

*The speed of business is accelerating.
The volume of information is mounting.
And the role of XBRL is more critical than ever.*

XBRL XXV
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TO THE NEXT LEVEL OF BUSINESS REPORTING. AND BEYOND.

Academic Track:04 Academic Developments

**New EDINET taxonomy creates new
transparency for market, XBRL of
material fact for investors**

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Contents for Today's session

- Material Fact for investors
- Why is "Material Fact" important for investors?
- Disclosure rules for "Material fact" in Japan
- Plan for Next Generation EDINET
- What will we be able to achieve?
- Other possibilities for exploring use of corporate action information
- For Global investors....
- What's the Next Step?

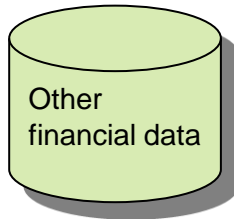
About Nomura Research Institute ;

A research institute which is a member of a group companies in financial sectors. Nomura security broker was a parent company before we went to public Tokyo Stock Exchange. Our department is providing information and system solution for mainly asset management, trust, advisory, etc.

Material Fact for investors

Selected lists
Using past financial
information

Asset
managers



Have to reset or
reconsider their
decision / plan to
invest

Asset
managers



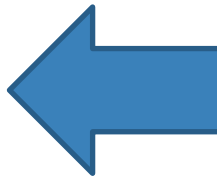
Some events (such as merger, stock splits)
make investor reset their decision / plan to
invest

Disclosure rules for "Material fact" in Japan

Article 166 of the Financial Instruments and Exchange Act (FIEA)

Material facts are classified into several categories as shown below;

- 1) Management decisions (e.g., dividend payments, equity issuance, stock splits, stock swaps, stock transfers, mergers, business divestments, spin-offs, dissolutions, etc.)
- 2) Events (e.g., disasters, changes in major shareholders' shareholding ratio)
- 3) Information on financial results



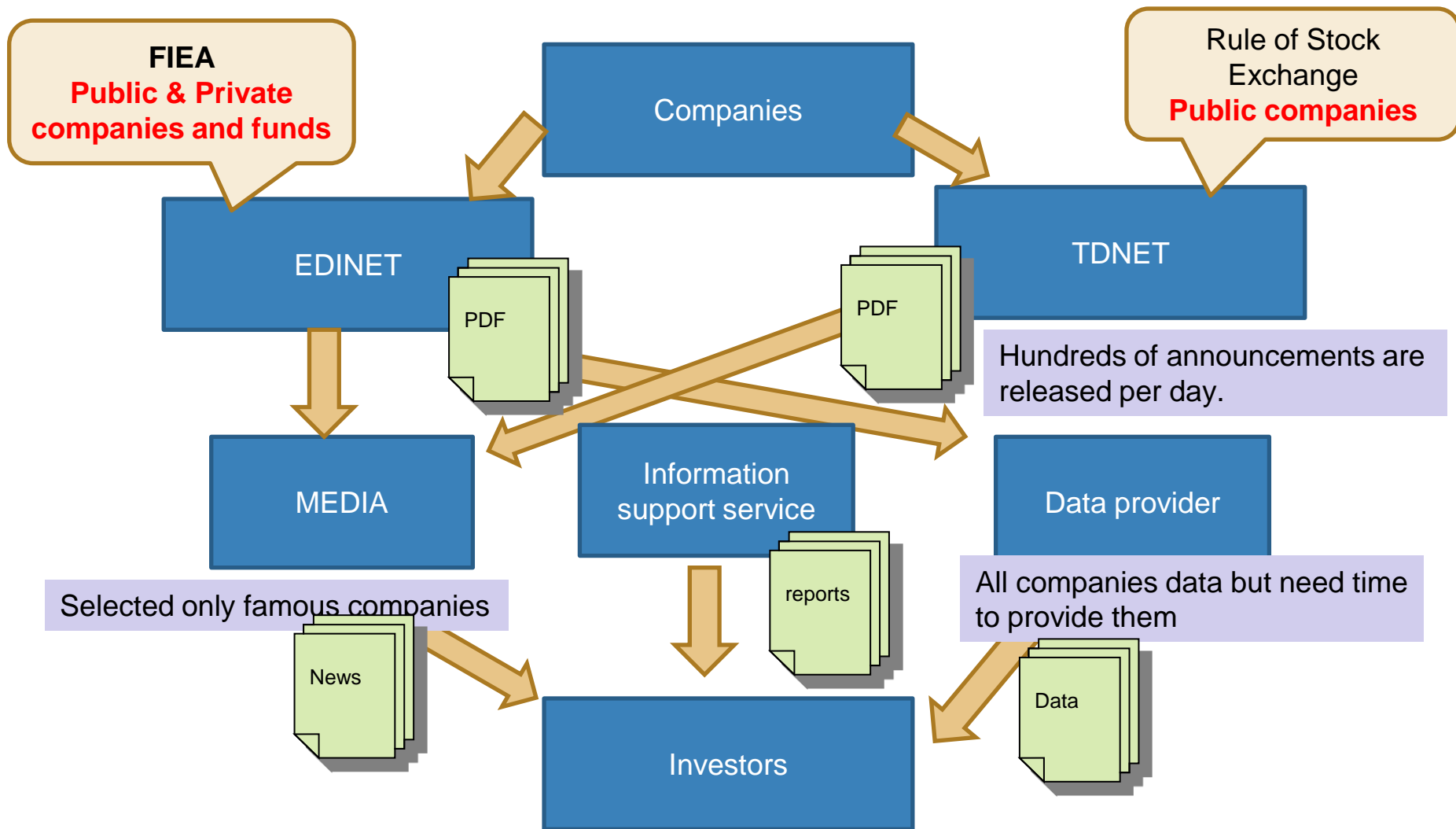
FSA requires companies to file reports to EDINET when such material facts are recognized.

At the same time, Tokyo Stock Exchange sets a rule for listed companies to disclose their material facts or tender-offer information via TDnet.



TDnet (Timely Disclosure network)

How can investors access this information?



Disclosure material and XBRL coverage

	TDNET	EDINET	PDF/HTML	XBRL
Financial statement Result	○	○	○	○ Primary financial statements
Earning digest (forecast)	○ (●)	---	○	○ Primary financial statements
Dividend (result forecast)	○ (●)	○(--)	○	○ partially, only TDNET
Issuing new shares	●	○	○	×
stock splits stock swaps, etc	●		○	×
mergers, business divestment, etc	●		○	×
changes in external auditor or corporate officers		○	○	×
Debt, bond		○	○	×
shareholder meeting		○	○	×
Press release	○	---	○	×
material disasters	●	○	○	×

- : minimum criteria for disclosure requirement

What are the issues?

- Company needs to file separately for TDnet and EDINET because requirements are slightly different to each other. => Information becomes scattered.
- The existing announcements are hard to understand - What is material? What kind of influence would it have on its future cash flow?
- The standards by which the law and media judge materiality do not necessarily coincide with investors'. => Some companies are not covered by the media

Investors need to be aware of the frequent changes in a share-price so they have to spend long time catching up with the information, Especially.....

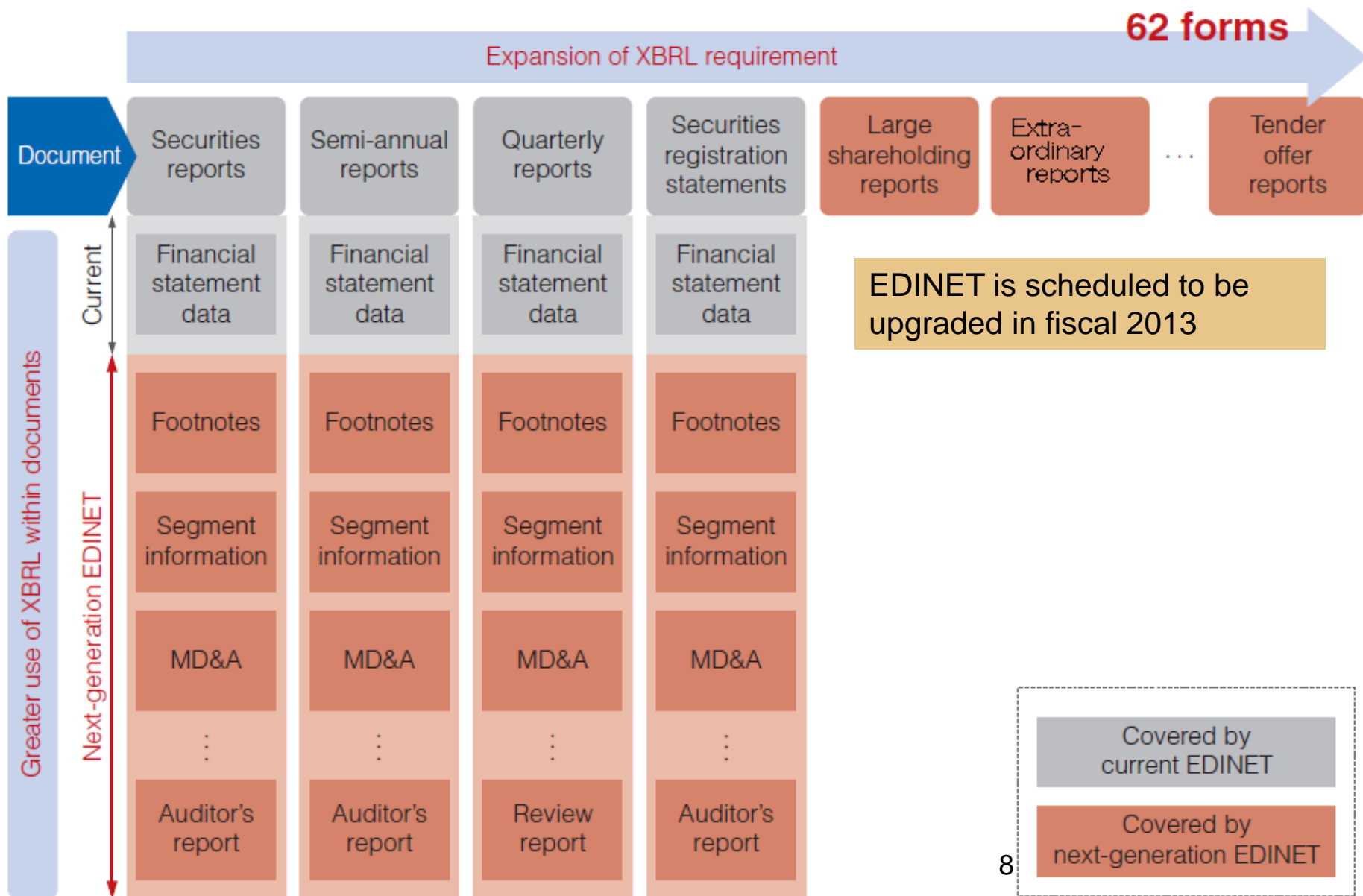


What are the Benefits of XBRL?

Background

- What is the main purpose for introducing XBRL to Exchanges and Regulators who are in charge of establishing rules for disclosure to the capital market?
- Fairness and effectiveness are always required for XBRL. Also, it has to work in order to activate the market.
- Investors need to be updated with the corporate information without any language or obscurity barriers. XBRL has been adopted for primarily financial statements.

Plan for Next Generation EDINET



Taxonomy draft (1)

A challenge for XBRL - Need to comply with new types of reports.

Disclosure of Corporate Information Form No. 2 Securities Registration Statement
Disclosure of Corporate Information Form No. 3 Annual securities report
Disclosure of Corporate Information Form No. 4-3 Quarterly securities report
Disclosure of Corporate Information Form No. 5 Semiannual securities report
Disclosure of Corporate Information Form No. 5-3 Extraordinary securities report
Disclosure of Corporate Information Form No. 11 Shelf registration statement
Disclosure of Corporate Information Form No. 12 Shelf registration supplements
Disclosure of Corporate Information Form No. 17 Share buyback report
Internal Control Form No. 1 Internal Control Report
Large Volume Holding Form No. 1 Report of large volume holding
Tender Offer by Issuer Form No. 2 Tender offer notification
Tender Offer by Issuer Form No. 3 Written Withdrawal of Tender Offer
Tender Offer by Issuer Form No. 4 Tender offer report
Tender Offer by Those Other than Issuer Form No. 2 Tender offer notification
Tender Offer by Those Other than Issuer Form No. 4 Subject company's position statement
Tender Offer by Those Other than Issuer Form No. 5 Written Withdrawal of Tender Offer
Tender Offer by Those Other than Issuer Form No. 6 Tender offer report
Tender Offer by Those Other than Issuer Form No. 8 Tender offeror's answer

Taxonomy draft (2)

Elements of Extraordinary reports.

Public offering or secondary distribution of securities outside Japan
Private placement of securities
Issue of stock options not subject to securities registration
Changes in parent companies or specified subsidiaries
Changes in major shareholder
Significant disaster
Commencement or resolution of litigation
Decision on share exchange
Decision on share transfer
Decision on absorption-type split
Decision on incorporation-type split
Decision on absorption-type merger
Decision on consolidation-type merger
Decision on transfer or acquisition of business
Decision on acquisition of subsidiary
Changes in representative directors
Resolution of shareholders' meeting
Amendment or rejection by shareholders' meeting
Change in independent auditors
Petition, etc. for commencement of bankruptcy proceedings
Likelihood of uncollectible or delinquent accounts
Event with significant effects on financial position, business performance, and cash flows
Similar material fact above regarding to consolidated subsidiary
Event with significant effects on financial position, business performance, and cash flows of group
New matters or changes in public offering information through to last day before IPO

What will we be able to achieve?

This is a new challenge to make use of XBRL for narrative information.

- In a Next EDINET, new taxonomy was introduced mainly block tags. However, it has tag for basic information such as "company name", "security codes", "dates". Besides tags for categories of material facts, obeying regulation numbers. Regarding with tender offers, it has tags for terms and conditions (Though narrative facts are written in Japanese).
- Investors automatically will understand what kind of category required in order to file the reports. English labels provide the capability of automatic translation into English.
- Tagging for narrative information can identify each information clearly. Compared to "word search function, tagging makes it much easier to understand".

For example, two company names appear in one document - one is an acquirer and other one is a TOB target. There might be more than one information on dates, which might be an announcement date or a date of starting to acquire. Using tags make it possible to identify which information is what.

I'm expecting for the announcement on voting results from the shareholder meetings, which will be written in XBRL for extraordinary reports. It is difficult to collect this data without manual operation.

Asset
managers



From our survey

What we should consider MF /CA XBRL handling together?

In order to continue developing such a detailed tagging, for example...

We need to

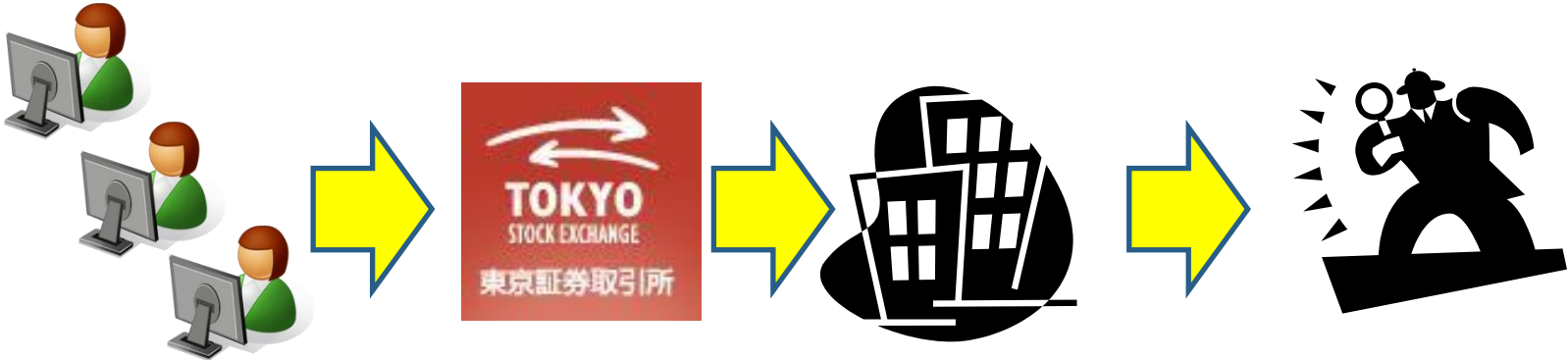
- (1) organize the contents such as owner name or executive names, etc.
- (2) consider cross-documents. For example, extraordinary report on "resolution of shareholders meeting" contains information on number of resolutions and categories (dividend proposal, election of directors proposal). They are appeared on agenda of share-holder meeting.
- (3) use same elements similar to taxonomy with TDnet or other related documents. Information which is distributed on TDnet are also handled by the same purpose. User can double check by taking both information.

Considering to use the same frame as EDINET, other systems might have issues such as,

- No space to fill in the filing time. (this is spec issues of XBRL).
- No space to fill in the re-filing or the delete information.
- Regarding to TDnet, it updates its requirements for disclosure, depending on market needs more often. Its framework needs to be flexible.

If such functions are provided in different way by each filing system, it will be a barrier for global XBRL data distribution.

Other possibilities for exploring use of CA XBRL

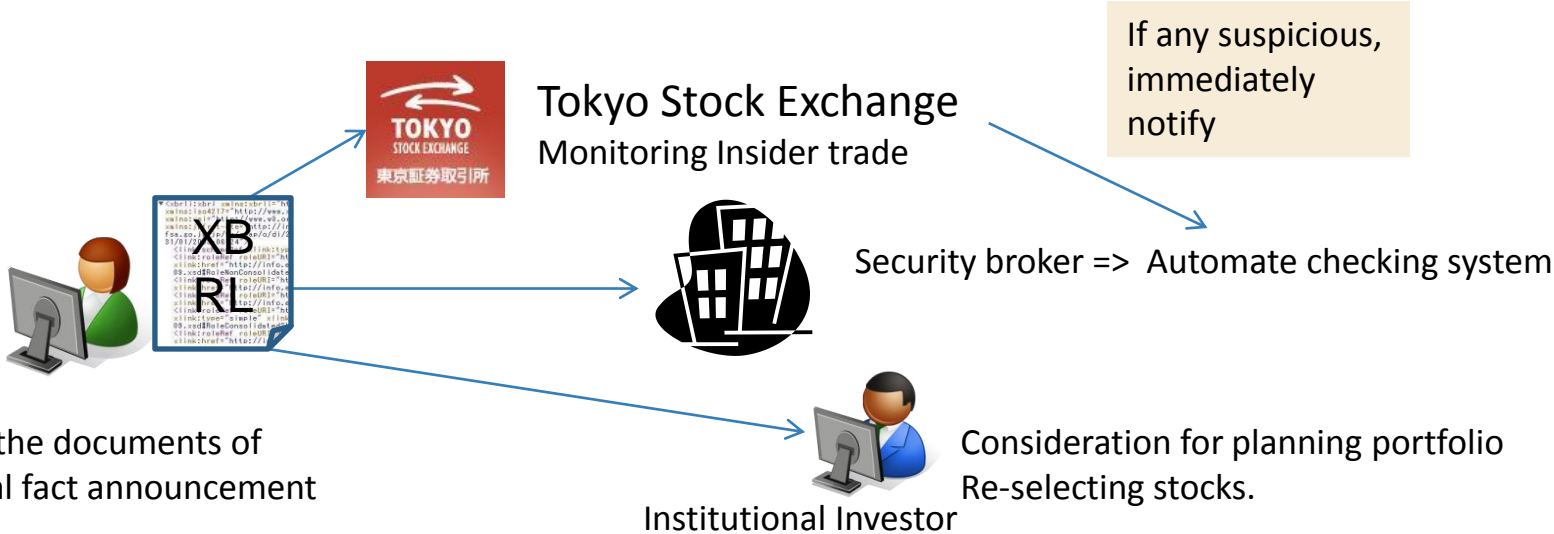


Company announcement for material fact

Determination as material fact information

Transfer information To Security broker

Finding suspicious insider trace.



Tag on the documents of material fact announcement

Tokyo Stock Exchange Monitoring Insider trade

If any suspicious, immediately notify

Security broker => Automate checking system

Institutional Investor

Consideration for planning portfolio Re-selecting stocks.

For Global investors....

Case from US

- The US Depository Trust & Clearing Corporation (DTCC) has started to apply XBRL to corporate actions information for ADRs (American depository receipts) since this July, after conducting a pilot test in 2011.
- This XBRL taxonomy has been developed by user group, which consists of Citibank, XBRL US, DTCC with SWIFT, Globetax and XSP. Other ADR depository banks have since joined the pilot test together. The taxonomy is applied ISO20022 message. (such dividends, interest paying etc..) This must help for exchange information among different regulatory countries.
- XBRL disclosure to encompass material facts would not only improve market participants' operational efficiency but also greatly help Japanese equity market to increase transparency and gain trust from overseas.
- Next step should be not only to adopt the same taxonomy framework between TDnet and EDINET, but also to start discussing the adaptation or creation of de fact standard cords for contents with the consideration of global usage.

What's the Next Step?

- Some contents are required to be disclosed by several different reports.
- Some contents such as owner names or executive names won't work well for users, only setting same element-name for tags of each taxonomy. We need to discuss how we should organize those contents.

My previous presentation in Abu Dhabi conference, explained potential usage of "Agenda of Shareholder meeting" written in XBRL. Next generation EDINET will apply XBRL to Extraordinary reports which includes results of the shareholder meeting. In case of Japan, those documents are supervised by different regulatory bodies and different government agencies, however they should use the same tags for usability, if they are going to use XBRL detail tags in the future.
- In order to pursue the global usage of XBRL, global standard discussions such as ISO, will be needed.
- We should improve the functionality of XBRL as well as extension, for those contents, because they are often updated depending on market needs.
- Each country has different regulations. We need a monitoring system for taxonomy making process in order to affect the market use.
- Still there are not so many opportunities to discuss about XBRL for capital market in XBRL community. We need to have more discussion for this purpose.

Any Questions? Thank you!

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