

**The Outline of the Report of the Working Group on Disclosure of
the Financial System Council
-Introduction of Statutory Quarterly Reporting System-**

In order to disclose information about issuers on a timely basis, the Working Group on Disclosure of the Financial System Council concluded it appropriate to introduce quarterly reporting as a statutory requirement under the Securities and Exchange Law, and to establish the disclosure system as follows.

1. The statutory quarterly reporting should basically be applied to listed companies within all the reporting companies. In addition, transitional provisions should be considered for implementation by foreign issuers that are not required to report quarterly information in their home countries.
2. The quarterly report should be filed at least within 45 days after the end of quarterly periods, but earlier filing is encouraged if possible.
3. The quarterly reporting should be comprised of balance sheets, statements of operations, statements of cash flows, segment information, and non-financial information. All information should basically be provided on a consolidated basis.
4. Accounting standards for the quarterly financial reporting should be further developed.
5. The quarterly financial information should be reviewed by independent auditors when the statutory quarterly reporting system is introduced, and the standard on review engagements should be established.
6. It should be considered whether semi-annual reporting system should be abolished and integrated into a quarterly reporting system, if the following conditions are satisfied.
 - (1) Financial information is detailed and relevant to help investors make investment decisions.
 - (2) The quarterly report provides relevant non-financial information.
 - (3) Non-consolidated information is also disclosed to the extent relevant, especially in the 2nd quarter.
 - (4) The quarterly financial information is reviewed by independent auditors, keeping investors' confidence and internal control over financial reporting is properly ensured.