



Liquidity Provider Program in Jasdaq

April, 2008

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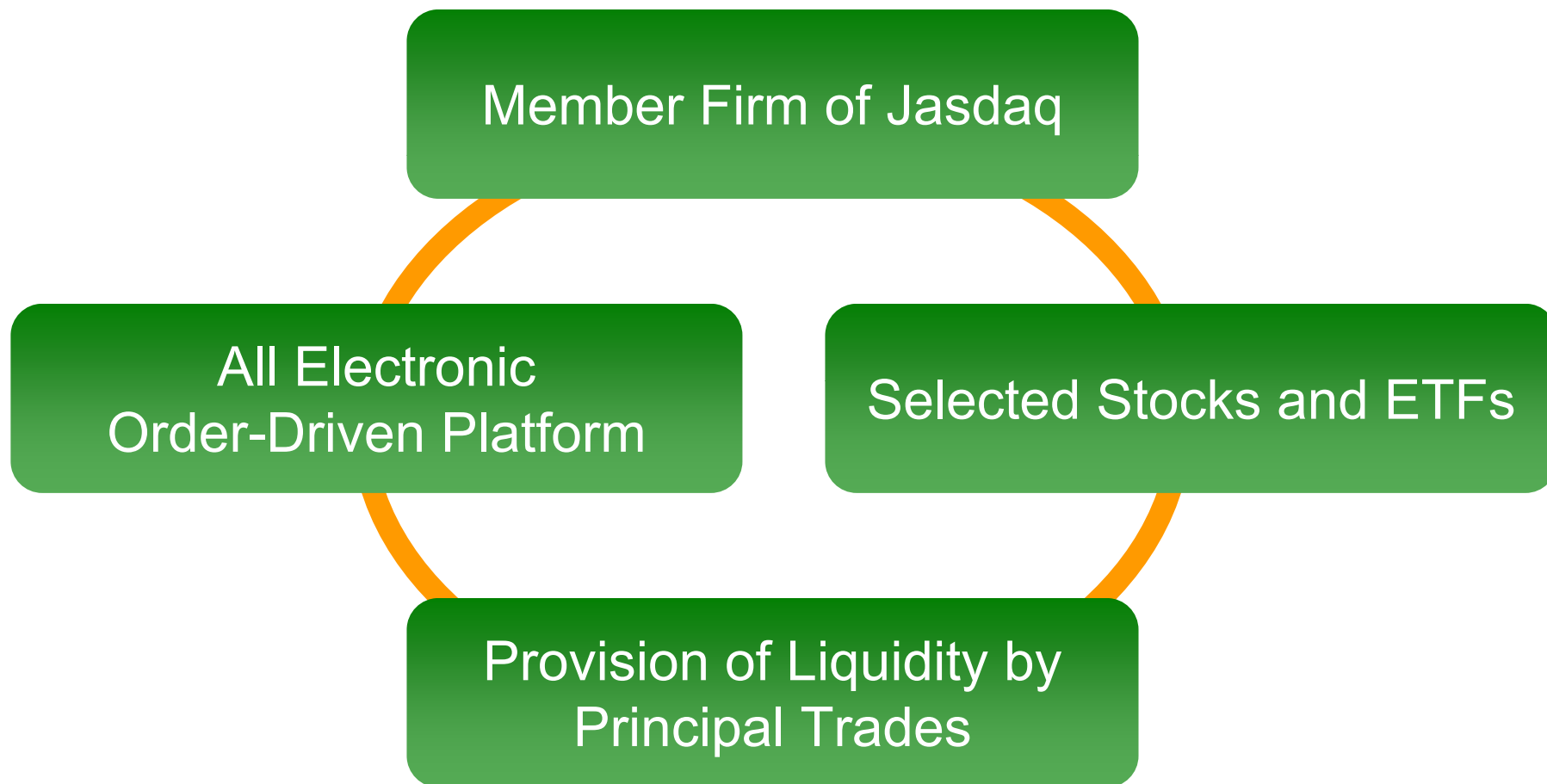
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1. Introduction

- The JASDAQ market launched a trading method with liquidity providers, called Liquidity Provider Program, on April 1, 2008.
- Our participants (securities firms) place orders for particular issues they are registered for based on their own dealing, providing liquidity to the market as a result.
- Advantages of the market maker method will continue with the liquidity provider program.

2. Role of Liquidity Providers

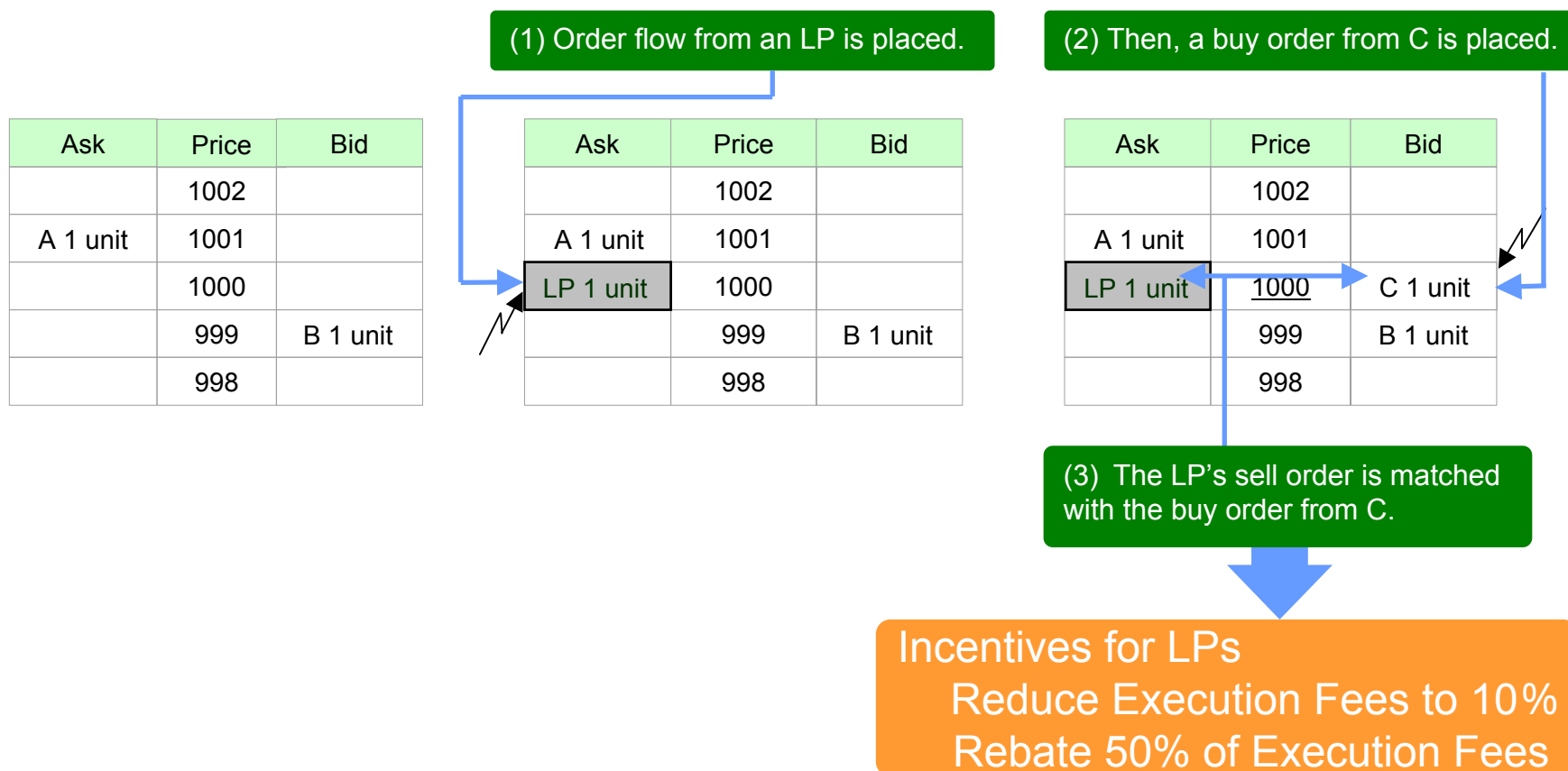


3. Features of Liquidity Providers

- The trading method for all issues listed on Jaspdaq is the auction method.
- Liquidity Providers act as market makers in our market, which provides an all-electronic order driven trading platform for efficient execution of orders.
- A Liquidity Provider is a Jaspdaq participant that buys and sells securities at prices it displays in Jaspdaq for its own account (principal trades).
- Liquidity providers enter into agreement with Jaspdaq to provide liquidity for the listed stocks and ETFs that they choose.
- Liquidity Providers are required to quote prices every day, with their discretion:
 - Bid Prices,
 - Ask Prices, or
 - Both Bid and Ask Prices

4. Incentives for Liquidity Providers

- Incentives are provided in the cases as follows;



Reference (1)

Comparison between Liquidity Provider Program and Market Maker Method

	LIQUIDITY PROVIDER PROGRAM	MARKET MAKER METHOD	EFFECTS OF NEW PROGRAM
Trading Method	Auction Method	Market Maker Method	Unification
Securities Subject to Reporting	All securities	Market Maker Securities	More securities subject to reporting
Execution	orders (Investor LP)	orders (Investor LP)	Unification
Price Range	Yes	No	Limitation of price fluctuation
Order Type	Limit order / Market order	Limit order	Greater order selection
Execution Order	(1) Price priority (2) Time priority	(1) Price priority (2) Time priority	Maintenance of transparency
Order Display	Yes	No (Display only MM quotation)	Improvement of visibility

Reference (2)

Image of execution of Liquidity Providers

Market Maker Method (for reference)



Liquidity Provider Program (Auction method)

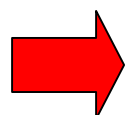
Ask		Price	Bid	
Volume (not displayed)	MM quotation volume		MM quotation volume	Volume (not displayed)
14	14	OVER		
1	2	1067		
4	5	1066		
9	4	1065		
8	1	1064		
2	3	1063		
7	5	1062		
5		1061		5
		1060		7
		1059	1	3
		1058	6	8
		1057	2	2
		1056	10	4
		1055	4	1
		1054	8	9
		1053	3	6
		UNDER	16	15

Ask quotations and buy orders are executed

Bid quotations and sell orders are executed

Trades between MM orders and MM orders cannot be executed

· LP orders
· Principal orders except LP
· Agency orders



Ask	Price	Bid
Volume		Volume
28	OVER	
2	1067	
7	1066	
10	1065	
7	1064	
4	1063	
10	1062	
5	1061	5
	1060	10
	1059	3
	1058	11
	1057	3
	1056	11
	1055	4
	1054	14
	1053	7
	UNDER	31

Sell orders are matched with the buy orders and a trade is executed

· LP orders
· Principal orders except LP
· Agency orders

The logo for JASDAQ, featuring the word "JASDAQ" in a bold, dark green, serif font. The letters are stylized with sharp, pointed ends extending outwards from the top and bottom of the letters. A horizontal line passes through the middle of the letters, creating a sense of motion or a stylized underline.

JASDAQ

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