

Innovative Thinking in Investor Relations & Corporate Governance

March 18, 2016

Project for Capacity Building of Capital Market in Mongolia:
IPO & Dual Listing Seminar (2)

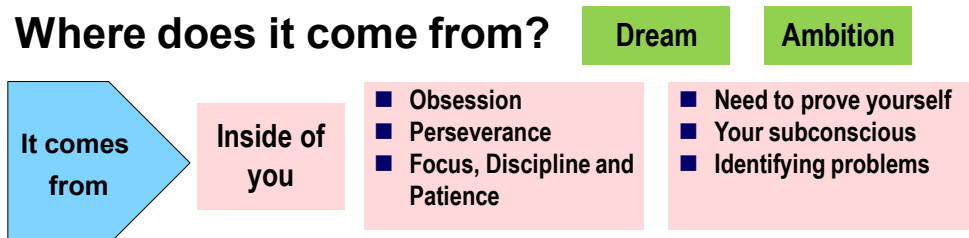
Tatsuya Imade
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What is **Innovation**?

- ◆ The process of translating an idea or invention into a good or service that creates value or for which customers will pay.
- ◆ To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need.
- ◆ Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products.

Source: <http://www.businessdictionary.com/definition/innovation.html>

Where does it come from?



<http://www.entrepreneur.com/article/238545>

Market Values You...

- ◆ If the market is efficient, it may value you fairly.
- ◆ If the market is inefficient, you may be undervalued or overvalued.

If you are undervalued against your actual heavyweight of the value, You have a huge upside potential.



Undervalued Heavy Weight

Source: East Spring Investments

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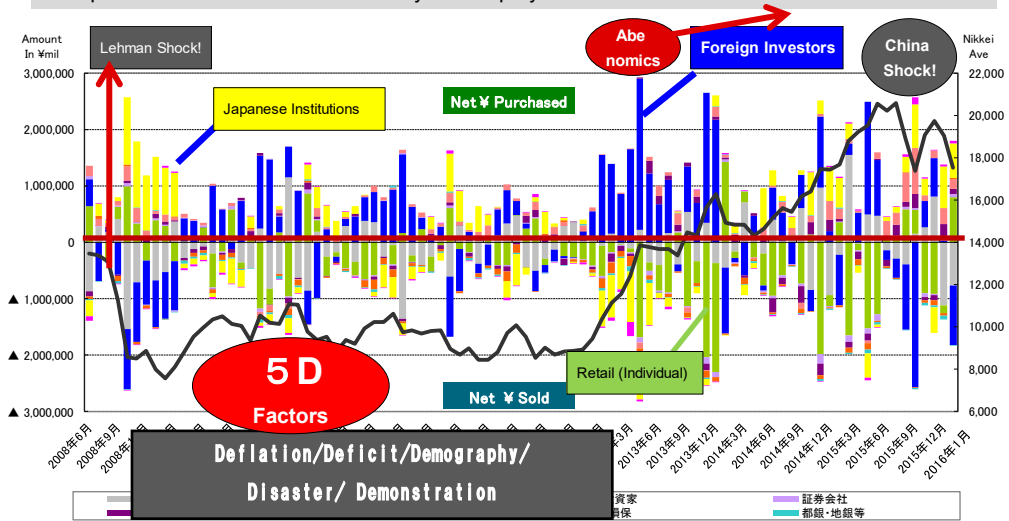


What Happened in Japan?



Japanese Stock Market Has Suffered for Long Time with 5D Factors

- Foreign institutional investors are the strongest buyers of Japanese stocks.
- Japanese Institutional investors finally woke up by "Abenomics".

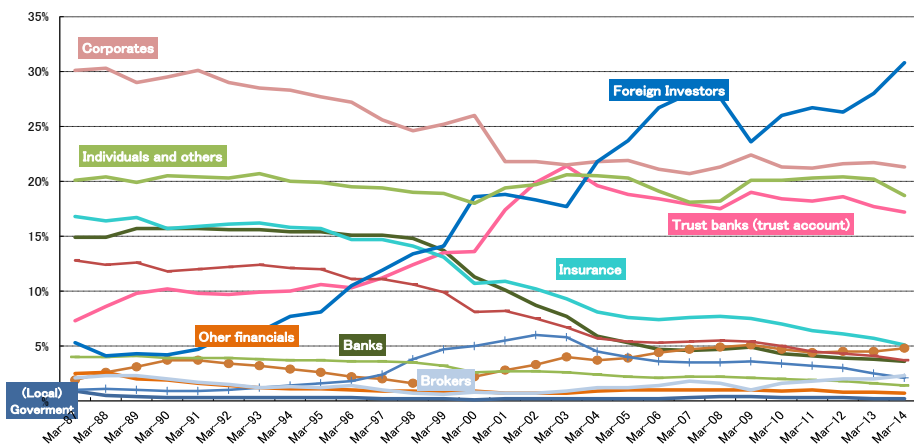


Source : Tokyo Stock Exchange

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Long-Term Historical Trend of Share Ownership

1. Foreign investors now own more than 30% of Corporate Japan.
2. "Trust account" represents domestic institutions' fiduciary based holdings.
3. Ownership and influence of Institutional Portfolio Investors has increased significantly.

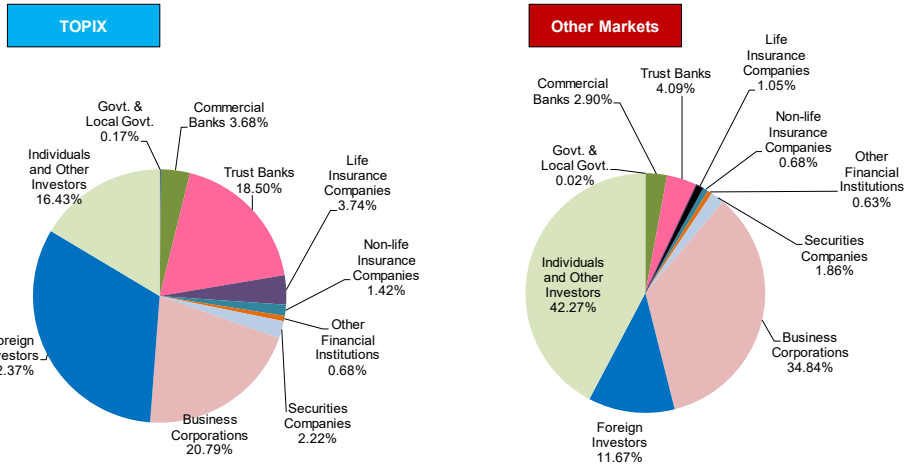


Source : Tokyo Stock Exchange

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Ownership Structure of Japan, Inc: Two Types of Market

- Majority of TOPIX is Companies are owned by Professional Institutional Investors.
- Many Companies listed in Other markets still have old style ownership structure.



(Approx. 1800 companies listed on the 1st section of Tokyo Stock Exchange)

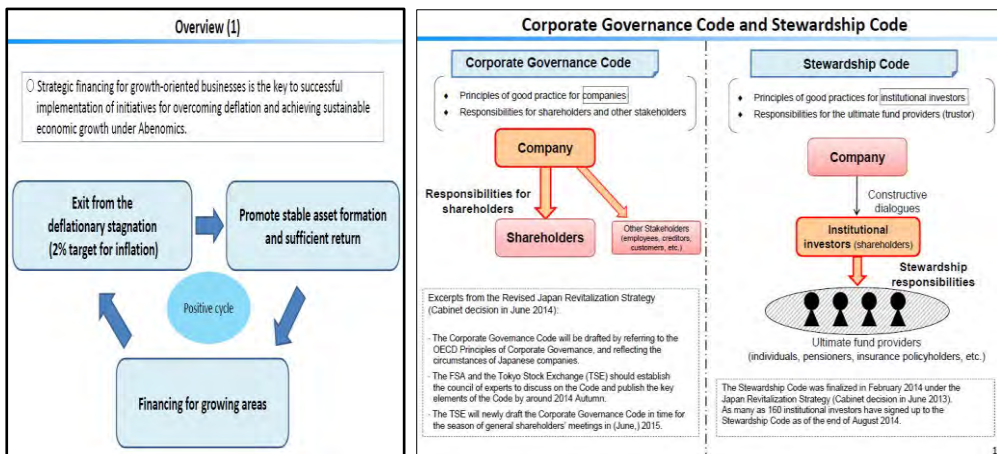
Source : Tokyo Stock Exchange

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Japan Revitalization Strategy

Positioning Japan as “Undervalued Heavy Weight”

By promoting Corporate Sector productivity & Growth with **2 Codes**.



Source : Japan FSA presentation on Japan Revitalization Strategy

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Winning **TRUST** with
Transparency and Accountability

Establish your **BRAND**
In Capital Markets

Investor Relations (“IR”) & Corporate Governance (“CG”)

**TRUST & BRAND will have investors to pay premium
and hold your stock longer**

Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the **objectives** of the company are set, and the means of **attaining** those objectives and **monitoring** performance are determined.'

(OECD Corporate Governance Principles, 2004)

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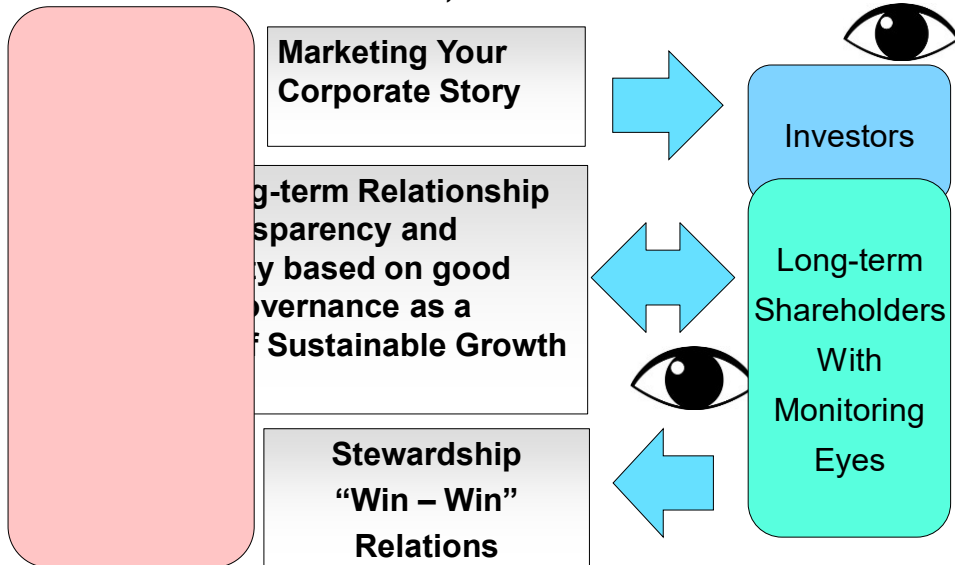
Elements of IR Communication



Branding your Country, Market, and Yourself
Integrated Process for Sustainable Value Creation

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IPO is NOT a GOAL, it's a STARTING POINT



Communicating Vision & Strategy: Shiseido's IR

ANNUAL REPORT 2015
Shiseido Company, Limited | For the year ended March 31, 2015

SHISEIDO
with you.

Source SHISEIDO

FY2015 Results: Breakdown for Increased Sales

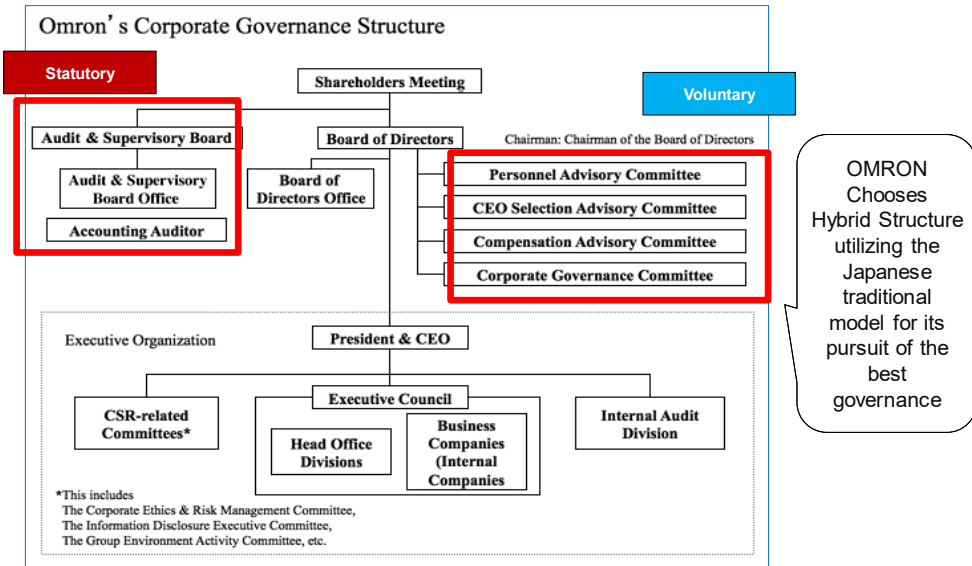
(Figure 3) Targeted Outcomes and Roadmap for VISION 2020

2015 - 2017	2018 - 2020	2020
Restructure the Business Foundation	New Strategy to Accelerate Growth	Creating the model for ensuring that Shiseido will remain vital for the next 100 years
Enhance brands	New brands (nurture/acquire)	Become a company supported and endorsed by society and consumers worldwide
Increase marketing and R&D investment	Continue investment/Achieve returns	Become a company that is full of energy for growth
Organizational/Personnel systems reform	Build global system	Become a company that is brimming with proactiveness
Strengthen China, Asia, TR* and EC businesses	Establish business in emerging countries/new areas	Become a company that is a topic of conversation around the world
Generate ¥30-40 billion from Groupwide structural reforms to fund investment	Review and revise business models	Become a company that young people adore
		Become a company that is a blend of diverse cultures

* Basic Retail

SHISEIDO ANNUAL REPORT 2015

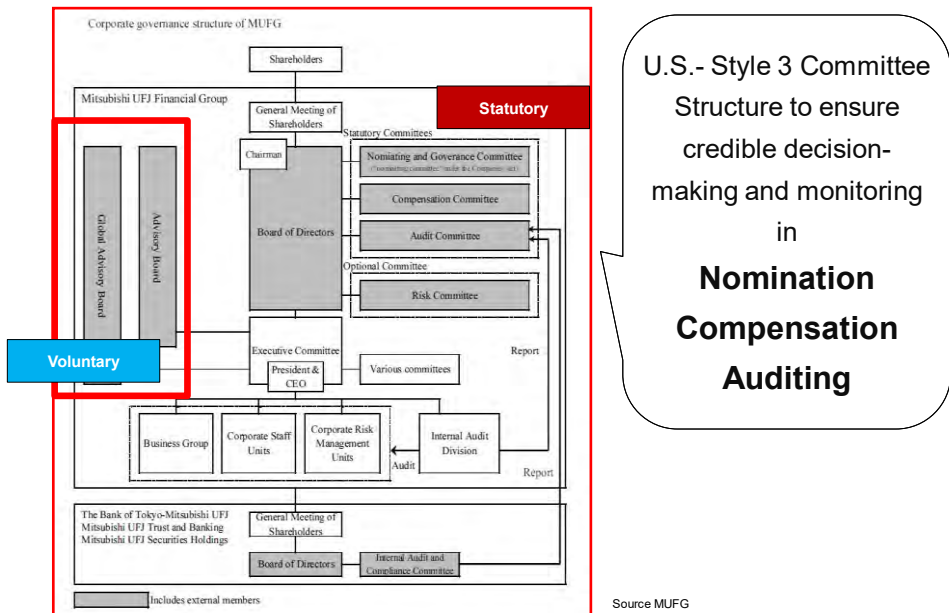
CG Structure in Japan: Case of OMRON



Source OMRON

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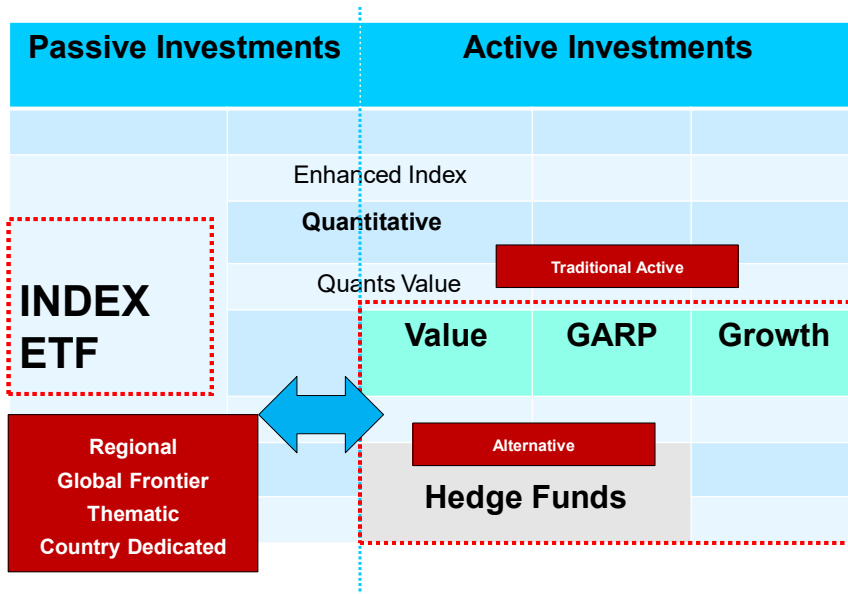
CG Structure in Japan: Case of MUFG



Source MUFG

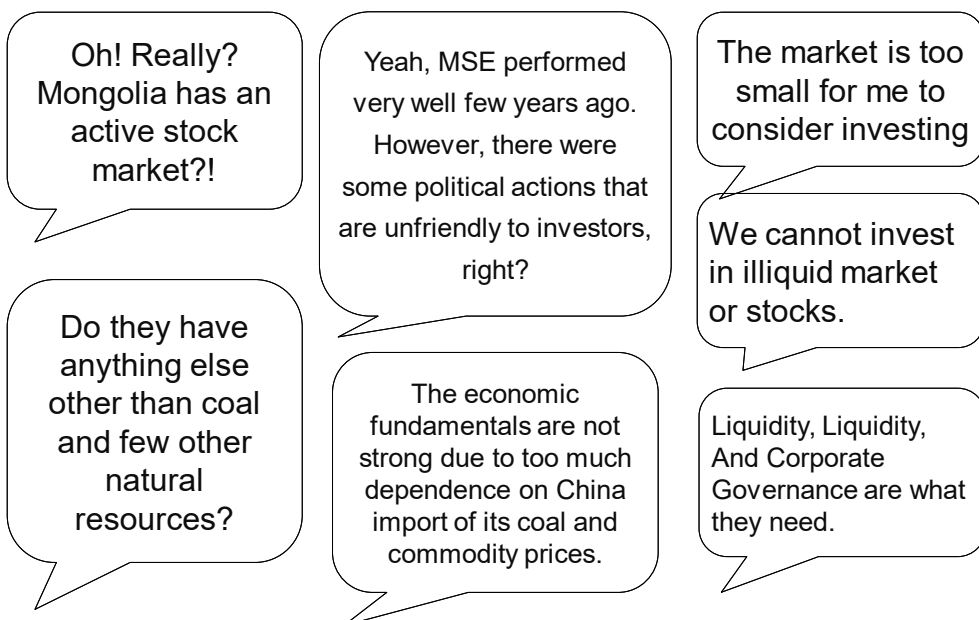
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Professional Investors' Universe & Investment Styles



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Global Investors' Perception on Mongolian Stock Market



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Frontier Market Index Opportunities

iShares MSCI Frontier 100 Index fund: Top 30 holdings

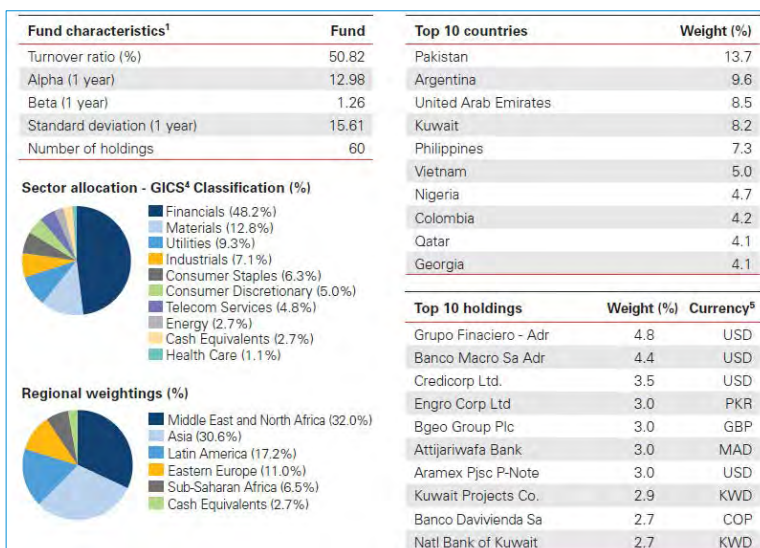
	Ticker	Name	Weight (%)	Market Value	Sector	Exchange	Country
1	1BK	NATIONAL BANK OF KUWAIT S.A.K.	7.0917	\$29,639,295	Financials	Kuwait Stock Exchange	Kuwait
2	2KFN	KUWAIT FINANCE HOUSE K.S.C.	4.9568	\$19,207,729	Financials	Kuwait Stock Exchange	Kuwait
3	3YPF	YPF S.A. ADS	3.4838	\$14,580,957	Energy	New York Stock Exchange Inc.	Argentina
4	4ZAN	MOBILE TELECOMMUNICATIONS CO. (MTC)	3.4472	\$14,407,485	Telecommunication Services	Kuwait Stock Exchange	Kuwait
5	5BMA	BANCO MACRO ADR REPRESENTING TEN S	2.7912	\$11,665,769	Financials	New York Stock Exchange Inc.	Argentina
6	6GGAL	GRUPO FINANCIERO GALICIA S.A. ADS	2.7676	\$11,567,073	Financials	NASDAQ	Argentina
7	7AM	MAROC TELECOM	2.6037	\$10,881,995	Telecommunication Services	Casablanca Stock Exchange	Morocco
8	8NB	NIGERIAN BREWERIES	2.3969	\$10,017,766	Consumer Staples	Nigerian Stock Exchange	Nigeria
9	9SAFARIC	SAFARICOM LTD.	2.1458	\$8,968,334	Telecommunication Services	Nairobi Stock Exchange	Kenya
10	10OTEL	OMAN TELECOMMUNICATIONS	1.9671	\$8,221,327	Telecommunication Services	Muscat Securities Market	Oman
11	11TEO	TELECOM ARGENTINA ADR REPRESENTING	1.8415	\$7,696,495	Telecommunication Services	New York Stock Exchange Inc.	Argentina
12	12ATW	ATTIJARIWAFI BANK SA	1.8331	\$7,661,158	Financials	Casablanca Stock Exchange	Morocco
13	13OTB	GUARANTY TRUST BANK PLC	1.8245	\$7,625,342	Financials	Nigerian Stock Exchange	Nigeria
14	14TLV	BANCA TRANSILVANIA SA	1.7530	\$7,248,119	Financials	Spot Regulated Market - Bvb	Romania
15	15KMG	KAZMINNAGAS EP JSC - GDR	1.8348	\$6,832,554	Energy	London Stock Exchange	Kazakhstan
16	16SGURPHARMA	SQUARE PHARMACEUTICALS LTD	1.6221	\$6,779,398	Health Care	Dhaka Stock Exchange Ltd	Bangladesh
17	17ZENTH	ZENTH BANK PLC	1.5323	\$6,404,114	Financials	Nigerian Stock Exchange	Nigeria
18	18EABL	EAST AFR BREWERS LTD	1.5178	\$6,343,378	Consumer Staples	Nairobi Stock Exchange	Kenya
19	19VIC	VINGROUP JOINT STOCK COMPANY	1.4948	\$6,247,278	Financials	Hochiminh Stock Exchange	Vietnam
20	20BKMB	BANK MUSCAT	1.4438	\$6,033,564	Financials	Muscat Securities Market	Oman
21	21MADANEE	MADANEE CO. S.A.K.C.	1.3973	\$5,797,594	Financials	Kuwait Stock Exchange	Kuwait
22	22HBL	HABB BANK LTD.	1.3824	\$5,777,718	Financials	Karachi Stock Exchange (Guarantee) Limited	Pakistan
23	23NESTLE	NESTLE FOODS PLC	1.3576	\$5,675,300	Consumer Staples	Nigerian Stock Exchange	Nigeria
24	24MCB	MOB BANK LTD.	1.2963	\$5,417,926	Financials	Karachi Stock Exchange (Guarantee) Limited	Pakistan
25	25PAM	PAMPA ENERGIA S.A. ADS	1.289	\$5,370,688	Utilities	New York Stock Exchange Inc.	Argentina
26	26JHN0000	JOHN KEELLS HOLDING PLC	1.2214	\$5,105,009	Industrials	Colombo Stock Exchange	Sri Lanka
27	27KCBK	KENYA COMMER BANK LTD	1.1804	\$4,833,278	Financials	Nairobi Stock Exchange	Kenya
28	28MSN	MASAN GROUP CORP	1.174	\$4,906,489	Consumer Staples	Hochiminh Stock Exchange	Vietnam
29	29EBL	EQUITY BANK LTD.	1.1216	\$4,688,893	Financials	Nairobi Stock Exchange	Kenya
30	30LUCK	LUCKY CEMENT LTD	1.1057	\$4,621,287	Materials	Karachi Stock Exchange (Guarantee) Limited	Pakistan

Source <https://www.ishares.com>

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Opportunities in Frontier Market Funds (1)

HSBC Frontier Market Fund

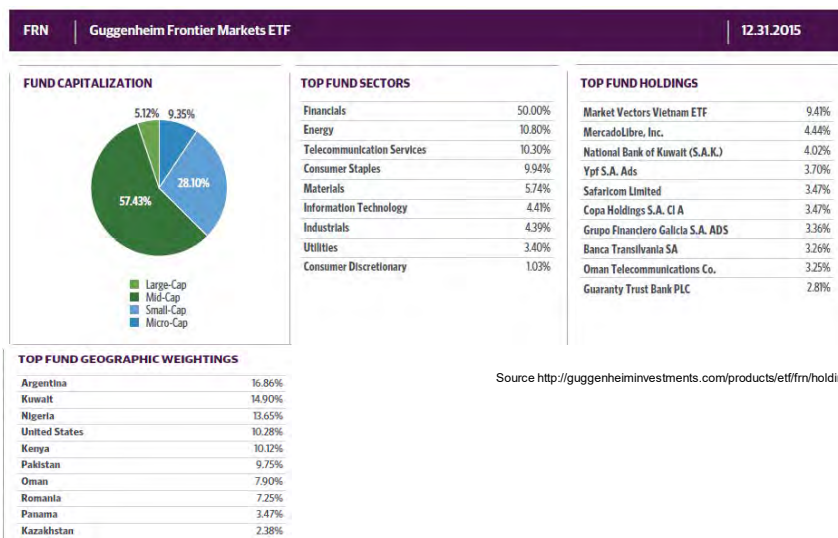


Source <https://investor.funds.us.hsbc.com/funds/f-7/hsbc-frontier-markets-fund/a/characteristics.fs>

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Opportunities in Frontier Market Funds (2)

FRN Guggenheim Frontier Markets ETF



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Global Investors' Perception on CG in 2014

Market category scores						
(%)	Total	CG Rules & Practices	Enforcement	Political & Regulatory	IGAAP	CG Culture
1. = Hong Kong	65	61	71	69	72	51
1. = Singapore	64	63	56	64	85	54
3. Japan	60	48	62	61	72	55
4. = Thailand	58	62	51	48	80	50
4. = Malaysia	58	55	47	59	85	43
6. Taiwan	56	48	47	63	75	47
7. India	54	57	46	58	57	51
8. Korea	49	46	46	45	72	34
9. China	45	42	40	44	67	34
10. = Philippines	40	40	18	42	65	33
10. = Indonesia	39	34	24	44	62	32

Source: Asian Corporate Governance Association

Japan's low score on CG Rules & Practice is not reflecting the CG code of 2015 but reflecting the lower rate of Independent Directors on Corporate boards.

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SWOT Analysis for Innovation

	Internal		External
	Mongolia	Japan	Mongolia
	Strength		Opportunity
+	<ul style="list-style-type: none"> ● Big Land & attractive landscape ● Vast Natural Resources ● History ● Talented people 	<ul style="list-style-type: none"> ● Technology ● High Quality Products ● Economic position ● History & Unique culture ● Sophisticated Cuisine ● Water, Ocean, Landscape ● Four seasons ● Diversity of industries and trade partners 	<ul style="list-style-type: none"> ● Tourism ● Agriculture ● Information Technology? ● New Silk-road? ● Friendship with Japan
	Weakness		Threat
-	<ul style="list-style-type: none"> ● Small population/domestic market ● Climate (too cold?) ● Dependence on Coal ● Insufficient infrastructure 	<ul style="list-style-type: none"> ● Lack of Natural Resources ● Low self-sufficiency in food ● D factors ● Second Language ability 	<ul style="list-style-type: none"> ● Geopolitical Risk ● Chinese economy ● Global environment ● Coal divestment

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What is Responsible Investment & ESG?

UNPRI = United Nations Principle for Responsible Investments

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.+
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.+
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.+
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.+
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.+
- Principle 6: We will each report on our activities and progress towards implementing the Principles.+

Source: UNPRI



E = Environmental

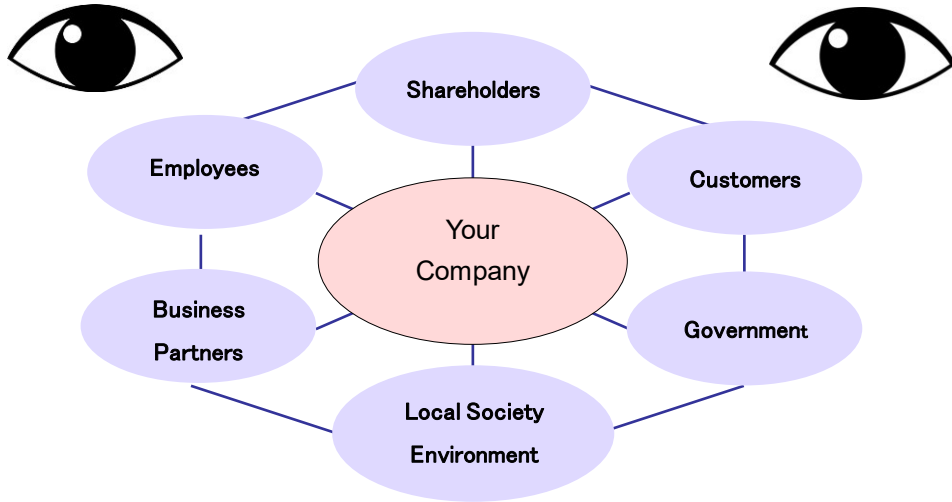


S = Social

G = Governance

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Dealing with Multi-Stakeholders



Balance for Sustainability

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Innovative Thinking for the Future Development



It is important to think about **spill-over effects** in any development projects.



Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources,



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Conclusions

- ◆ Mongolia and MSE can be “Undervalued Heavy Weight”
- ◆ MSE needs broader investor base and liquidity.
- ◆ Investor Relations and Corporate Governance may help communicating values.
- ◆ Diversification of industries and trade partners would be necessary.
- ◆ Innovative thinking is indispensable.
- ◆ Any development projects should be planned with “Spill-over Effects”.
- ◆ IPO is not a GOAL, it’s a Starting point.
- ◆ Dual Listing may help promoting foreign investments through index for broader investor base.

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Баярлалаа !!

March 18, 2016

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Tatsuya Imade
Tokyo, Japan

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Optimizing Capital Market through *Innovations* **- *Lessons from the Past & On-going Initiatives*** ***in Foreign Markets -***

March 18, 2016

Project for Capacity Building of Capital Market in Mongolia:
IPO & Dual Listing Seminar (2)

Seiji Adachi
Kanda University of International Studies
Former Chief Strategist for Asian Business, Tokyo Stock Exchange

Introduction

Expected function for Capital Market

1. As an alternative funding source other than bank loan and another saving tool for the Public
2. As an important access for emerging countries to bring fresh fund into home market from all over the World

To realize a reliable capital market, the past and on-going lessons abroad teach us the following four essential points through the position of “Innovations”

***I. Innovations in
Broadening
Investor Base***

***II. Innovations in
Privatization***

***III. Innovations in
Market Planning***

***IV. Innovations in
Utilizing
Overseas Market***

I. Innovations in Broadening Investor Base (1)

Saving for securities investment

'Million Yen Piggy Bank'

☞ A key tool in Japan during '60s (before taking-off for "rapid growth")

- Distributed this small "bank" to retail clients nationwide since 1953.
- Then, collected certain amount of money in the BOX (US\$10 equivalent) once a month to let them buy "equity investment trust", which
- Contributed to create a new concept, "**equity investment-based saving**" following traditional "bank deposit saving"



Creation of deeper and wider retail investor base brings a cornerstone of capital market in any countries

In Japan, October 4th every year is now spotlighted as "**National Investment Day**"



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I. Innovations in Broadening Investor Base (2)

Tax Incentive Measures

"NISA" Nippon (Japan) Individual Savings Account

☞ Japan's new type savings scheme launched in January 2014

- **NISA**, based on U.K.'s "*Individual Saving account, ISA*" with a simple TAX allowance for retail investors up to a 1.2 Million Yen per year
- Around 2.6 million people bought financial products through the scheme, since its launch in Jan 2014 to the end of Nov 2015
- In addition, same type named "*Junior NISA*" is to be available after April 2016 for minors (under 20 years of age)

Tax Exemption Scheme in other countries

- ◆ **France** : "*Roi Monory*" (1978)

Tax deduction and allowance up to 5,000 Franc per year

- ◆ **U.K.** : "*PEP*" - *Personal Equity Plan* (1987)
Expansively upgraded and reorganized into *ISA* (1999)
Tax exemption on capital gain and interest, up to £15,000 per year



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II. Innovations in Privatization: History in UK

“Renaissance” mind changed U.K. itself & the City

Timeline of Major Privatization in U.K. (after Thatcher’s Administration)

Year	Names of Company Privatized	Total Net Proceeds
1979	British Petroleum (BP)	276 (£ Million)
1981	British Aerospace (BAE), Cable & Wireless (C&W), BP	232
1982	Britoil, Amersham International	691
1983	Associated British Ports, BP, C&W	852
1984	British Telecom (BT) , Associated British Ports	4,347
1985	Bae, Britoil, C&W	1,347
1986	British Gas (BG)	7,731
1987	British Airways, British Airports Authority, BP, Rolls-Royce	9,045
1988	British Steel, Rover Group (British Leyland)	2,587
1989	Water Authorities	3,594
1990	Regional Electricity Companies (REC, England and Wales)	7,713
1991	BT , National Power/Power Generation, REC (Scotland)	11,759
1992	Power Generation (NI)	708
1993	BT , REC (NI)	5,338
1994	British Coal, Train Operating Companies	955
1995	National Power/Power Gen	3,642
1996	AEA Technology, British Energy, Rail track	3,316
2001	National Air Traffic Services	800
2006	BNFL, QinetiQ	3,578
2013	Royal Mail	1,980

(Source: House of Commons)

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II. Innovations in Privatization: Privatization of BT (1)

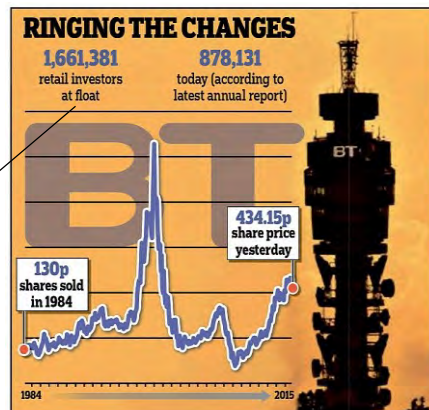
What action taken for its successful largest share sale by British Telecom (BT)?

1. Massive scale nation-wide campaign on privatization
2. Cheaper pricing scheme, partial payment, for Pos
3. Incentives for new shareholders; either through “discount” vouchers or “bonus” share after full payment

- The offering was **priced @£130/share with 3 partial payments**,
 - 1) Nov 28, 84: **£50** → Began trading @LSE on Dec 3, 84
 - 2) Jun 24, 85: **£40**
 - 3) Apr 9, 86: **£40 = £130...** but..
- Shareholders with only £50 payment were “guaranteed” to receive “full dividend” !
- No. of application become “4 times” of total offered shares (£16.6bn !)



Over 1.5 million shareholders were newly born, and lots of capital gainers were also born



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II. Innovations in Privatization: Privatization of BT (2)

- BT's privatization contributed its "restructuring" process as a profit-seeking business entity → **£4 billion pound !!** obtained by the Government
- Launched *ESOP scheme**, joined by 90% of BT employees, successfully reorganized its relationship between the Management and the Labor Union (*Employee Share Ownership Plan)

▶ 1st BT trading on Dec 3rd 1984 at the London Stock Exchange



*Fact proves !!!
Making another happy story still remained !!*



※ Returns (%*) to investors selling after

Company names	Day 1	1 yr	5 yr
BT (1st sale)	15%	84%	20%
BG	10	24	15
Power Gen (1 st)	22	29	30
National Power (1 st)	22	22	28

*Day 1: shows the gain from first day's trading on the selling price at the Exchange. All other returns reflect annualized.
(Source: David Parker, "The U.K.'s Privatization Experiment")

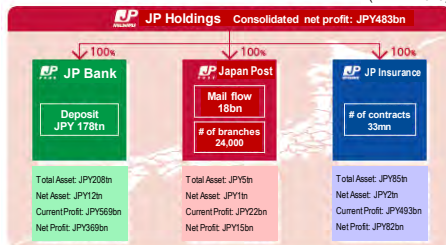
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II. Innovations in Privatization: Privatization of JP (1)

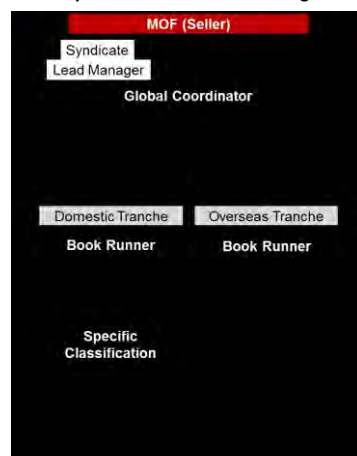
IPO by Japan Post Group (Nov 4 2015) on TSE

【 Group Outline 】

(as in FY2015)



【 Syndicate Structure for Offering 】



Source: JP Holdings

【 Far-Reaching Retail Network... 】



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II. Innovations in Privatization: Privatization of JP (2)

What action taken for its successful share sale by JP?

☞ Encouraging broader adoption of tax-free individual savings accounts

- Obtained by more than 40% of total purchase through NISA accounts at 5 major brokers and leading 5 online brokerages
- Purchased via NISA accounts totaled just over JPY200bn (US\$1.63 bn)



In total, 1.8 million new shareholders created

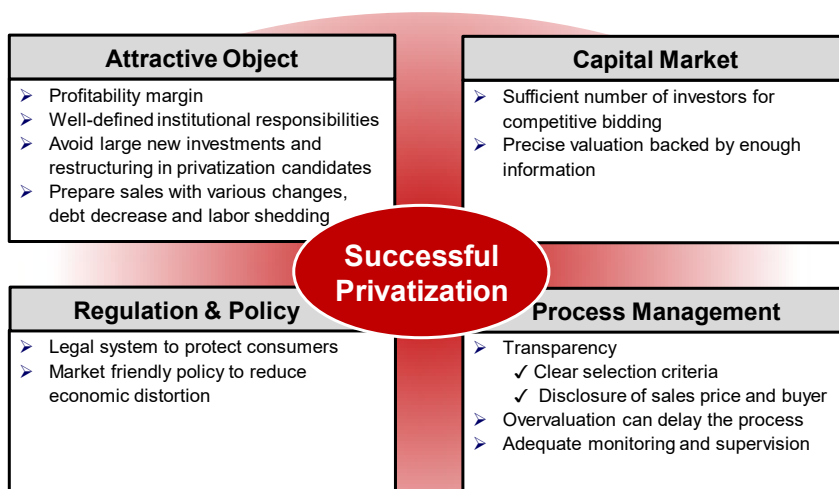
In addition, why did JP IPO successfully finish...

- (1) Feeling more secure investment supported by High-profile name as a National Postal Servicing infrastructure
- (2) Offering a higher dividend yield (2~3%) than bank deposit (ZERO) interest
- (3) Nation-wide massive scale "Share-sale" campaign by the Government (Ministry of Finance)
- (4) Joint sales campaign by leading domestic banks and brokers

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II. Innovations in Privatization: Basic Implications

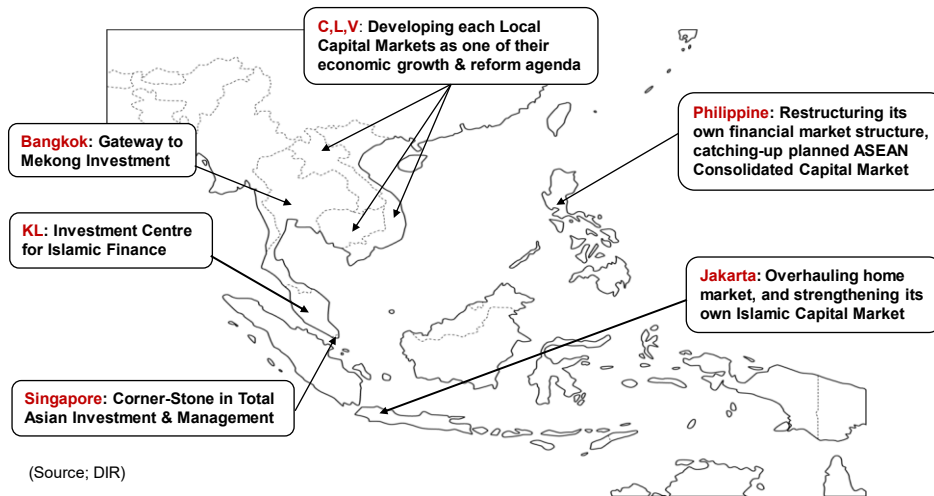
Keys for Successful Privatization



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III. **Innovations** in Market Planning: Market Integration for Economy of Scale

Moving forward as ASEAN, through avoiding a “storm in a teacup”



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III. **Innovations** in Market Planning: Laos

Blue Print for Capital Market Development (2016-25) by Laos Securities Commission

- To have all necessary conditions to facilitate companies in raising fund through capital market
- To have a mechanism & market instruments to support the reform of the enterprises
- To have comprehensive legal framework in compliance with national needs & international standards
- LSX, CSD & brokers operate their business smoothly with limited risks & can integrate with regional & global markets
- To increase the participation of public, investment base & structural balance
- Securities regulatory authority, the exchange & securities intermediaries having a certain number of staff with certain knowledge
- To enable Lao Capital Market to integrate with regional/global markets

(Source: Lao Securities Commission)

☞ Creating more functional, efficient Stock Exchange is the highest-profile issue for the Government

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III. Innovations in Market Planning: Cambodia

Financial Sector Development Strategy (2011-20) by Cambodian Government

- To deepen the development of Gov't Bond Securities market
 - Consider issuing Government Bonds
- To establish supporting infrastructure for market
 - Depository, Clearing & Settlement facility, payment system link with national base
- To overhaul/review regulatory framework & SEC structure to ensure they remain relevant to market condition
- To promote unlisted companies on financing via IPO with some tax-allowance given incentives
- To expand nation-wide educational campaign with schools to create new investor-base
- To develop collective investment schemes such as Investment Trust

(Source; Cambodia Securities Exchange)

☞ **Common concept on the Exchange, an indispensable component for home capital market development, widely accepted**

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III. Innovations in Market Planning: Strategy for Market Integration

Strategic Plan for ASEAN Consolidated Capital Market

Becoming the highest-graded flagship mission among member countries

I. Mutual Recognition Framework to Facilitate

- ✓ Cross border fund raising
- ✓ Product distribution
- ✓ Cross border investment within ASEAN
- ✓ Market access by intermediary

II. ASEAN Exchange Alliance & Governance

- ✓ Build trading linkage and setup ASEAN Board
- ✓ Enhance governance, trading efficiency & cost reduction
- ✓ Clearing depository, and settlement linkage
- ✓ Marketing and Investor education

III. Promote New Products

- ✓ Build ASEAN as an asset class
- ✓ Promote private sector led regional products development
- ✓ Promote ASEAN "star" companies under ASEAN board

IV. Strengthen Bond Markets

- ✓ Reform initiatives in Bond issuance, listing & distribution
- ✓ Design a regional strategy for rating comparability
- ✓ Improve market liquidity, and clearing & settlement of linkage

V. Align Each CMDP(*) to Support Integration

- ✓ Align national development initiatives to support cross border integration
- ✓ Adopt phased approach to liberalization to ensure domestic market alliance

VI. Reinforce ASEAN Working Process

- ✓ Establish ASEAN Coordinating Team, comprising dedicated resources from ACMF members to monitor, coordinate, report and raise issues on the implementation Plan

(*) CMDP = Capital Market Development Plan

Source: Association of Thai Securities Companies

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III. **Innovations** in Market Planning: Rationale of Market Integration

Joining the bandwagon of globalization...

- Largest pool of liquidity
 - Cost reduction (trading, settlement, disclosure & financing)
 - Risk reduction
 - Increased efficiency in capital allocation
- } **Greater variety of financing sources**



Regional future growth should be capitalized in neighboring countries



Incorporating ASEAN market development as another key for Mongolian market?
(time doesn't wait !)



Why don't you ride on the "Regional WAVE" from the South

Expected benefits by an "Integrated ASEAN Capital Market"

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IV. **Innovations** in Utilizing Overseas Market: Dual-Listing

Why is Dual-Listing focused on ???

☞ **Advantages**

- ✓ Access to larger pool of potential investors (both retail and institutional)
- ✓ Greater access to capital, particular in larger market such as Tokyo, Hong Kong
- ✓ Ability to "tap into" different markets at a different time zone
- ✓ Increased opportunities for M&A, and...
- ✓ High public profile for issuing company

☞ **Challenges**

- ✓ Initial listing cost with a "secondary" listing
- ✓ On-going costs associated with a second listing
- ✓ Increased liability given different regulatory requirements
- ✓ Increased demands on management-time commitment for IR or marketing

So, is Dual-Listing the "Best" Solution?

Need to carefully think about the plan, especially after "Listing"...

16

IV. Innovations in Utilizing Overseas Market: Other Options

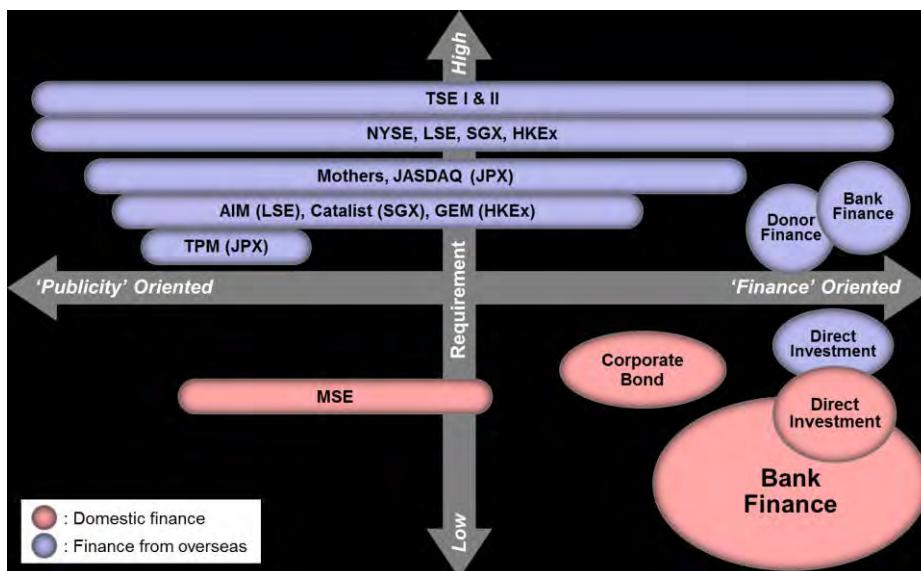
Other options offered 'globally'

- ① Via **Depository Receipts** (ADR, GDR, SDR, HDR and JDR)
 - ✓ Wider way of financing and Global presence are always key points (ex. SONY in '60s and SAMSUNG in '90s), however,
 - ✓ Cost is not far from cheap...especially on NYSE listing
- ② London's **"AIM" type IPO as an alternative option (cheaper and easier)**
 - ✓ Tokyo can be chosen (HK's GEM, SGX's Catalyst require "Primary Listing")
 - ⇒ How to avoid to be a "sleeping" listed entity after IPO
- ③ **"POWL" Public Offering without Listing" in Japan**
 - ✓ No-payable to the Exchange, but IR and periodical Roadshow required
- ④ Use of **"Class-Share" with some limited voting-rights**
 - ✓ Not so supportive by market authority, however,
 - ⇒ Targeted finance could be possible (ex. Institutional Investors only)

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Conclusion: Rome was not built in a Day....

'Reasonable' & 'realistic' planning is the most important perspective in any emerging markets



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Thank you !



Japan International Cooperation Agency

Dual Listing and Depositary Receipts

An International Comparison

12 May 2017

JICA Consultant Team

Contents

- 1. Overview: Dual Listing and Depositary Receipts (DRs)**
- 2. Global Stock Exchanges: NYSE, NASDAQ, JPX, HKEx, LSE, TMX and ASX**
- 3. Key Considerations**

1. Overview: Dual Listing

- ✓ Dual listing means listing of a stock on more than one exchange. For instance, Tokyo and London. New York and Hong Kong.
- ✓ As of today, none of the MSE-listed companies are dual listed. There are dual-listed companies with assets in Mongolia. Turquoise Hill Resources is listed on New York Stock Exchange and Toronto Stock Exchange. SouthGobi Resources is listed on Toronto Stock Exchange and Hong Kong Stock Exchange.
- ✓ There are also companies listed on three stock exchanges.

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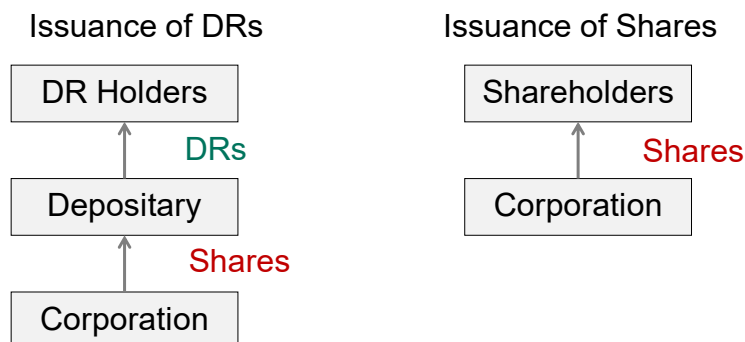
1. Overview: Dual Listing – cont.

- ✓ Advantages of a dual listing are:
 - i) possibility of raising capital overseas;
 - ii) better liquidity of your company's shares; and
 - iii) increasing brand awareness of your company in overseas.
- ✓ Major disadvantage of a dual-listing is additional costs, such as annual listing fees, disclosure and compliance costs.

4

1. Overview: Depository Receipts (DRs)

- ✓ Depository receipts (DRs) are receipts issued by a depository (mostly depository bank), representing the underlying shares of a corporation which has been deposited with the depository bank or its nominated custodian.



5

1. Overview: Depository Receipts (DRs) – cont.

Advantage for Issuers

- ✓ Regulation
 - Local regulations may discourage overseas issuance of shares or overseas share register, but the DR structure allows efficient cross border transactions
- ✓ Share size
 - DRs can be sized to fit host market practice

Advantage for Investors

- ✓ Convenience
 - No need for local registration, compliance with foreign investor regulations, currency translation, etc.

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1. Overview: Depository Receipts (DRs) – cont.

ADRs	<p>“American depository receipts”</p> <ul style="list-style-type: none"> • Used almost universally by foreign companies listing in the US • Regulations follow those applicable to securities generally • Level I: non-listed II: listed without public capital-raising III: listed with public capital-raising
GDRs	<p>“Global depository receipts”</p> <ul style="list-style-type: none"> • Used by many foreign companies listing in London or Luxembourg • Concessionary regulation – viewed as professional products and listed under minimum European regulations
Local DRs	<ul style="list-style-type: none"> • DRs listed under regimes of specific markets – Hong Kong, Japan, Taiwan, Singapore, Sweden, etc. • Regulation may be concessionary

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2. Global Stock Exchanges: Ranking by Market Capitalization

Rank	Location	Stock Exchange	US\$tn Dec16
1	US	NYSE Group	19.6
2	US	Nasdaq - US	7.8
3	Japan	Japan Exchange Group (Tokyo)	5.0
4	China	Shanghai Stock Exchange	4.1
5	EU	Euronext	3.5
6	China	Shenzhen Stock Exchange	3.2
7	Hong Kong	Hong Kong Exchanges and Clearing (HKEx)	3.2
8	UK	London Stock Exchange (LSE)	2.9
9	Canada	TMX Group (Toronto)	2.0
10	Germany	Deutsche Börse AG	1.7
11	India	BSE Limited	1.6
12	India	National Stock Exchange of India Limited	1.5
13	Switzerland	SIX Swiss Exchange	1.4
14	Australia	Australian Securities Exchange (ASX)	1.3
15	Korea	Korea Exchange	1.3

Source: World Federation of Exchanges, LSE

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2. Global Stock Exchanges: Number of Foreign Issuers

	Mar17
New York	490
NASDAQ	422
Tokyo	6
Hong Kong	101
London (LSE and AIM)	298
Toronto (TSX and TSV)	231
Australia	127

Source: NYSE, NASDAQ, JPX, HKEx, LSE, TMX, ASX

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2. Global Stock Exchanges: NYSE and NASDAQ

- ✓ NYSE and NASDAQ are the largest two stock exchanges in the world in terms of market capitalization as well as trading value.
- ✓ NYSE and NASDAQ are also the top two stock exchanges with largest number of foreign issuers. NYSE and NASDAQ has 490 and 422 foreign issuers, from 47 and 35 countries/regions, respectively.
- ✓ Many of the foreign stocks traded on NYSE and NASDAQ are American Depositary Receipts (ADRs). For instance, all of 13 NYSE-listed Japanese stocks are in the form of ADRs.

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2. Global Stock Exchanges: NYSE and NASDAQ – cont.

Number of Foreign Issuers by Headquarter Location, Mar17

NYSE	ADR	Non-ADR	Total	NASDAQ	ADR	Non-ADR	Total
Canada	-	129	129	China	32	51	83
China	48	10	58	Israel	13	70	83
UK	23	12	35	Canada	-	55	55
Brazil	24	2	26	UK	5	29	34
Bermuda	-	24	24	Ireland	5	13	18
Argentina	13	4	17	Bermuda	-	17	17
Chile	13	-	13	Switzerland	-	17	17
Japan	13	-	13	Greece	-	15	15
India	8	4	12	Netherlands	2	11	13
Israel	1	11	12	HK	3	6	9
ROW	81	67	151	ROW	42	36	78
Total	224	263	490	Total	102	320	422

Source: NYSE, NASDAQ

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2. Global Stock Exchanges: JPX (Tokyo)

- ✓ JPX is the third largest stock exchange by market capitalization, after NYSE and NASDAQ, and ranked 5th in terms of trading value.
- ✓ JPX's one of strengths is that companies can access international institutional investors as well as retail Japanese investors.
- ✓ Number of foreign issuers are less than other major global stock exchanges, with six foreign listed issuers currently.
- ✓ JPX is known to be active in international cooperation with overseas stock exchanges, especially in Asia.

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2. Global Stock Exchanges: JPX (Tokyo) – cont.

Foreign Listed Issuers on JPX

Name	Sector	Incorporation	Primary list exchange
YTL	Construction	Malaysia	Bursa Malaysia
Bank of America	Financials	US	NYSE
AIG	Financials	US	NYSE
Aflac	Financials	US	NYSE
Xinhua Holdings	IT	Cayman Islands	-
Medicinova	Pharmaceuticals	US	NASDAQ

Source: JPX

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2. Global Stock Exchanges: HKEx (Hong Kong)

- ✓ Many of HKEx-listed issuers are incorporated outside of Hong Kong and China, mainly in Cayman Islands and Bermuda.
- ✓ There are several cases for foreign consumer brands to list their shares in Hong Kong for the purpose of increasing brand awareness in the Mainland China market.

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2. Global Stock Exchanges: HKEx (Hong Kong) – cont.

Number of Issuers by Location Incorporated on HKEx, Dec16

Cayman Islands	781
Bermuda	474
British Virgin Islands	9
Singapore	9
Canada	4
UK	4
Japan	3
Jersey	3
Luxembourg	2
Italy	1
US	1
Brazil	0
Total	1,291

China	218
Hong Kong	204
US-Nasdaq stocks for trading only	6
Grand total	1,737

Source: HKEx

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2. Global Stock Exchanges: LSE (London)

✓ London (LSE) is another major global stock exchange. There are 298 foreign issuers.

✓ London is positioned as a center for issuers in Europe and Africa.

✓ There are quite a few mining stocks on LSE. There are 57 foreign issuers in the basic resources (mainly mining) sector.

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2. Global Stock Exchanges: LSE (London) – cont.

Number of Foreign Issuers on LSE, Mar17

	Basic Resources	Oil & Gas	Others	Total
Europe	14	9	68	91
British Virgin Islands	15	2	20	37
Cayman Islands	1	7	23	31
Bermuda	5	2	23	30
Australia	14	9	5	28
United States	-	2	19	21
Canada	6	7	4	17
Africa	2	2	10	14
Israel	-	-	11	11
Asia ex-Japan and China	-	1	7	8
Japan	-	-	5	5
China	-	-	3	3
Latin America	-	1	1	2
International Issuers Total	57	42	199	298

Source: LSE

17

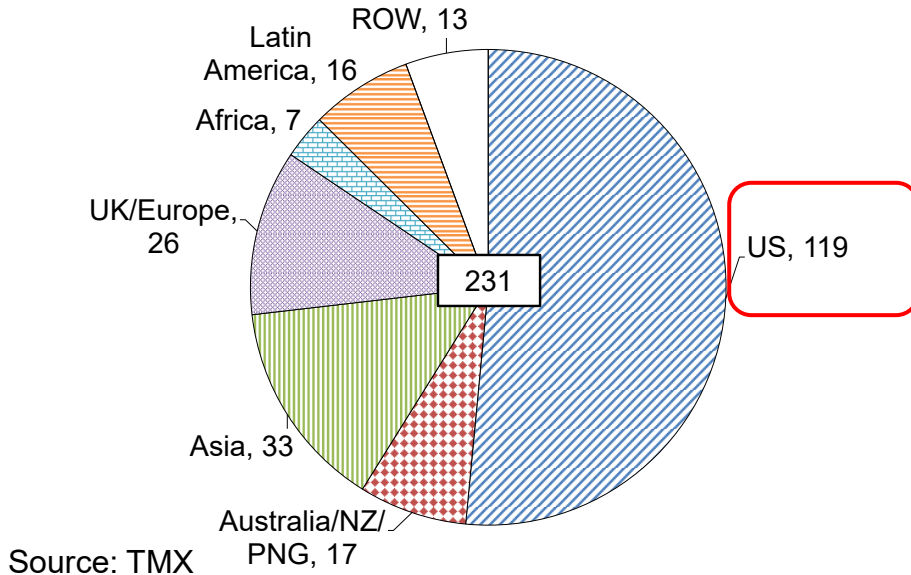
2. Global Stock Exchanges: TMX (Toronto)

- ✓ Toronto (TMX) has 231 foreign issuers, 119 out of which are US companies.
- ✓ There are also quite a few Canadian companies dual-listed on TMX and overseas exchanges.
- ✓ One of TMX's remarkable features is its large mining sector. In fact, 1,210 out of 3,128 listed issuers on TMX are mining companies. Out of the 1,210 mining stocks, 50 issuers are incorporated in overseas.

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2. Global Stock Exchanges: TMX (Toronto) – cont.

Number of Foreign Issuers by Headquarter Location on TMX, Mar17



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2. Global Stock Exchanges: TMX (Toronto) – cont.

Number of Foreign Issuers in the Mining Sector on TMX, Mar17

Canadian issuers - dual-listed	192
Foreign issuers - dual-listed	50
Canadian issuers - listed in Toronto only	968
Mining sector total	1,210

US	18
Australia	10
UK	7
China	3
South Africa	3
ROW	9
Total	50

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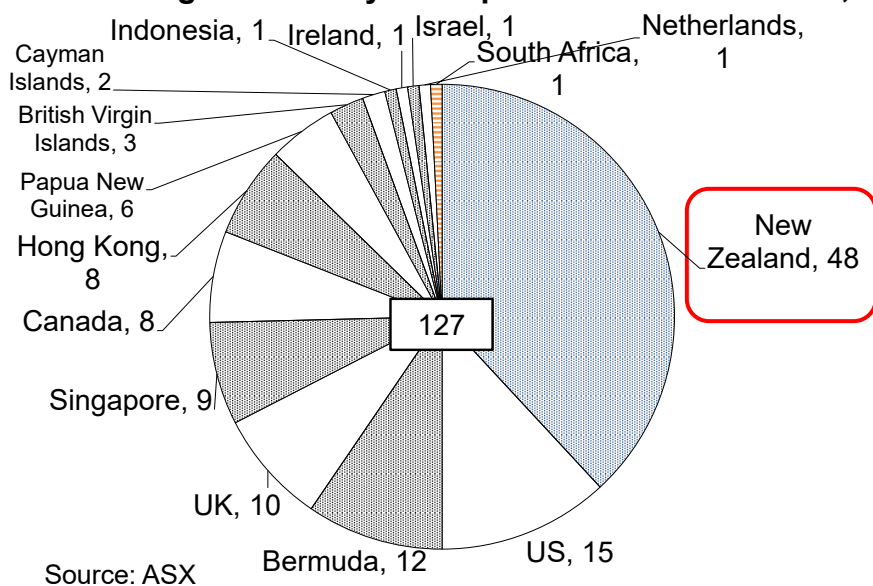
2. Global Stock Exchanges: ASX (Australia)

- ✓ Australia (ASX) has 127 foreign listed issuers, with New Zealand and US companies of 48 and 15, respectively.
- ✓ ASX is also known as a stock exchange with large exposure to the mining sector.

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2. Global Stock Exchanges: ASX (Australia) – cont.

Number of Foreign Issuers by Headquarter Location on ASX, Mar17



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3. Key Considerations

✓ When you plan a dual listing in Mongolia and overseas, or an issuance of DRs, key considerations are:

i) investor base;

ii) listing requirements;

iii) accounting standards and disclosure requirements;

iv) costs; and

v) availability of a securities company.

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3. Key Considerations: Investor Base

✓ Investor base is perhaps the first you need to think. Large-sized stock exchanges can offer bigger potential to accept your company's financing. In terms of size, the US markets are the largest, then Japan, followed by Hong Kong and London.

✓ Although they are not top stock exchanges in size, there are experienced investors in the mining sector in Toronto and Australia.

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3. Key Considerations: Listing Requirements

- ✓ Listing requirements depend on a stock exchange. Basically, the listing requirements consist of quantitative requirements and qualitative requirements.
- ✓ The qualitative requirements usually include profitability of a company for two consecutive years or longer. In other words, a company that wants to be listed to maintain profitability before listing. Typical qualitative requirements are management's ability, internal control etc.
- ✓ In certain markets, such as TMX and ASX, different requirements can be applied for companies in the mining sector.

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3. Key Considerations: Accounting and Disclosure

- ✓ Accounting and disclosure are also key factors if your company can be dual listed or issue DRs.
- ✓ Major stock exchanges require either accounting standards of their home country, International Financial Reporting Standards (IFRS) or other country's standards that can be regarded as international standards.
- ✓ With regards to disclosure, quarterly financial reports in timely manner, usually within 45 days after the end of each period, is necessary. Annual reports are requested to submit within 3 months after the end of each financial year, in most of cases.

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3. Key Considerations: Cost

✓ It is hard to compare costs by each country, given that costs are dependent on a size of a company and who is your company's partners providing professional services.

✓ Generally, initial listing fees consist of :

- Legal advice fee for an issuer
- Legal advice fee for an underwriter
- Accounting support fee
- Printing cost
- Consulting fee to an underwriter
- Underwriting commission
- Transfer agent fee
- Listing examination fee
- Initial listing fee

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3. Key Considerations: Cost

✓ Annual costs after listing:

- Legal advice fee
- Accounting support fee
- Printing cost
- Transfer agent cost
- Annual listing fee

3. Key Considerations: Securities Companies

- ✓ Dual listing and DR issuance cannot be materialized without securities companies' support.
- ✓ The most important consideration from securities companies' perspective is if your company's shares or DRs can be sold to investors.

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Summary

- ✓ Mongolian companies have two possibilities in financing overseas: Dual listing and DR issuance.
- ✓ There are several possibilities as a stock exchange to be dual-listed or issue DRs: NYSE, NASDAQ, JPX, HKEx, LSE, TMX or ASX. Each stock exchange has their own advantages.
- ✓ Which stock exchange to choose should be considered several key factors: investor base, listing requirements, accounting and disclosure, cost and availability of securities companies.

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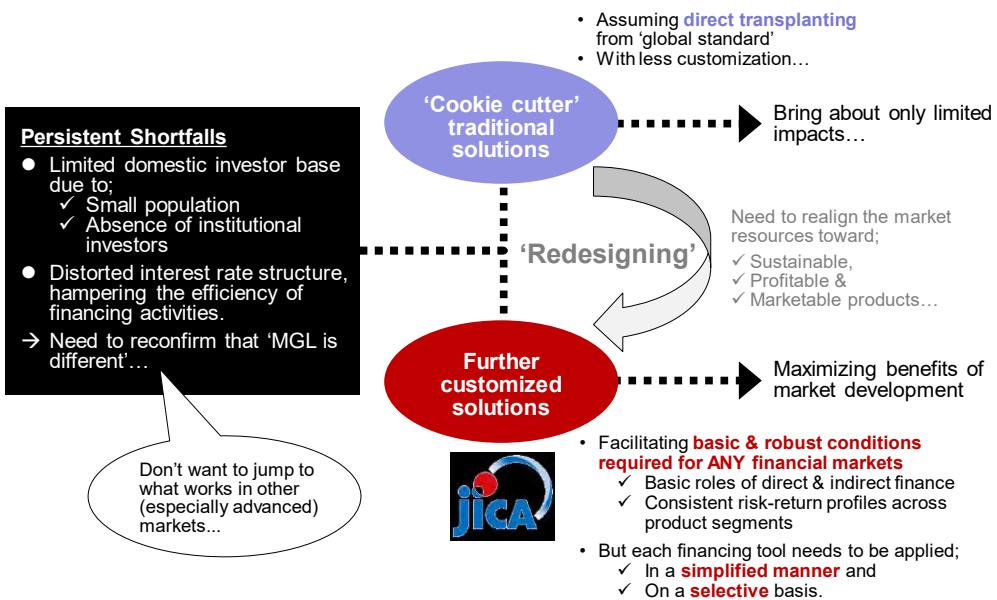
Project for Capacity Building of Capital Market in Mongolia - Redesigning Mongolian Capital Market -

May 12, 2017

Takayuki Urade
JICA Consulting Team



Why & How to Redesign?

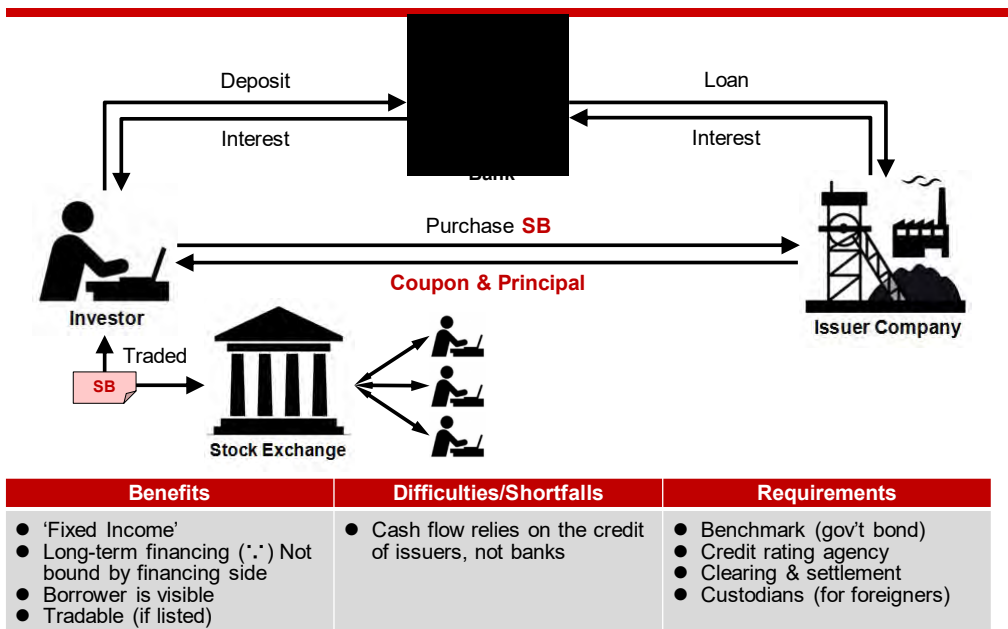


New Products/Schemes with Potentials in Mongolian Capital Market

Issuer	<ol style="list-style-type: none"> 1. Corporate (Straight) Bond (SB) 2. Convertible Bond (CB) 3. Warrant Bond (WB) 4. Depository Receipt (DR) 5. 'Carving Out' & 'Holding Company Structure' for Privatization
Investment Management	<ol style="list-style-type: none"> 6. Real Estate Investment Trust (REIT) 7. Exchange Traded Fund (ETF)
Retail Investor	<ol style="list-style-type: none"> 8. Investment Savings Account (e.g. NISA in Japan)
Intermediaries	<ol style="list-style-type: none"> 9. Syndicated 'Firm Commitment' Underwriting

3

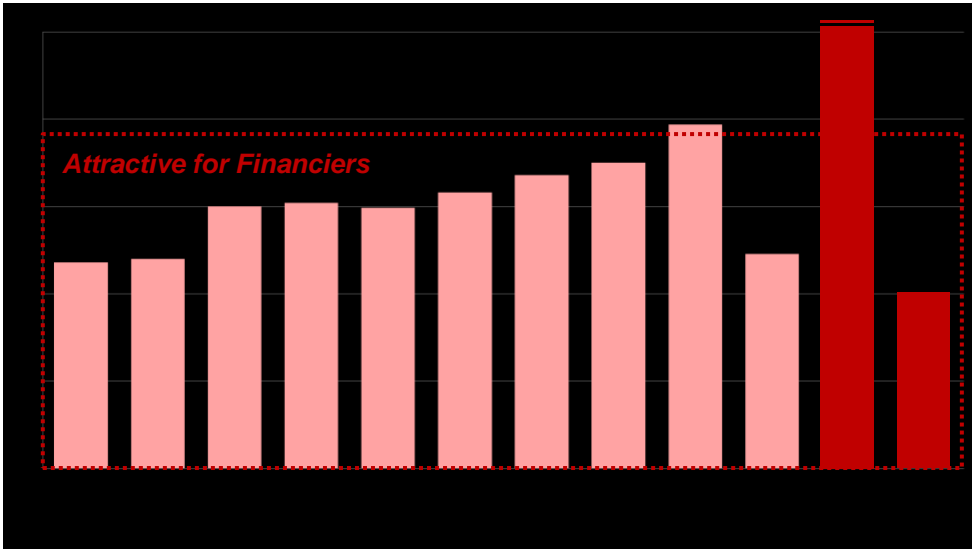
1. Corporate Straight Bond (SB) vs. Bank Loans



4

c.f. Cost of Financing

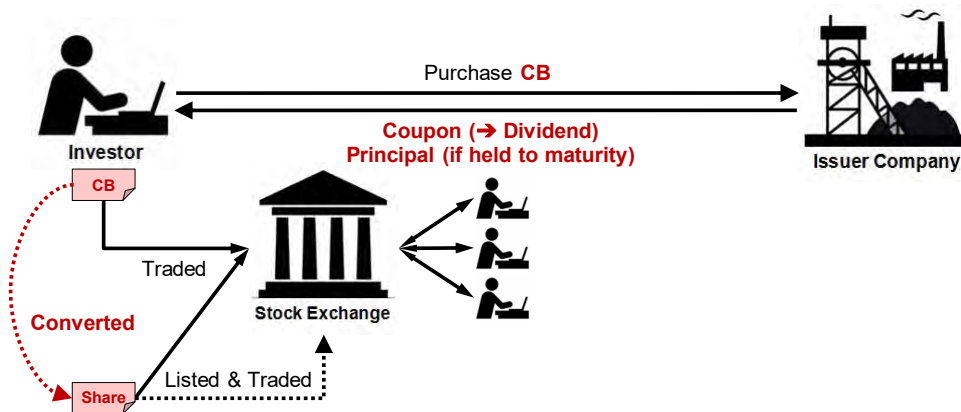
Is there a room for capital market financing?



Source: Consultant Team from the Mongol Bank and the World Bank

5

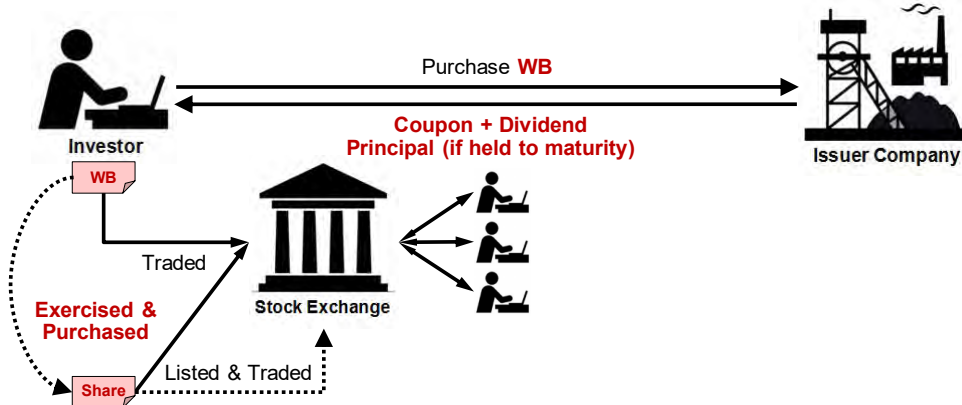
2. Convertible Bond (CB)



Benefits	Difficulties/Shortfalls	Requirements
<ul style="list-style-type: none"> Downside protection (∴) Bond Upside (capital gains) Low cost financing (under low int rate) High return (under high int rate) 	<ul style="list-style-type: none"> Generally lower coupon & liquidity < SB Compulsory conversion Repayment burden if not converted 	<ul style="list-style-type: none"> Enough knowledge on investors' side

6

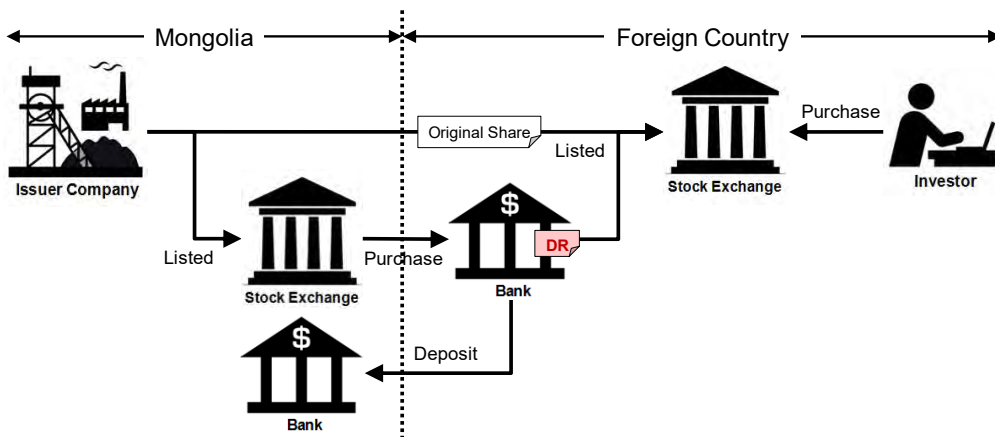
3. Warrant Bond (WB)



Benefits	Difficulties/Shortfalls	Requirements
<ul style="list-style-type: none"> Downside protection (∵) Bond Upside if shares are purchased May be able to purchase shares @discount Low cost financing (under low int rate) High return (under high int rate) 	<ul style="list-style-type: none"> Generally lower coupon & liquidity < SB Volatile price Repayment burden (∵) Debt 	<ul style="list-style-type: none"> Enough knowledge on investors' side

7

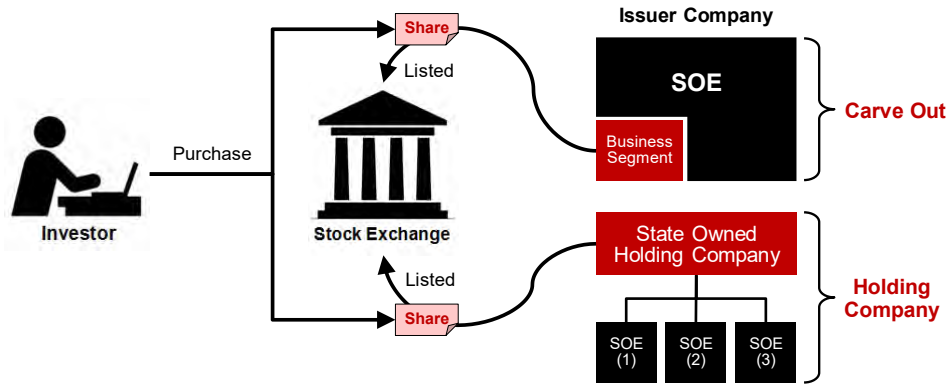
4. Overseas Financing through Depository Receipt (DR)



Benefits	Difficulties/Shortfalls	Requirements
<ul style="list-style-type: none"> Can get around the domestic regulations, settlement restrictions, etc. Liquidity can be enhanced through greater investor base Easier access to Mongolian market 	<ul style="list-style-type: none"> Transaction cost (e.g. Fees) Price can be higher than original shares 	<ul style="list-style-type: none"> Local disclosure requirements

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5. 'Carving Out' & 'Holding Company Structure' for Privatization

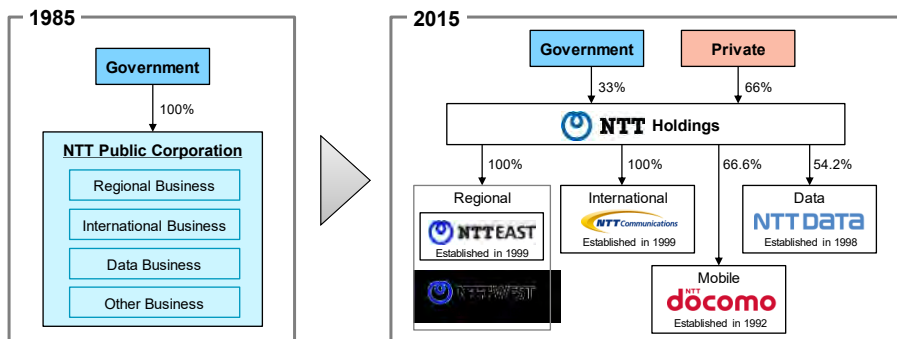


Benefits	Difficulties/Shortfalls	Requirements
<ul style="list-style-type: none"> Valuable/profitable parts can be presented to investors 	<ul style="list-style-type: none"> Complicated valuation for the holding company 	<ul style="list-style-type: none"> Real synergy necessary for holding company structure Enough time for pre-privatization restructuring Persuasive equity story for IPO

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c.f. Japanese Case (Telecom): NTT

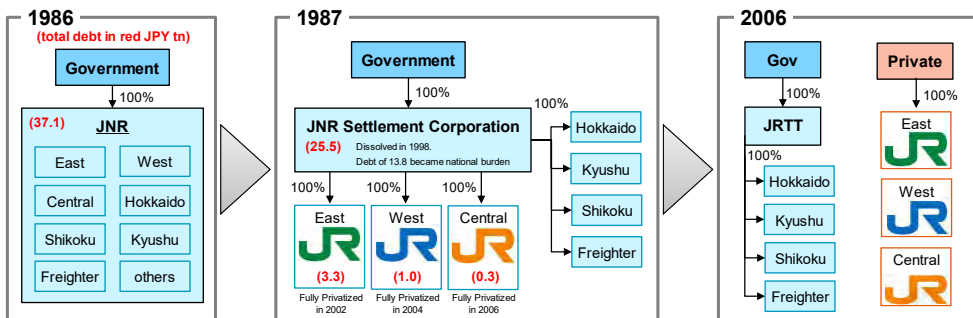
- Why privatized?
 - To enhance efficiency by ensuring management independence
 - To introduce competition through liberalizing telecom market
- Since the listing in 1987, gov't gradually sold its holdings until 2005 for JPY14tn.
- Still gov't has to hold over 1/3 of total outstanding, and foreign ownership is restricted to 1/3.



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c.f. Japanese Case (Railway): JR

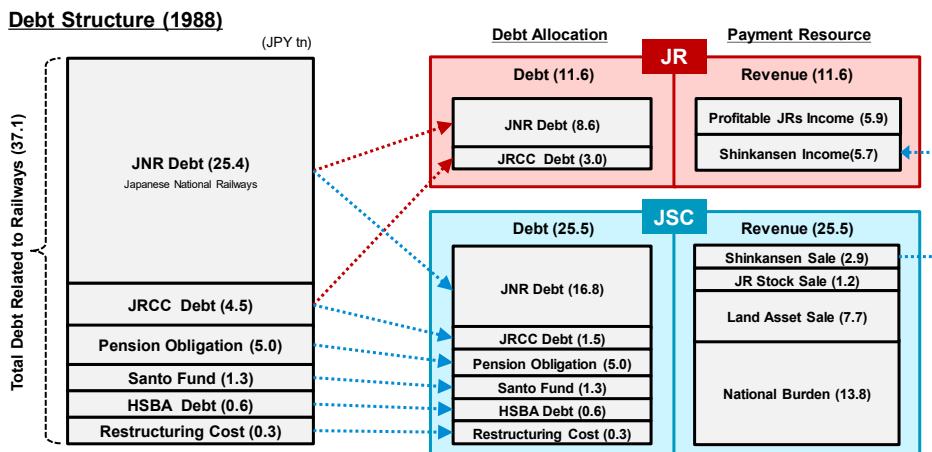
- Why privatized?
 - To reduce huge deficit of JPY 37.1tn of Japanese National Railways (JNR)
 - To optimize management policy suitable for each region
- JNR was divided into 6 regional companies and 1 freight company, of which 3 profitable companies were listed and all the shares were sold for JPY 4.0tn.
- Privatization effort has overcome extremely strong union and the operation was successfully improved with a reduction of over 30% of employees.



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c.f. Japanese Case (Railway): JNR Settlement Corporation (JSC)

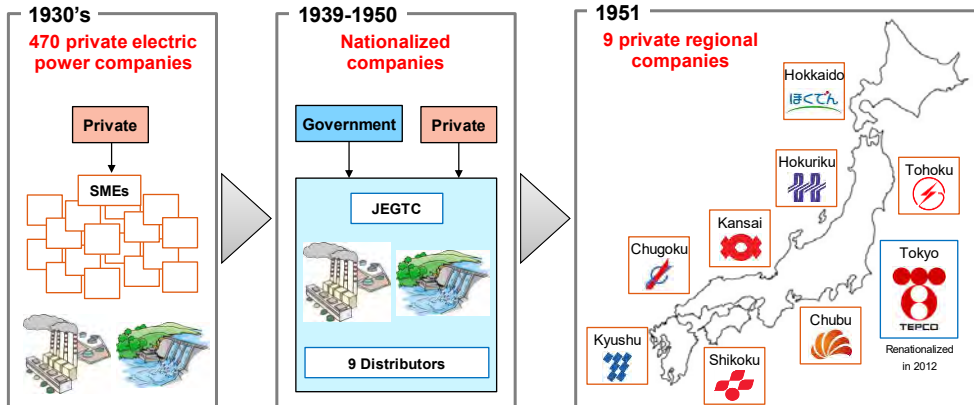
- JSC was established for restructuring B/S of JNR.
- Only profitable four JR companies took over the debt related w/own assets and JSC succeeded the rest of all debt.



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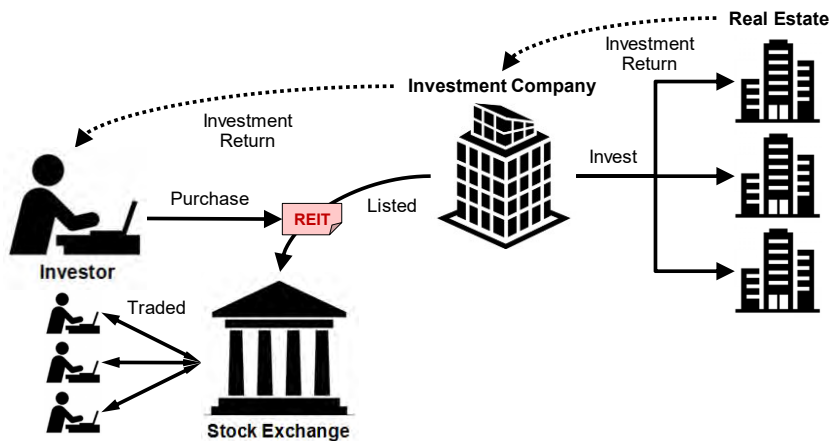
c.f. Japanese Case (Electricity): Electric Power Companies

- There were many private electric power companies before WWII.
- During the war, gov't forced to merge them into Japan Electric Generation & Transmission Co. (JEGTC) and 9 distributors under National General Mobilization Act.
- GHQ divided JEGTC into 9 regional companies in 1951, while TEPCO was renationalized in 2012 due to the nuclear accident caused by the earthquake.



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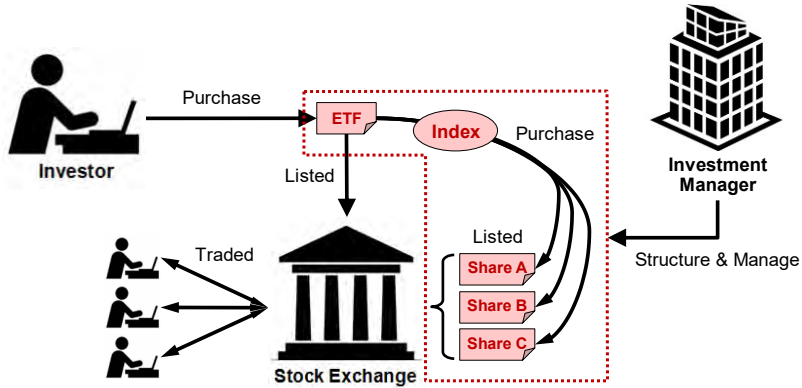
6. Real Estate Investment Trust (REIT)



Benefits	Difficulties/Shortfalls	Requirements
<ul style="list-style-type: none"> ● Address off-balance needs of asset-rich companies ● Can invest multiple real estate properties ● Real estate investment return 	<ul style="list-style-type: none"> ● Bankruptcy/delisting risk for the investment company ● Return subject to the leverage of investment company, property market performance, etc. ● Disaster risk 	<ul style="list-style-type: none"> ● Enough assets to be included

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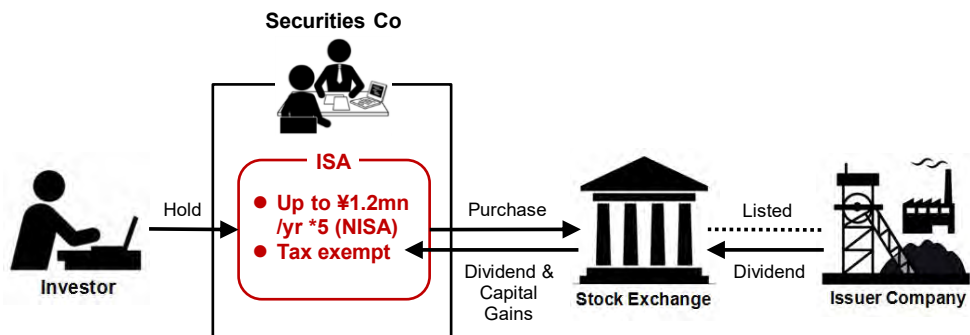
7. Exchange Traded Fund (ETF)



Benefits	Difficulties/Shortfalls	Requirements
<ul style="list-style-type: none"> • Can be traded on a real-time basis • High liquidity • Low custodian/trust fee • (∴) Traded @stock exchange • Margin trading is available 	<ul style="list-style-type: none"> • Minimum trading unit is generally larger than investment trusts • Initial fee @purchase > investment trust (usually no load) 	<ul style="list-style-type: none"> • Enough liquidity in original shares

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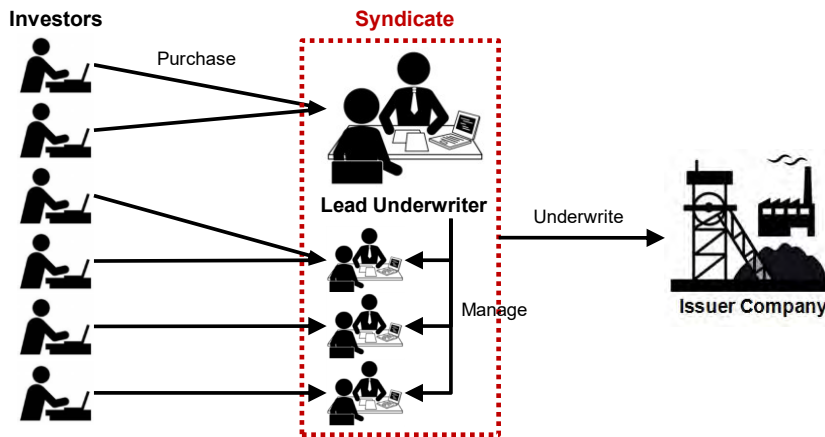
8. Investment Savings Account (e.g. NISA in Japan)



Benefits	Difficulties/Shortfalls	Requirements
<ul style="list-style-type: none"> • Tax exempt for dividends & capital gains 	<ul style="list-style-type: none"> • Profits & losses cannot be offset (NISA) • Losses cannot be carried over (-do-) • Margin trading is not available (-do-) 	<ul style="list-style-type: none"> • 1 account per person & up to ¥1.2mn/yr *5yrs (NISA)

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9. Syndicated 'Firm Commitment' Underwriting

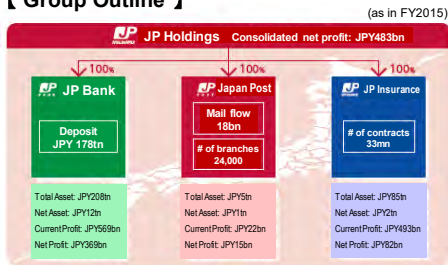


Benefits	Difficulties/Shortfalls	Requirements
<ul style="list-style-type: none"> ● Large-scale offerings are possible through diversifying selling channels ● Easier to go for firm commitment ● Lead underwriter can get management fees 	<ul style="list-style-type: none"> ● May take time for coordination ● Syndicate members have to pay management fees to the leading firm 	<ul style="list-style-type: none"> ● Specification of roles of each underwriter on underwriting agreement

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c.f. Privatization of Japan Post Group (Nov 2015)

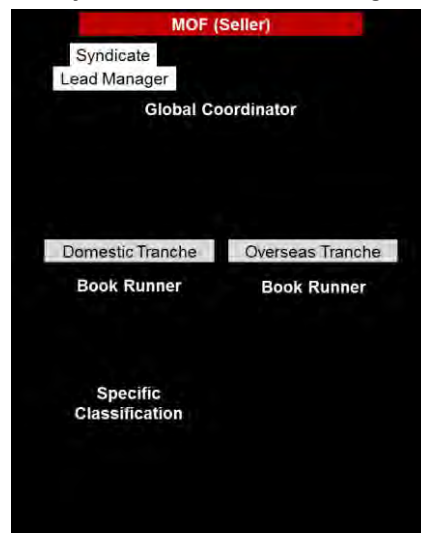
【 Group Outline 】



【 Far-Reaching Retail Network... 】



【 Syndicate Structure for Offering 】



Source: JP Holdings

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Takeaways

1

'Redesigning' = Applying 'simple solutions' on a selective basis, while ensuring the 'basic & robust framework'.

2

'Fixed income' → **'equity-linked'** products as an entry to stimulate demands for capital market products.

3

Bundling fragmented investment opportunities into a package with a simple & clear concept.

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Thank you!

For further questions, comments & suggestions, please contact:

Takayuki Urade

JICA Consulting Team
Office (Local): Training Room, 4F, FRC

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Overview of TSE Equity Market

May, 2017

Tokyo Stock Exchange, Inc.

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1. Executive Summary

2. Overview of the Japanese Market

3. Deep and Diverse Investor Base

4. Listing Requirements of Tokyo Stock Exchange



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Advantages of Listing on TSE

- **The Largest Exchange in Asia by Market Capitalization**
 - Tokyo Stock Exchange is the Asia's largest exchange with a market capitalization \$5.1 trillion as of Dec. 2016.
 - Tokyo Stock Exchange is one of the most liquid Asian Stock Exchange with an average daily trading value US\$ 26,253 million in 2016 in terms of TSE 1st Section.
- **The Huge Pool of Cash and Deposits Held by Japanese Retail Investors**
 - The huge pool of cash and deposits held by Japanese retail investors amounting to JPY 916,007 billion (As of June 2016) is seeking tools and opportunities for investment.
- **High IPO Allocation to Retail Investors**
 - More than 80% of stocks are allocated to retail investors through IPOs in Japan.
- **The Largest IPO in 2016**
 - Kyushu Railway offered JPY 416 billion, US\$ 4.16 billion in total.
- **The Largest IPO in 2015**
 - Japan Post Holdings and its two subsidiaries offered JPY 1.4 trillion, US\$ 14 billion in total.
- **Long-Term Investment by Retail Investors**
 - The risk appetite of retail investors is much different from institutional investors. They tend to hold stocks much longer than institutional investors.
- **The largest Institutional Investor**
 - The Government Pension Investment Fund, Japan (GPIF), the largest institutional investor in the world with AUM totaling almost US\$ 1.44 trillion (Dec. 2016). GPIF's investments in foreign stocks accounted for 23.1% of its entire portfolio, an amount valued at US\$331 billion¹ (Dec. 2016)

Note: 1 US\$= 100 JPY

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2



1. Executive Summary

2. Overview of the Japanese Market

3. Deep and Diverse Investor Base

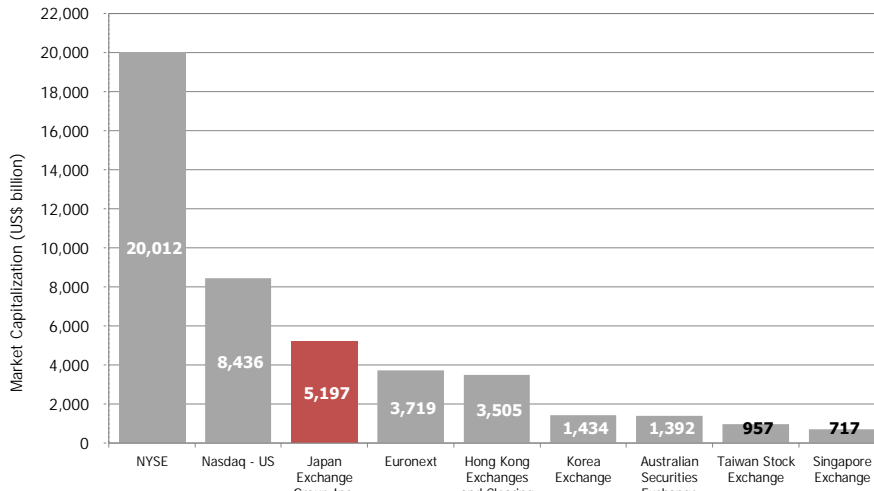
4. Listing Requirements of Tokyo Stock Exchange

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3

Market Capitalization

Tokyo Stock Exchange ranks No. 1 in Asia by market capitalization.



Source: WFE

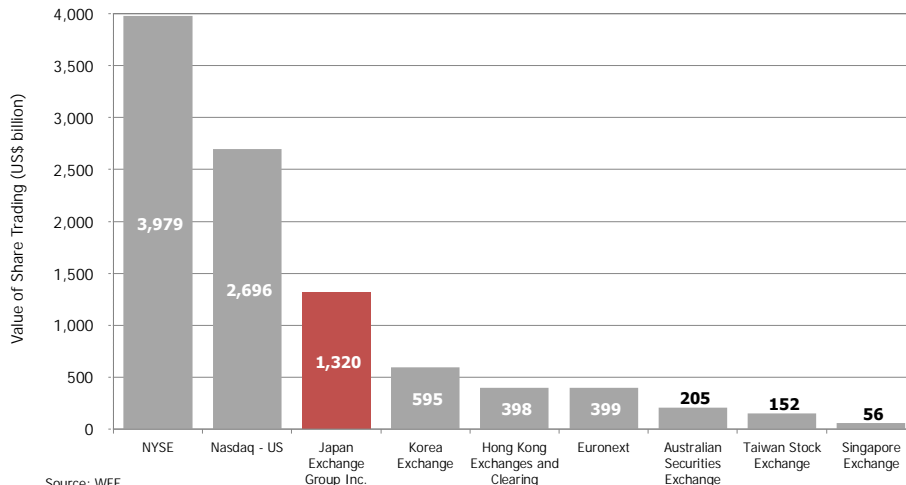
Note: Domestic market capitalization as of the end of March 2017

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4

Value of Share Trading in the World

Tokyo Stock Exchange is about 6.7 times larger than Hong Kong Exchanges by value of share trading.



Source: WFE

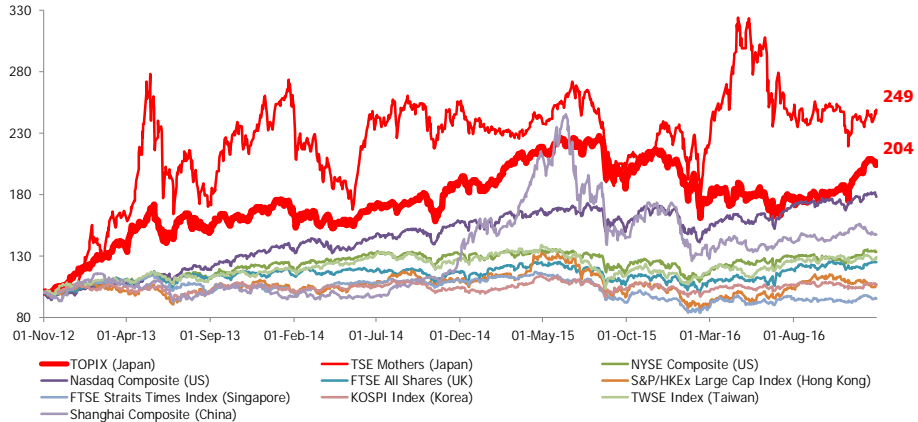
Note: Value of share trading - Electronic order book trades from January to March 2017

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5

Stock Market Index Performance

Japan has enjoyed a high performance since Mr. Abe became Prime Minister. Also Japan is free from a political risk while there are a lot of political events in Europe and the U.S.

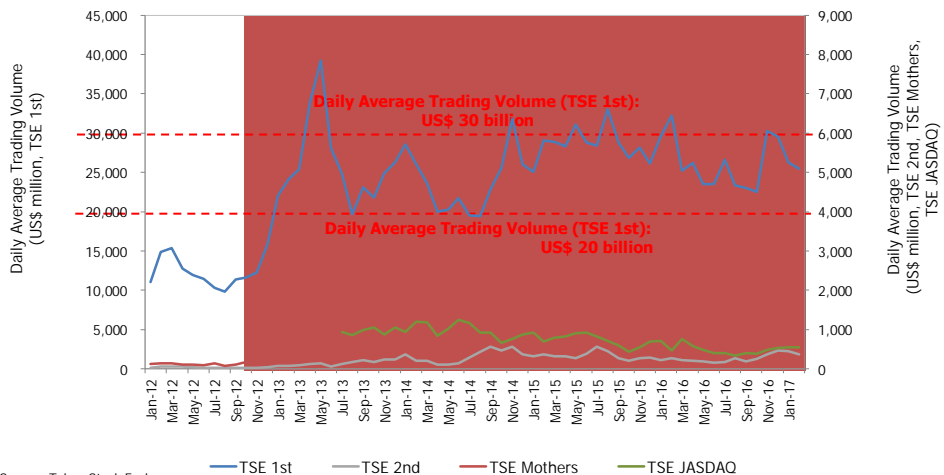


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6

Daily Average Trading Volume

Daily average trading volume has exceeded US\$ 20 billion on an ongoing basis since January 2013.

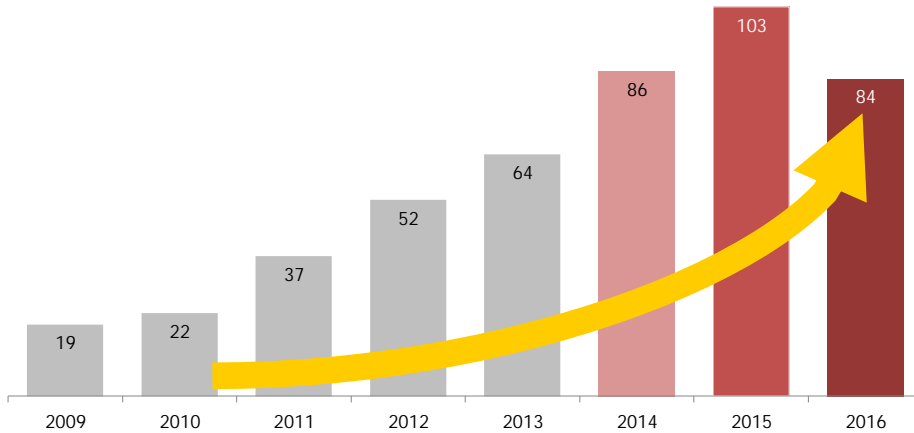


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7

Number of IPOs in Japan

Number of IPO showed that IPO activity in Japan are increasing since 2009.

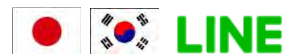


Source: TSE

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8

IPO Case Study (Dual IPO): LINE Corporation

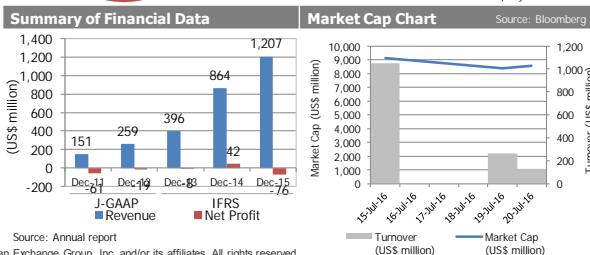
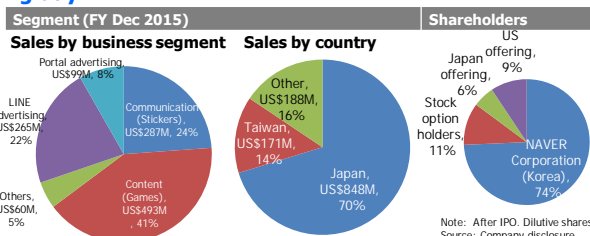


On July 15, 2016, Japanese chat app LINE Corp, a subsidiary of South Korean internet search giant NAVER, successfully completed dual IPO in Tokyo and New York. Its offering amount was US\$ 1.3 billion¹ and its market capitalization reached US\$ 10 billion¹ during Tokyo Stock Exchange's first trading day.

Company Profile/IPO summary	
Company Name	LINE Corporation [TSE 1st: 3938, NYSE: LN]
CEO	Takeshi Idezawa
Foundation	Sep. 4, 2000
IPO Date	Jul. 14, 2016 [NYSE] Jul. 15, 2016 [TSE 1st]
Underwriter	Nomura Securities
Offering Price	JPY3,300 (US\$32.84) (NYSE First Price: US\$ 42.00) (TSE 1st First Price: JPY 4,900)
IPO Amount (New Shares / Sale)	US\$1,328 million (US\$1,155 million/US\$173 million)
Market Cap (offering price/first price)	US\$6,930 million /US\$8,820 million (NYSE) US\$10,290million (TSE 1st)
WEB	http://linecorp.com/en/
Business	Source: Reuters.com

LINE Corporation is a Japan-based company mainly engaged in the operation of LINE business portal business. Its LINE business portal segment includes communication and content service and advertising service. Communication and content service provides communication, contents and other services, such as LINE Pay, LINE FRIENDS and LINE Mobile. Advertising service provides LINE advertising and portal advertising services.

Note: 1 1US\$ = 100 JPY.

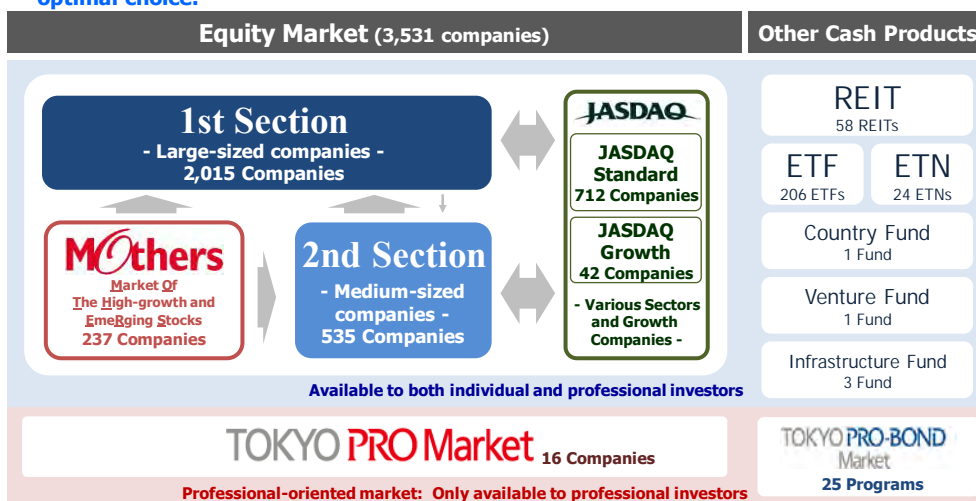


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9

Structure of TSE Cash Equity Market

JPX offers several markets with different concepts to allow companies to make an optimal choice.



Note: As of March, 2017

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IPO Companies Size in 2016

	Revenue	Net Profit	Net Asset	Market Cap (First Price)	Actual PER (First Price)	IPO Amount ²
TSE 1st [8 IPOs]	US\$ 3,779M us\$ 861M US\$ 217M	US\$ 77M us\$ 28M US\$ -4,330M	US\$ 3,057M us\$ 190M US\$ 58M	US\$ 10,289M us\$ 576M US\$ 207M	23.8x 14.8x 6.2x	US\$ 4,160M us\$ 347M US\$ 30M
TSE 2nd [5 IPOs]	US\$ 915M us\$ 307M US\$ 20M	US\$ 18M us\$ 10M US\$ 6.0M	US\$ 143M us\$ 91M US\$ 33M	US\$ 270M us\$ 116M US\$ 58M	14.7x 9.9x 7.4x	US\$ 48M us\$ 18M US\$ 13M
Mothers [54 IPOs]	US\$ 158M us\$ 20M US\$ 6.0M	US\$ 18M us\$ 1.5M US\$ -5.5M	US\$ 93M us\$ 5.3M US\$ 0.5M	US\$ 303M us\$ 79M US\$ 29M	1,665.3x 65.8x 10.4x	US\$ 283M us\$ 10M US\$ 3.0M
JASDAQ [14 IPOs]	US\$ 190M us\$ 60M US\$ 15M	US\$ 5.6M us\$ 2.0M US\$ 0.9M	US\$ 49M us\$ 13M US\$ 7.1M	US\$ 110M us\$ 40M US\$ 22M	75.0x 19.3x 6.5x	US\$ 21M us\$ 5.4M US\$ 3.5M
All [83 IPOs]	US\$ 3,779M us\$ 36M US\$ 6.0M	US\$ 77M us\$ 1.8M US\$ -4,330M	US\$ 3,057M us\$ 10M US\$ 0.5M	US\$ 10,289M us\$ 78M US\$ 16M	1,665.3x 41.0x 6.2x	US\$ 4,160M us\$ 11M US\$ 3.0M

Source: TSE

Note: 1 Excluding Tokyo Pro Market, REITs and Infrastructure Fund. US\$ = 100JPY.

2 Including Nagoya Stock Exchange's IPOs

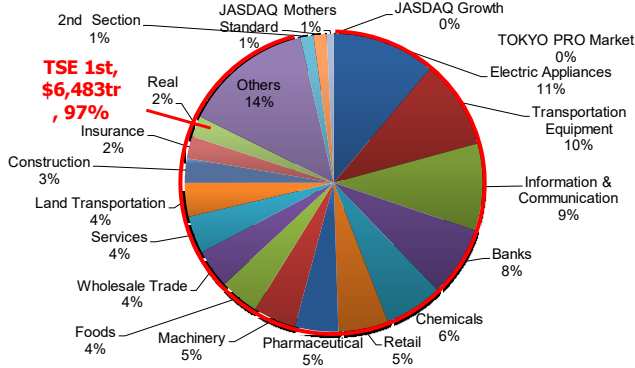
3 Total of offering and sales.

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11

Market Capitalization by Industrial Sectors in TSE 1st & Sections

**Market Capitalization
by Industrial Sectors in TSE 1st & Sections**



Source: TSE
Note: As of February 28, 2017

Million Yen		
Sector	Market Cap.	Ratio
Electric Appliances	65,488,192	11.16%
Transportation Equipment	56,391,055	9.61%
Information & Communication	55,256,468	9.41%
Banks	44,566,627	7.59%
Chemicals	37,127,795	6.32%
Retail	31,738,690	5.41%
Pharmaceutical	27,569,366	4.70%
Machinery	27,299,490	4.65%
Foods	24,916,315	4.24%
Wholesale Trade	24,577,768	4.19%
Services	23,740,228	4.04%
Land Transportation	21,519,504	3.67%
Construction	15,572,966	2.65%
Insurance	14,126,598	2.41%
Real	13,372,167	2.28%
Others	82,562,030	14.06%
2nd Section	8,410,998	1.43%
JASDAQ Standard	8,358,330	1.42%
Mothers	4,058,612	0.69%
JASDAQ Growth	333,040	0.06%
TOKYO PRO Market	37,164	0.01%

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Mining Sector

Company Name	Code	Market Division	Daily Average Value (Yen)	Market Cap. (Yen)	Dividend yield	Consolidated PER
NIPPON COKE & ENGINEERING COMPANY,LIMITED	3315	First Section	109,528,143	28,723,197,655	2.1	15.9
SHOWA SHELL SEKIYU K.K.	5002	First Section	1,771,311,442	424,710,400,800	3.37	9.8
TOA OIL COMPANY,LIMITED	5008	Second Section	23,643,445	17,047,595,000	2.91	7.4
NIPPON SEIRO CO.,LTD.	5010	Second Section	6,803,946	6,652,800,000	3.36	8.8
NICHIREKI CO.,LTD.	5011	First Section	40,541,870	28,802,533,095	8.4	10
Yushiro Chemical Industry Co.,Ltd.	5013	First Section	16,818,790	19,112,589,375	2.9	11.6
BP Castrol K.K.	5015	First Section	59,289,821	38,506,416,764	4.23	23.6
Fuji Oil Company Ltd.	5017	First Section	154,856,552	29,397,062,552	1.59	2.9
MORESCO	5018	First Section	47,403,567	16,435,600,000	2.35	9.9
Idemitsu Kosan Co.,Ltd	5019	First Section	2,346,612,492	619,200,000,000	1.29	8.8
JXTG Holdings,Inc.	5020	First Section	5,753,551,720	1,364,282,157,384	2.92	9
COSMO ENERGY HOLDINGS COMPANY,LIMITED	5021	First Section	535,061,073	162,081,211,296	2.61	4.8

Source: Quick
Note: Market Cap: As of March, 2017. Daily average value: From April to March 2017.

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Privatization

Company Name	Code	Market Division	Daily Average Value (Yen)	Market Cap. (Yen)	Dividend yield	Consolidated PER
INPEX CORPORATION	1605	First Section	6,155,829,784	1,600,513,180,200	1.64	33.2
Japan Petroleum Exploration Co.,Ltd.	1662	First Section	885,229,243	145,687,524,024	1.17	29.3
Electric Power Development Co.,Ltd.	9513	First Section	2,540,445,798	476,848,115,500	2.68	12.8
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	9432	First Section	18,366,909,013	9,962,066,521,440	2.52	12.4
NTT DOCOMO,INC.	9437	First Section	13,147,604,393	10,109,617,077,500	3.08	14.6
JAPAN TOBACCO INC.	2914	First Section	16,363,459,613	7,236,000,000,000	3.86	16.1
East Japan Railway Company	9020	First Section	9,390,806,632	3,774,920,182,600	1.34	14.1
Central Japan Railway Company	9022	First Section	8,098,043,188	3,736,840,000,000	0.71	9.8
West Japan Railway Company	9021	First Section	5,423,797,072	1,402,835,135,000	1.93	13.6
JAPAN POST HOLDINGS Co.,Ltd.	6178	First Section	3,409,455,826	6,286,500,000,000	3.57	17.9
JAPAN POST BANK Co.,Ltd.	7182	First Section	3,536,988,976	6,214,500,000,000	3.62	17.2
JAPAN POST INSURANCE Co.,Ltd.	7181	First Section	1,163,397,176	1,530,600,000,000	2.35	17.7

Source: Quick
 Note: Market Cap: As of March, 2017. Daily average value: From April to March 2017.

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Kyushu Railway Company



Company Profile/IPO summary

Company Name	Kyushu Railway Company [TSE 1st: 9142]
President	Toshihiko Aoyagi
Foundation	Apr. 1, 1987
IPO Date	Oct. 25, 2016
Underwriter	Mitsubishi UFJ Morgan Stanley
Offering Price	JPY2,600 (First Price: JPY3,100)
IPO Amount (New Shares / Sale)	US\$4,160 million (NA/US\$4,160 million)
Market Cap (offering price/first price)	US\$4,160 million /US\$4,960 million
WEB	http://www.jrkyushu.co.jp/english/index.jsp

Business

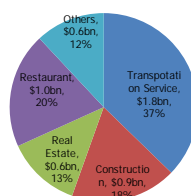
Source: Reuters.com

Kyushu Railway Company is a Japan-based company mainly engaged in transportation, construction, station buildings and real estate, distribution and food business, as well as other business around Kyushu in Japan. The Company has 4 business segments. Transportation segment operates railway business, bus business, marine business and car rental business. Construction segment operates construction business, vehicle mechanical equipment engineering business, and electrical construction business. Station Buildings and Real Estate segment engages in leasing of station buildings and other real estate, as well as sale of condominium unit and other real estate. Distribution and Food segment engages in retail industry, catering industry and agriculture industry.

Note: 1 US\$ = 100 JPY.

Business Segment (FY Mar. 2016, US\$ billion)

Revenue



Shinkansen bullet train



Commercial/Office building



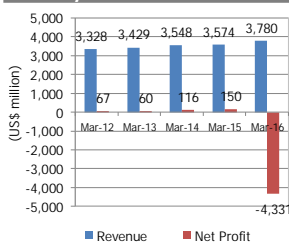
Restaurant



Hotel

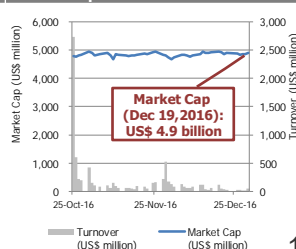


Summary of Financial Data



Market Cap Chart

Source: Bloomberg



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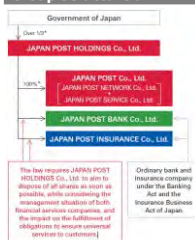
15

Japan Post Holdings Co Ltd

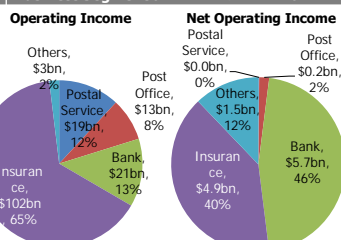


Company Profile/IPO summary	
Company Name	Japan Post Holdings Co Ltd [TSE 1st: 6178]
President/CEO	Taizo Nishimuro
Foundation	Jan. 23, 2006
IPO Date	Nov. 4, 2015
Underwriter	Nomura
Offering Price	JPY1,400 (First Price: JPY1,631)
IPO Amount (New Shares / Sale)	US\$6,930 million (NA/US\$6,930 million)
Market Cap (offering price/first price)	US\$63,000 million /US\$73,395 million
WEB	http://www.japanpost.jp/en/

Group Structure (After Oct 1, 2012)



Business Segment (FY Mar. 2015, US\$ billion)



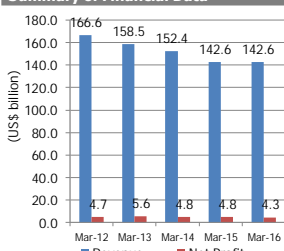
Business

Japan Post Holdings Co., Ltd. is a Japan-based company mainly engaged in postal and logistics business, financial window business, banking business and life insurance business. The Company operates five business segments. The Postal and Logistics Business segment engages in postal business, logistics business as well as other businesses. The Financial Counter Business segment engages in postal and logistics business related counter services, bank counter services, insurance counter services, product sales business, real estate business, partner financial services and other businesses. The Banking segment engages in fund management, financing, asset and liability management, fee-based businesses. The Life Insurance Business segment engages in life insurance business, work proxy and business agent services, as well as simple insurance management business. The Other segment engages in group shared business, hospital business and accommodation business.

Note: 1 US\$ = 100 JPY.

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Summary of Financial Data



Market Cap Chart



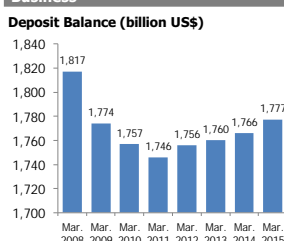
16

Japan Post Bank Co Ltd

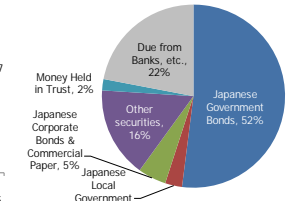


Company Profile/IPO summary	
Company Name	Japan Post Bank Co Ltd [TSE 1st: 7182]
President	Masatsugu Nagato
Foundation	Sep. 1, 2006
IPO Date	Nov. 4, 2015
Underwriter	Nomura
Offering Price	JPY1,450 (First Price: JPY1,680)
IPO Amount (New Shares / Sale)	US\$5,980 million (NA/US\$5,980 million)
Market Cap (offering price/first price)	US\$65,250 million /US\$75,600 million
WEB	http://www.jp-bank.japanpost.jp/en_index.html

Business



Asset Management Status (US\$ 2.05 trillion, FY Mar 2015)



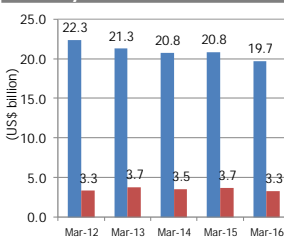
Business

Japan Post Bank Co., Ltd. is a Japan-based company mainly engaged in banking business. The Bank operates banking business segment. It primarily engages in deposit business, lending business, securities investment business, exchange business, government bonds, investment trust and counter sales of insurance products, intermediary business as well as credit card business. The Bank's main businesses include financing, asset and liability management, as well as fee-based business.

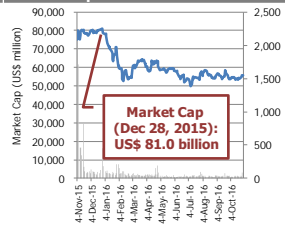
Note: 1 US\$ = 100 JPY.

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Summary of Financial Data

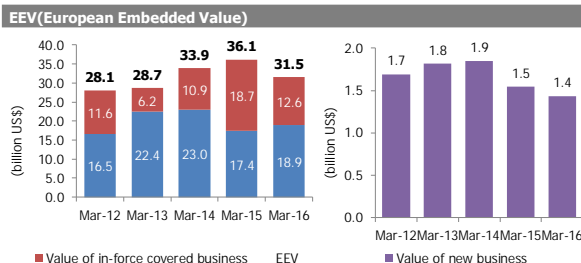


Market Cap Chart



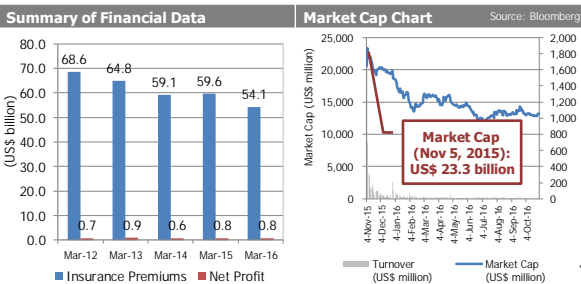
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Company Profile/IPO summary	
Company Name	Japan Post Insurance Co Ltd [TSE 1st: 7181]
President/CEO	Masami Ishii
Foundation	Oct. 1, 2007
IPO Date	Nov. 4, 2015
Underwriter	Nomura
Offering Price	JPY1,450 (First Price: JPY1,680)
IPO Amount (New Shares / Sale)	US\$1,452 million (NA/US\$1,452 million)
Market Cap (offering price/first price)	US\$13,200 million /US\$17,574 million
WEB	http://www.jp-ife.japanpost.jp/en/index.html



Business Source: Reuters.com

JAPAN POST INSURANCE Co., Ltd. is a Japan-based company principally engaged in the insurance business. The Company is engaged in the provision of insurance products, the business agency for other insurance and financial companies, as well as the simple life insurance management business which is commissioned by the management unit, among others.



Note: 1 US\$ = 100 JPY.

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1. Executive Summary
2. Overview of the Japanese Market
3. Deep and Diverse Investor Base
4. Listing Requirements of Tokyo Stock Exchange

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Deep and Diverse Investor Base

Participation by various types of investors in the TSE market creates fair and reliable valuations of its listed companies.

1 The World's Largest Institutional Investor

- Japan is the primary investment focus for the Government Pension Investment Fund, Japan (GPIF), the largest institutional investor in the world.
- Assets under management at GPIF was valued at US\$1.4 trillion¹ (Sep. 2015). GPIF's investments in foreign stocks accounted for 21.6% of its entire portfolio, an amount valued at US\$292 billion¹ (Sep. 2015).
- There are also other pension funds that manage huge amounts of funds.

2 High Net Worth Individuals

- Financial assets held by Japanese individuals stood at US\$17.0 trillion as of September 30, 2015.
- This is comparable to 3 times of Japan's GDP. This is a very high level worldwide.

3 Accessibility to Japanese Markets for International Investors

- Foreign investors are the largest players in Japan. The increase in investments by foreign investors can be seen from their trading value, which reached US\$6.8 trillion^{1, 2} in 2014.
- Globally reputable investors from many countries have shown interest in the Tokyo market. A TSE listing promises a company access to investment by international investors.

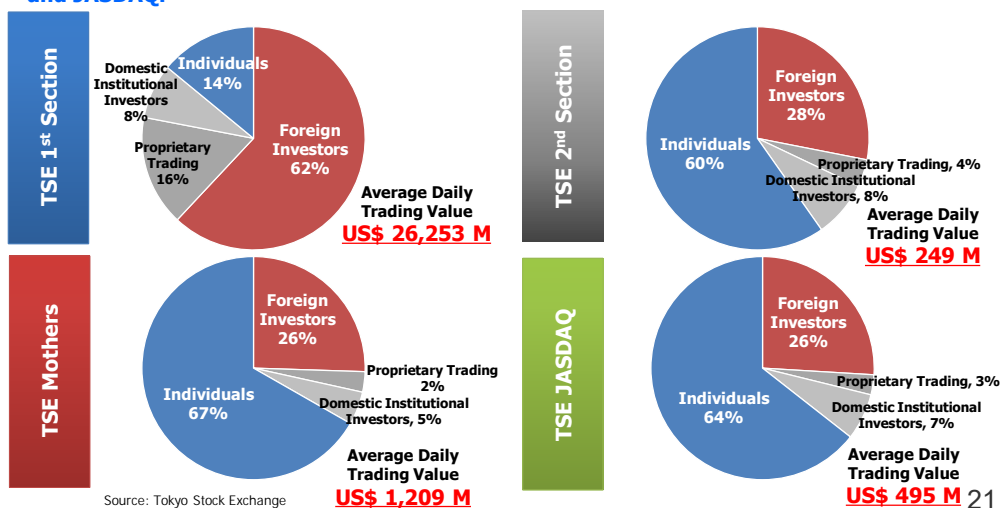
Source: GPIF web site, BOJ, World Bank
 Note: 1 US\$= 100 JPY
 2 Total amount of buy and sell

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Stock Trading Value by Investor Category (2016)

Foreign investors account for more than half of trading in the TSE 1st Section. By contrast, individual investors make up the majority in the TSE 2nd Section, Mothers, and JASDAQ.



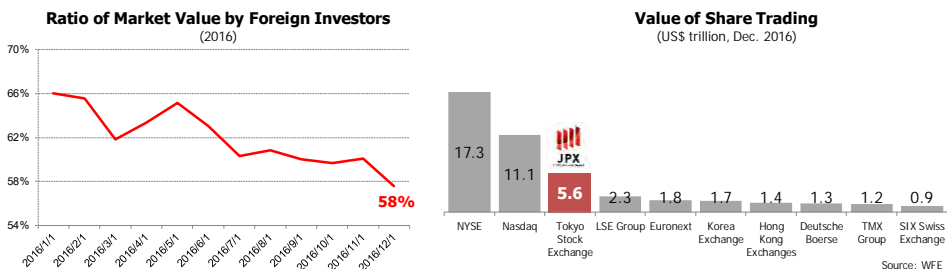
Source: Tokyo Stock Exchange
 Note: 1 US\$= 100 JPY

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International Investors

Foreign investors are the largest players in Japan. The increase of investments by foreign investors can be evidenced by their turnover and share-ownership ratio. Listing on TSE enables a company to access to international investors.



TSE is the one of the most liquid Asian Stock Exchanges.

You can list your company smoothly on the market based on your fundraising demand.

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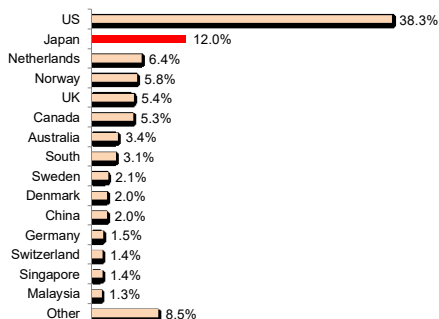
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The Largest Institutional Investor in the World

The Government Pension Investment Fund (GPIF) is the largest institutional investor in the world.

- GPIF managed investments valued at JPY134 trillion (US\$1.2 trillion) as of the end of March, 2016. GPIF's investments in foreign stocks accounted for 22% of its entire portfolio, an amount valued at JPY30 trillion (US\$296 billion) at the end of March, 2016.
- GPIF (Japan) remained at the top of the ranking, where it has been since 2002, with AUM totaling almost US\$ 1.2 trillion in 2015. This fund is 34% larger than the second fund in the ranking, the Government Pension Fund of Norway (US\$ 866 billion).

Percentage of total value of fund assets by country



Top 15 World's Largest Pension Funds

Rank	Fund	Market	Total Assets US\$m
1	Government Pension Investment	Japan	\$1,163,203
2	Government Pension Fund	Norway	\$865,943
3	Federal Retirement Thrift	U.S.	\$443,328
4	National	South Korea	\$435,405
5	ABP	Netherlands	\$384,271
6	National Social Security	China	\$294,939
7	California Public Employees	U.S.	\$285,774
8	Central Provident Fund	Singapore	\$211,373
9	Canada Pension	Canada	\$201,871
10	PFZW	Netherlands	\$186,471
11	California State Teachers	U.S.	\$181,875
12	Local Government Officials	Japan	\$176,160
13	New York State Common	U.S.	\$173,541
14	Employees Provident Fund	Malaysia	\$161,707
15	New York City Retirement	Retirement	\$155,120

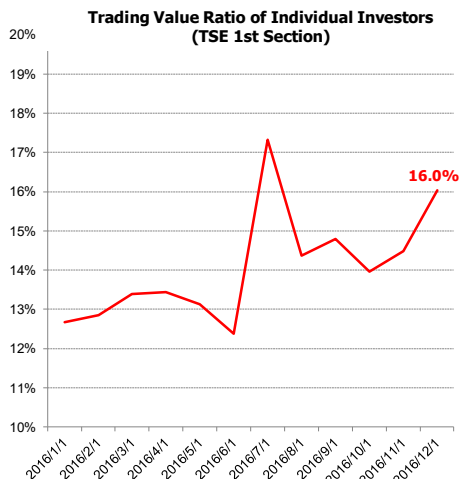
Source: Pensions & Investments / Willis Towers Watson 300 Analysis - Year end 2015

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Equity Purchase by Individual Investors

As more than 80% of stocks are allocated to retail investors through IPOs in Japan and 10% - 20% of trading value are coming from retail investors, the stock price will be valued by not only institutional investors but also individual investors.



Total amount allocated to individual investors (100 million yen)

Period	Initial Public Offerings (IPO)		
	Total Amount (A)	Approx. Individual Investor Purchases (B)	Ratio (B/A)
2013	3,739	3,310	89%
2014	7,910	6,885	87%
2015	14,585	12,339	85%
2016	6,487	5,642	87%
2013.1 - 3	548	490	89%
2013.4 - 6	167	142	85%
2013.7 - 9	2,250	1,992	89%
2013.10 - 12	774	686	89%
2014.1 - 3	3,268	2,802	86%
2014.4 - 6	621	537	86%
2014.7 - 9	321	297	93%
2014.10 - 12	3,700	3,248	88%
2015.1 - 3	349	317	91%
2015.4 - 6	656	587	89%
2015.7 - 9	890	777	87%
2015.10 - 12	12,690	10,658	84%
2016.1 - 3	437	378	86%
2016.4 - 6	936	836	89%
2016.7 - 9	904	750	83%
2016.10 - 12	4,209	3,678	87%

Source: JSDA

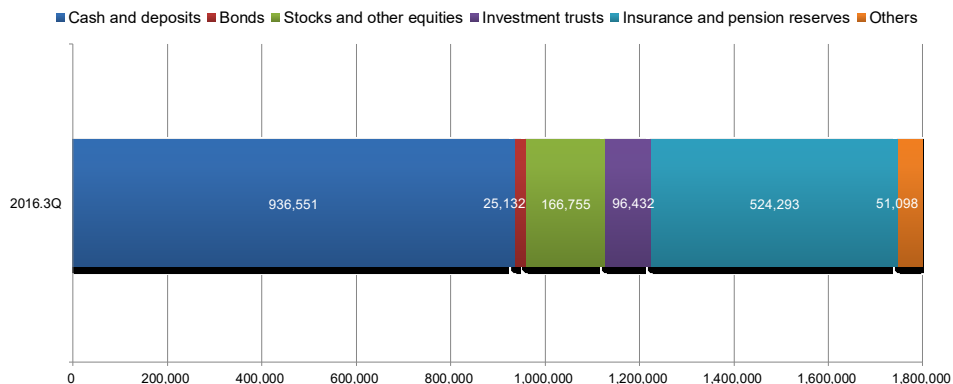
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Household Financial Assets

As household has its financial assets as cash and deposits, which account for 52%, it is seeking for opportunities of investment. The total amount of household financial assets is 18,000 billion USD.

(Billion yen)



Note: 1 US\$ = 100 JPY
Source: JSDA

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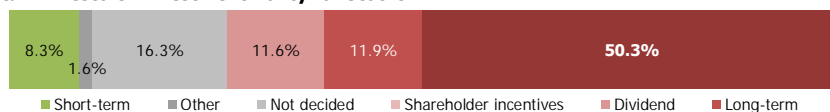
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Long-Term Investment by Retail Investors

Japanese retail investors behave in a different way from institutional investors. They have risk propensities clearly different from those of institutional investors in Europe and the US.

- The investment held by retail investors for the purpose of short-term trading was only 8% as a percentage of total investments, while long term holding was 50% and holding for dividend payment or loyalty program specific to investors was 24%.
- 51% of retail investors hold investments for the average period over 5 years while 32% hold them for the average period of 10 years or more.

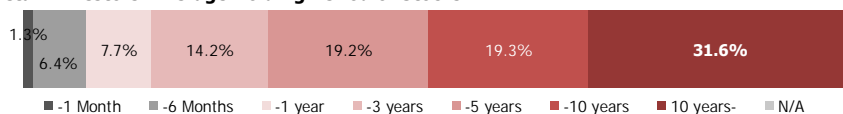
Retail Investors' Investment Policy for Stocks



■ Short-term means "Focus on gains from price increase by trading on a short term basis".

■ Long-term means "Mostly holding on a long-term basis, with possible sales at the time of price appreciation".

Retail Investors' Average Holding Period of Stocks



Source: "Survey on securities investment of individual investors" published by Japan Securities Dealers Association on September 15, 2015

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1. Executive Summary

2. Overview of the Japanese Market

3. Deep and Diverse Investor Base

4. Listing Requirements of Tokyo Stock Exchange

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Formal Requirements for Listing

In the case of dual listing on Main Market, requirements of "market capitalization of tradable shares" and "ratio of tradable shares to listed shares" do not apply for applicants.

	Main Market		Mothers	JASDAQ		TOKYO PRO Market
	1st Section	2nd Section		Standard	Growth	
Number of shareholders	2,200 or more	800 or more	200 or more	200 or more		—
Tradable shares						
Number of tradable shares	20,000 units or more	4,000 units or more	2,000 units or more	—		—
Market capitalization of tradable shares				JPY 500 million (USD 5m) or more		—
Ratio of tradable shares to listed shares				—		—
Public offering	—	—	500 trading units or more	In the case of dual listing, these requirements do not apply for applicants.		—
Market capitalization of listed shares	JPY 25 billion (USD 250m) or more	JPY 2 billion (USD 20m) or more	JPY 1 billion (USD 10m) or more			
Number of years of business operation	3 years or more		1 year or more			
Shareholders' equity	JPY 1 billion (USD 10m) or more		—	JPY 200 million (USD 2m) or more	Not negative	—
Amount of profits or Market capitalization	[Ordinary profit] Total amount of JPY500 million (USD 5m) or more in the last 2 fiscal years [Market cap] Market cap: JPY 50 billion (USD 500m) or more Sales: JPY 10 billion (USD 100m) or more		—	[Ordinary profit] JPY100 million (USD 1m) or more [Market cap] JPY5 billion (USD 50m) or more	—	—

Note: 1US\$ = 100JPY

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Overview of Listing Examination for Main Board

TSE examines the company, which meets "Formal Requirements" and conducts an examination based on the "Eligibility Requirements."

When applying TSE rules to a foreign country or a foreign corporation where the foreign country or the foreign corporation is an issuer of a listed security, TSE shall also take into account the legal systems, practices and customs in such foreign country or the country of the foreign corporation.

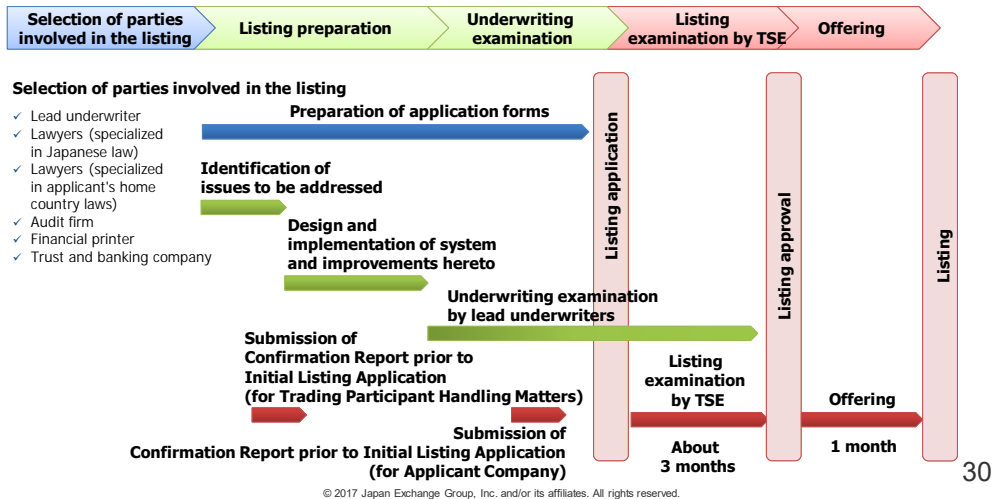
- 1 Corporate Continuity and Profitability**
 - The applicant company must conduct its business continuously and have a stable revenue base.
- 2 Sound Corporate Management**
 - The applicant company must conduct its business in a fair and honest manner.
- 3 Effective Corporate Governance and Internal Control System**
 - The applicant company has built an appropriate framework for corporate governance and internal control.
- 4 Appropriate Disclosure of Corporate Information**
 - The applicant company is capable of appropriately disclosing corporate information, etc.
- 5 Other Matters deemed necessary in light of Public Interest and Investor Protection**
 - a. Shareholders' rights and exercise of such rights are not unduly restricted.
 - b. Relationship with a parent company is deemed appropriate.
 - c. Other matters are deemed appropriate in light of public interest and investor protection.

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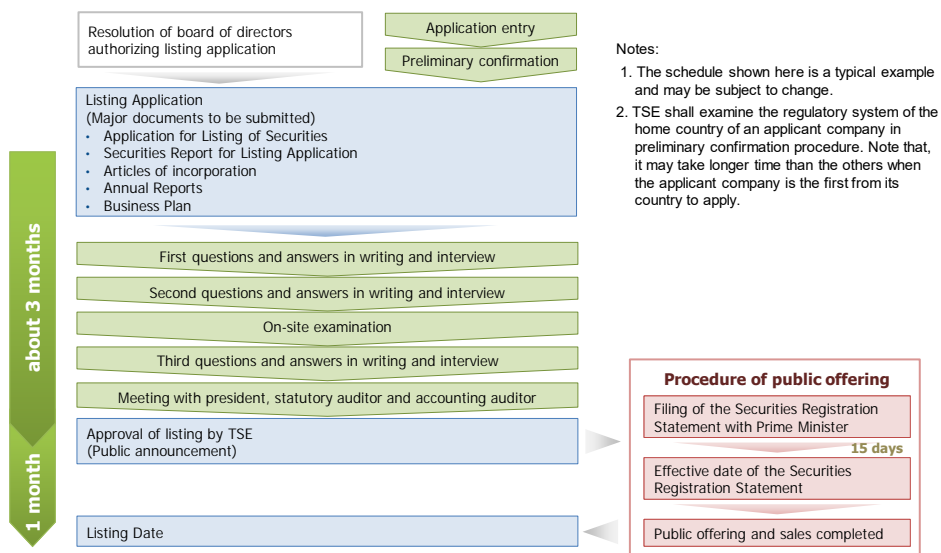
Listing Schedule

Depending on the internal systems of the company, however, it takes about one year from kick-off to listing. Note that the company needs to be audited for two business years.



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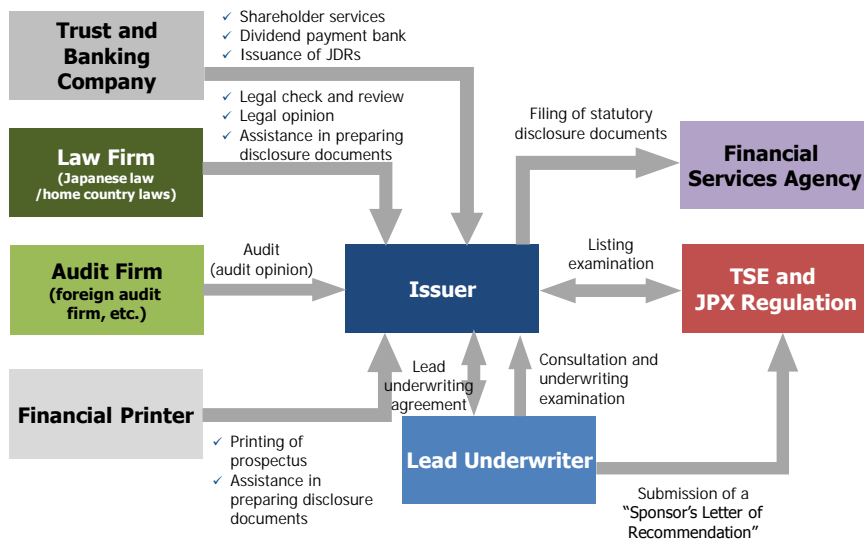
Listing Examination Schedule



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Roles of Each Party Involved in an IPO

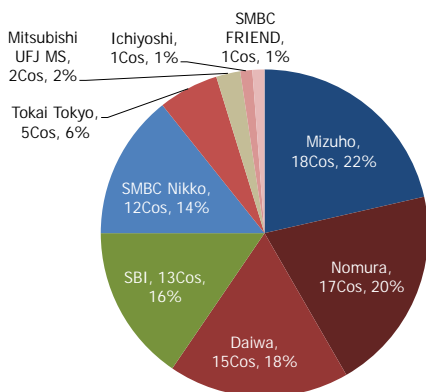


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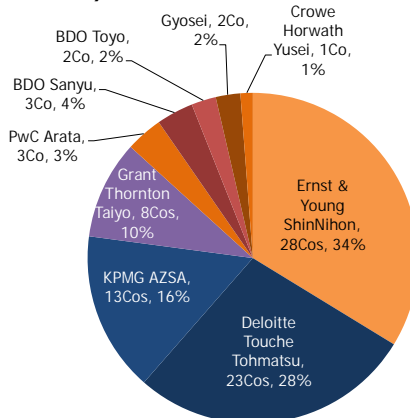
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IPOs in Japan in 2016 - Underwriters & Accounting Firms

Number of IPOs by Underwriter in Japan in 2016
(Total: 83 Cos)^{1, 2}



Number of IPOs by Accounting Firm in Japan in 2016
(Total: 83 Cos)¹



Note: 1 The data excludes Tokyo Pro Market, REITs and Infrastructure Funds.
2 Daiwa and Mitsubishi UFJ Morgan Stanley count Menicon's IPO.

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How to Activate Equity Trading - Lessons from Japanese Experiences -

October 27, 2016

Seiji Adachi
Kanda University of International Studies
Former Chief Strategist for Asian Business, Tokyo Stock Exchange

Contents

1. What Attracts Potential Investors to Equity Investment?
2. Investment Day
3. Financial Literacy & Educational Support Activities by JPX
4. Nikkei Annual Investor Relations (IR) Fair (Aug 26 & 27, 2016)
5. Shareholders' Special Benefit Plan
6. Application to Mongolian Context

1. What Attracts Potential Investors to Equity Investment?

Hypotheses

- Investment returns?
- Liquidity?
- Trust in / prestige of the company?
- Relationship with / expectation in the company?
- Other benefits?



3

2. Investment Day (1)

Outline & rationale

- Nationwide events around '**Investment Day**' (**Oct 4**) every year (since 1996)
- Main purposes:
 1. To **enhance financial literacy** of the general public, through promoting & enlightening on financial/securities markets.
 2. To **develop investors' base** as 'potential' clients in the future, through improving the 'negative image' on financial investments among public
- **JSDA**^(*) as a lead promoter, supported by **JPX & FSA**. **Regional exchanges** also cooperate for the local events.
 - (*) JSDA: An SRO with a legal status of Financial Instruments Firms Association authorized under the Financial Instruments & Exchange Act. Currently JSDA has about 500 members including securities firms, mainly broking houses & other financial institutions operating securities businesses in Japan.
- 2016: Events were held at **16** venues with **5,000** participants
(2015: 20 venues in 9 districts with 4,117 participants)

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2. Investment Day (2)

Main events

1) Tokyo Investment Forum

For disseminating info as widely as possible.
Live events also broadcasted through Internet.
Lectures & talk shows also held in Osaka.

Venue	Tokyo International Forum (nearTokyo Station)
Key Note Lecture (18:30-19:20)	'The future of Japan & how we should protect ourselves through investment' --- Motoyoshi Itoh, Hon.Prof. University of Tokyo
Guiding information (19:20-19:40)	'Attention on Investment Fraud' by JSDA staff
Panel Discussion (19:40-20:40)	'Financial Literacy could be changing Japan' Panelist: - Motoyoshi Itoh, Hon.Prof. University of Tokyo - Masumi Tsai, Macro Economist - Pack'n & Mack'n, a "Manzai" performer Moderator: Sohichiro TAHARA (Journalist)

2) NISA(*) Counters

JSDA set up 'NISA Consulting Counters' in the lobby of 16 venues for 'Investment Day' events, staffed with FPs sent by JSDA. FPs answered any questions from a neutral position & fair perspective about NISA-based equity investment.

(*) **NISA (Nippon Individual Saving Account)**: A small lot securities investment scheme exempt from taxes on dividends & capital gains, etc. to be managed in tax-free accounts.

3) Publication of Feature Articles

Summary articles of the event held in Tokyo Forum on leading national newspapers (Half a page sized advertisement on the Nikkei, Asahi & Yomiuri)

4) Dedicated Website on Investment Day

- Announcement on the events & seminars held at broking houses
- Quiz designed for the Investment Day
- Other related information

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3. Financial Literacy & Educational Support Activities by JPX

JPX, taking a leading role in investor education

1) JPX Academy

- providing information from a neutral viewpoint on macroeconomic trends, the latest theories, other subjects relevant to asset building & management.
- Participants: 5,016 (2013) → 5,100 (2014) → 7,500 (2015)



2) Outreach to schools (elementary to high school)

- Lectures for students are also available at TSE & OSE along with short tours to the facilities for feeling the dynamism of economy on-site.
- Participants: 15,300 (2015)

3) Basic lectures on economy for parents & young children (during holidays)

- Summer lecture series for parents & children at TSE (for better understanding of equity & other listed products. TSE & OSE open facilities to group & individual visitors.
- Participants : 2,600 (2015), 66,000 (up to 2015)

4) Request-based delivery of lecturing (for university or college students)

- Participants: Around 11,000 students in 190+ times (2015)

5) Joint projects with securities industry group

- 'Stock investment program' offered for students from junior high to university level, in the form of a game, to help them understand the equity market in simulation-like settings.

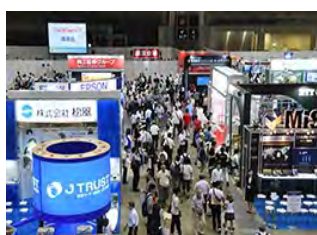
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4. Nikkei Annual Investor Relations (IR) Fair (Aug 26 & 27, 2016)

One of the largest-scale investor events in Japan

- Venue: Tokyo Big-Sight (int'l convention hall)
- Number of exhibitors (mainly listed companies): **82** (mainly mid-size ones)
- In addition, 4 leading asset management companies (including UBS Securities) & major market-info vendors also opened the booths
- Cost per booth: **¥0.8-1.2mn** (incl. posting articles on Nikkei newspaper)

	weather	# of visitors
Friday, Oct 26	Fine	7,301
Saturday, Oct 27	Cloudy	8,814
	Total	16,115



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5. Shareholders' Special Benefit Plan (1)

Outline & typical cases of airline companies

- **Traditional incentive programs** @listed companies: Given to the shareholders, who hold more than a certain number of shares to the vesting date
- Implemented at **1,100 out of 3,000** listed companies in Japan.
- In addition to the dividend, shareholders of a company are granted a variety of **'benefits' related to the products/services of the company**.
(e.g.) - Discount free air ticket
- Railway free pass
- For airline companies (e.g. JAL, ANA), considerable part of the shareholders (especially individuals) buy the shares to take advantage of such benefits usually allocated according to the number of shareholdings.



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5. Shareholders' Special Benefit Plan (2)

Wide variety of benefits provided to shareholders...

Company	Type of benefit	Minimum investment amount
AEON (Super Market)	Cash-back guarantee Voucher (Prepaid Card type)	3% cash-back for owners holding over 100 shares (=min. ¥150,000) 4% cash-back for owners holding over 400 shares 5% cash-back for owners holding over 1,000 shares 7% cash-back for owners holding over 3,000 shares
TDL (Theme Park)	1 day free passport for Tokyo Disney World	Up to once a year for owners holding over 100 shares (=min. ¥650,000) 1 every six months for owners holding 400 shares (up to 2 a year) 2 every six months for owners holding 800 shares (up to 4 a year) 3 every six months for owners holding over 1,200 shares (up to 6 a year) 5 every six months for owners holding over 2,000 share (up to 10 a year)
Kikkoman (largest soy-source maker)	Products assorted set, valued at ¥2,500, sent to every shareowner holding at least 1,000 shares	

Kikkoman sends its packaged-products set to their shareholders by the end of July every year, and tries to keep long-lasting relationship with them.



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6. Application to Mongolian Context

Creating a virtuous cycle to stimulate the interest of potential investors...

- Goal: To ensure the growth of a **nation-based economy**, through developing a **liquid stock market**
- How: 1st step is to increase potential individual investors through **organized programs**, even if it takes time.
- Why '**Financial Literacy**'?
 - In real life, no one can escape from financial matters, which even improve your QOL.
 - Need to understand finance from basics to a practical level, as '**life skills**'
 - As the level of financial knowledge improves on an individual basis, **promotion of healthy & quality financial products** becomes possible,
 - Which eventually leads to an expansion of the demand for financial assets



Every citizen of can feel secure & enjoy 'richer' life on the back of the assets held on an appropriate understanding...

A key to realizing a fair & sustainable society, which even attracts fresh investments from abroad...

'Rome was not built in a day...'

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Баярлалаа!