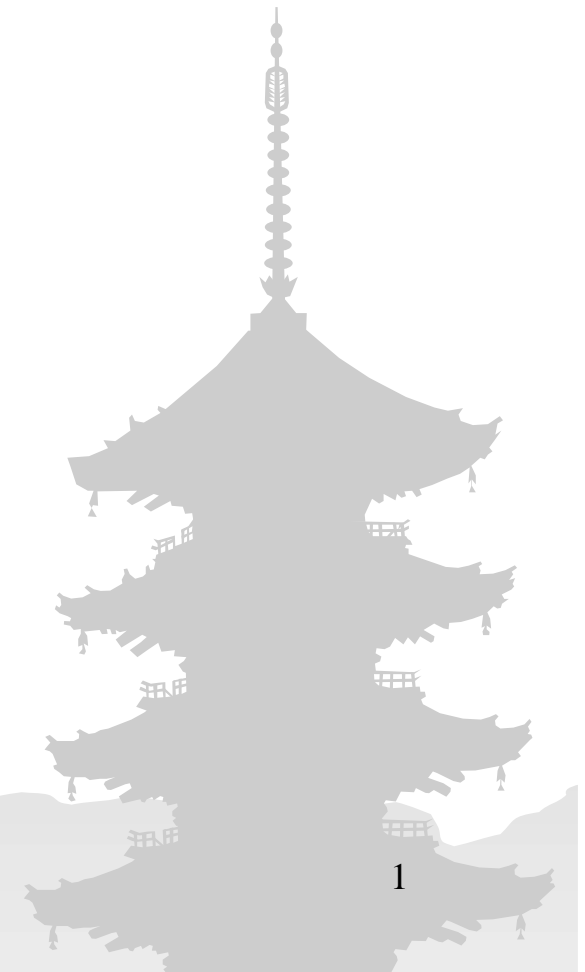


**SESSION 4: DEVELOPMENTS IN VENTURE
CAPITAL AND PRIVATE EQUITY SINCE THE END
OF 'TECH BUBBLE'**

**DISCUSSION PAPER BY
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Introduction to TSE Mothers

October 28, 2005

Tokyo Stock Exchange, Inc.



Tokyo Stock Exchange's Market Structure

Main Board

Venture Board

Section 1

Toyota, Sony etc

Section 2

Mothers

M^others

Stands for

Market of the high growth and emerging stocks

Established:	November 11, 1999	
# of Listed Companies:	135	(As of Sept. 30, 2005)
Market Capitalization:	US\$ 41 Billion	(As of Sept. 30, 2005)
Trading Value:	US\$ 110 Billion	(In the year of 2004)
	US\$ 139 Billion	(During 1 st 9 months of 2005)

Objectives of Mothers

Based on recognition, that it is indispensable to promote emerging companies and develop frontier industries in order to enhance and sustain the Japanese economic growth in 21st century, Tokyo Stock Exchange established Mothers in 1999.

The objectives of Mothers are:

1. to provide venture companies which have high potential for growth, with access to capital markets at early stage of their development.
2. to provide investors with more diversified investment opportunities.

Four Characteristics of Mothers(1)

1. Growth

The companies with high growth potential are eligible for listing.

* The businesses of companies listed on Mothers had been required to be based on new technologies or conception. But this criterion was removed in 2003.

Four Characteristics of Mothers(2)

2. Liquidity

Certain level of liquidity is required to guarantee smooth and efficient stocks trade.

- A primary public offering of minimum 1,000 trading units of newly issued shares and previously issued shares, of which minimum 500 units must be of newly issued shares.
- At least 300 new shareholders should be created by the primary offering.

Four Characteristics of Mothers(3)

3. Speed

To enable companies to access capital market at their early stages, Mothers does not require past performances, such as profits, for listing.

*Difference in listing criteria between Mothers and Main Board (in part)

Criteria of	Mothers	Main Board
Years after incorporation	Not required	3 years or more
Pre-tax profit	Not required	Required (Latest year \$4 Million etc.)
Size of shareholders equity	Not required	\$10 Million ore more

Four Characteristics of Mothers(4)

4. Transparency

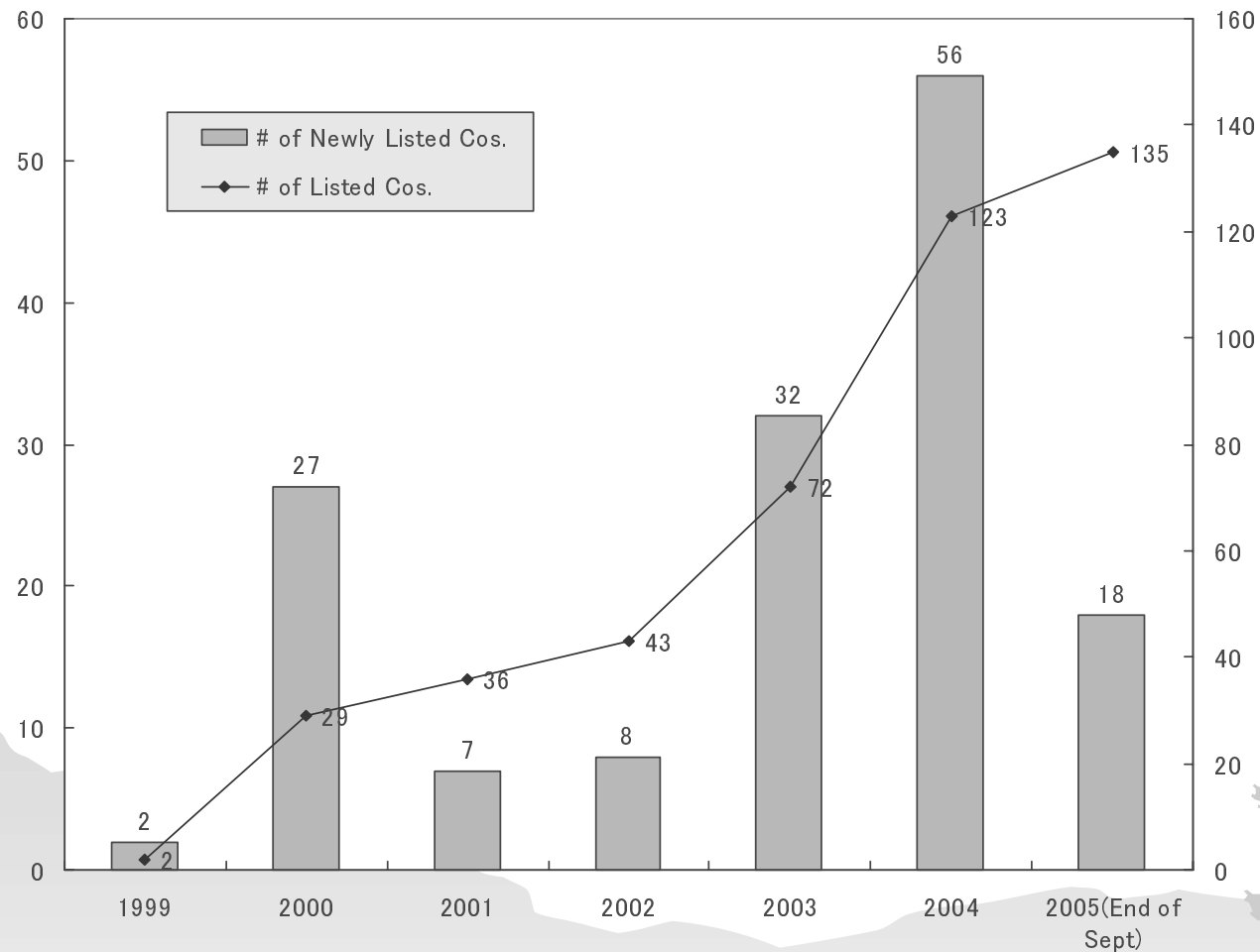
Mothers emphasizes on information disclosure. Mothers companies are required quarterly disclosure and briefings to investors (held at least twice a year) in addition to legal requirements.

*When Mothers was established, companies listed on Main Board are not required quarterly disclosure. (Now, companies listed on Main Board are also required it.) Mothers was an advanced market in terms of disclosure at that time. Companies listed on Main Board are not required IR sessions.

Numbers of Newly Listed Companies and Listed Companies, on Mothers

(Newly Listed Companies)

(Listed Companies)



of Newly Listed Companies does not include reformation of the company such as establishing holding company.

Market Capitalization and Turnover Value, of Mothers

(Turn Over Value:
Million Dollars)

(Market Capitalization:
Million Dollars)

