

# Asian Equity Markets “Strengths, Vulnerability and Future Direction”

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- Asia Banking and Finance Conference -

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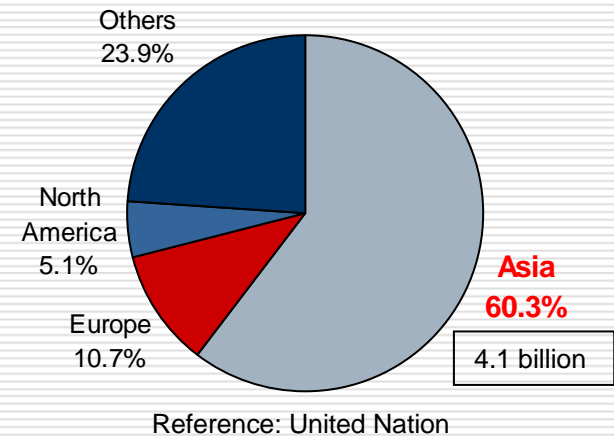
Tokyo Stock Exchange Group, Inc.



# Strengths of Asian Equity Markets

- Economic growth in today's world is supported by the strong demand from the abundant population that accounts for approximately 60.3% of the global population.
- Asian markets will be the frontline of active and continuous economic growth through shift toward the market economy.
- Asian currency crisis in 1997 placed strict regulatory oversight on financial institutions and prevented excessive risk-taking.

Share of the Global Population in 2009



Number of IPOs and Fund Raising in 2009

(number of cases)		(billion US\$)	
NYSE	35	NYSE	7.9
Nasdaq	31	Nasdaq	15.7
Hong Kong	<b>66</b>	Hong Kong	<b>31.4</b>
Shenzhen	<b>90</b>	Shanghai	<b>18.3</b>
Mumbai	<b>60</b>	Singapore	<b>14.1</b>

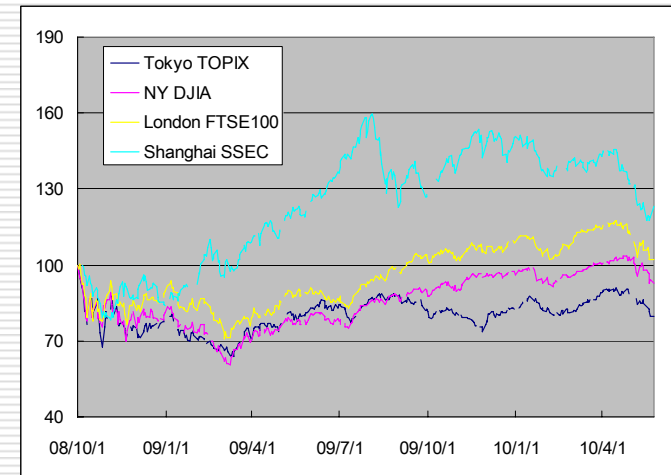
Reference: World Federation of Exchanges

# Vulnerability of Asian Equity Markets

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- ❑ Over-regulation by the government resulted in lower market efficiency. (i.e. restrictions on foreign investors)
- ❑ Increasing property prices caused by government fiscal policy and a less efficient market functions.
- ❑ Instability from inadequacies in the rules for corporate disclosure and corporate governance in many Asian countries.
- ❑ Chinese financial regulators are now required to steer out of difficulties from a volatile capital market and external factors (Greek crisis, etc.)

Comparison of Major Stock Price Indexes



# Future Direction of Asian Equity Markets

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- ❑ Higher education has become more important in Asia. Education is viewed as an investment for the future.
- ❑ Continued expansion of Asian securities market. Obstacles may disappear and Asia will establish itself as a vital global financial center.
- ❑ Japan will support Asian financial markets with knowledge and experience. It will contribute advanced technology and environmental know-how internationally.



# TSE's Recent Initiatives

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- New cash-market trading system “**arrowhead**” launched January 2010.

- Order response time of 2 milliseconds
- Technology that can benefit other Asian financial markets



- “**TOKYO AIM**” established June 2009.

- Joint venture with the London Stock Exchange
- Goal to provide risk money to Asian growth companies



- TSE is pursuing better **corporate governance** of listed companies.

- Can contribute knowledge and experience to Asian financial markets, particularly with understanding of Asian corporate culture

- TSE is dedicated to the future prosperity of Asia and its contribution to the world economy.
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Thank you for your attention !

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