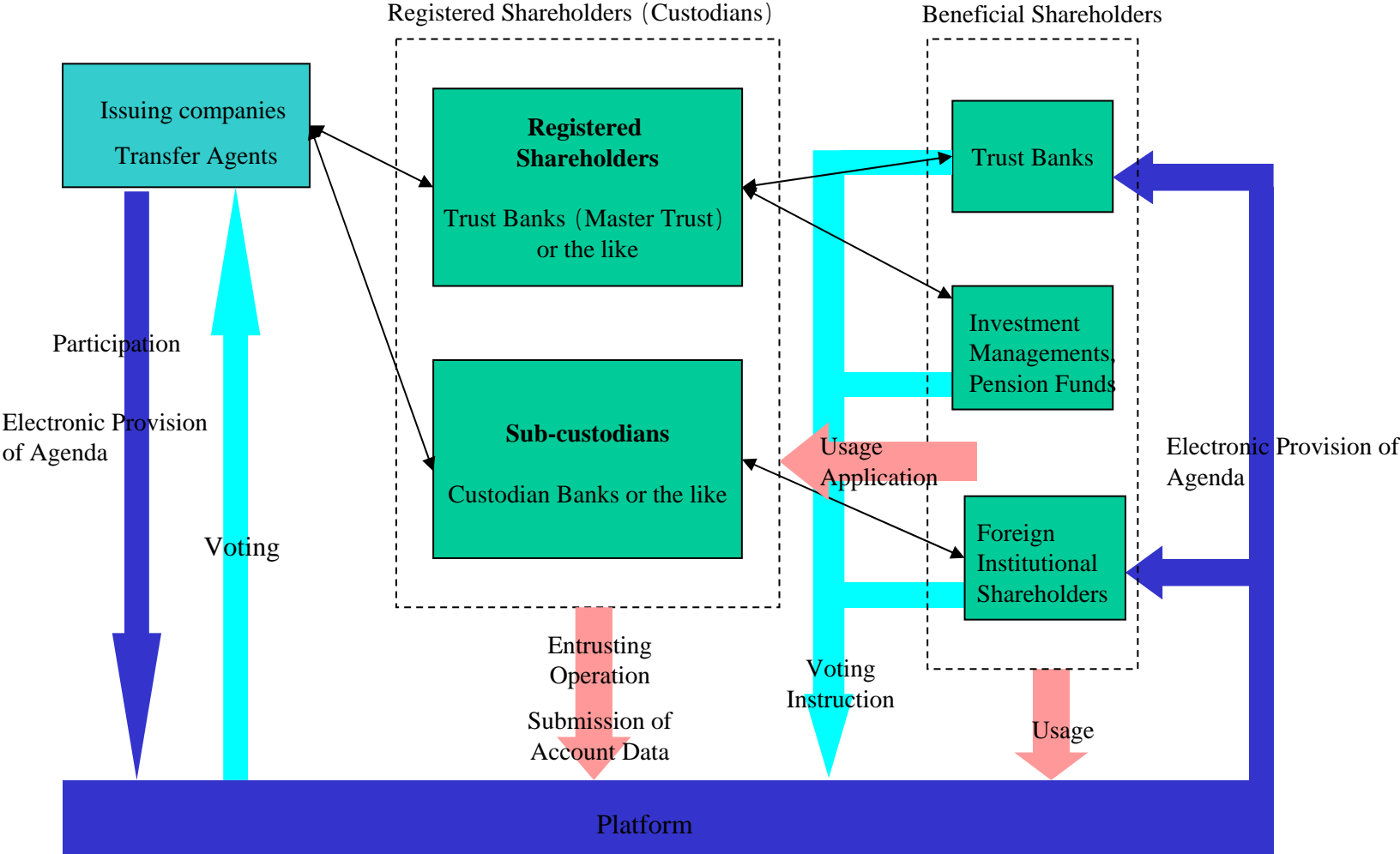
Electronic Voting Platform for Institutional and Foreign Investors (Platform)

- Providing voting tools for **investors who are not registered shareholders on the book, but have beneficial voting rights**; Institutional Investors, Foreign Investors, Investment Advisory Firms, and etc.

- ✓ Status of the Platform will be defined as either “Agent who ” or “ Messenger ” to whom the operation is outsourced by registered shareholders.
- ✓ Platform will cast a vote to the issuer, under the name (ID/PW) of registered shareholder.

Concept Picture of the Platform

is the current flow of information



Merits for Issuers participating in the Platform

1. Appealing Effect to Institutional and Foreign Investors (Beneficial Shareholders)

By participating in the Platform and thereby providing an opportunity for easier voting environment to non-registered beneficial shareholders, such as institutional and foreign investors, the issuer can appeal to them that it is protective of their shareholders' rights and attentive to their needs.

2. Ensuring Provision of the Meeting Agenda

The issuer can ensure that the meeting agenda be provided to beneficial shareholders as of record date, who exercise voting rights. Also, as the agenda is provided in a timely manner, due to its electronic transmission by the Platform, the issuer can set aside enough time for the beneficial shareholders to review the agenda carefully.

3. Accessing to interim voting status in time

Currently, issuers experiences difficulties in following the latest proxy voting status, as it is notified to the issuer via trust bank or custodian bank, on previous date of the meeting date or sometime closer to that date. However, upon participation in the Platform, the issuer can have access to the latest voting status, whenever necessary, in advance of the meeting date.

Current Status

➤ **Fee**

- scheduled to be fixed annual fee (less than 1 million yen per year)

➤ **Schedule**

- The platform will be in operation in the fall of 2004, with participation of the first group of participating issuers. (In terms of issuers whose fiscal term ends in March, the general meeting in June 2005 will be the first meeting the Platform can be utilized.)
- Currently, TSE is drawing up operational flows and system requirements with parties concerned (transfer agent and custodian).
- Also, TSE has been visiting issuers and making presentations to them.

**For further information, please contact us.
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Please also visit TSE HP (http://www.tse.or.jp/news/200304/030418_a.html) for further information.