

## NEWS RELEASE

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### Establishment of the Keio University Global Security Research Institute /Nikko Citigroup Limited International Financial Markets Joint Study Group

TOKYO, October 1, 2007 – Keio University Global Security Research Institute (Director: Heizo Takenaka) and Nikko Citigroup Limited (CEO: Hideo Abe) have established the Keio University Global Security Research Institute /Nikko Citigroup Limited International Financial Markets Joint Study Group described below and have concluded a basic agreement.

Group name: Keio University Global Security Research Institute /Nikko Citigroup Limited International Financial Markets Joint Study Group

Group Chair: Heizo Takenaka, Keio University Professor & Director of Keio University Global Security Research Institute

Research Organization: Researchers from Keio University Global Security Research Institute and Nikko Citigroup Limited

Research sponsor: Nikko Citigroup Limited

Research theme: Turning Tokyo into an international financial center and promoting economic reform in the regions

Research overview:

- The group will examine the hypothesis that to turn Tokyo into an international financial center, it is important to cultivate industry in the regions in addition to building out the city's foundation as an international financial center, and will propose concrete policies and procedures for transforming Tokyo into an international financial center.
- The first stage of the research will cover international comparisons, histories, processes, and future prospects of international financial centers overseas, as well as the positioning and outlook for Tokyo.
- In the second stage of the research, the group will look into the building of a foundation (systems, infrastructure, etc.) for Tokyo as an international financial center.
- In the third stage, the group will examine the cultivation of regional industry.
- In the development of Tokyo as an international financial center, raising the convenience of Tokyo alone could actually end up giving Hong Kong a greater edge in Asia. For instance, if the Hong Kong–Tokyo route were to become within daily commuting range, we could see the occurrence of a similar phenomenon to the overconcentration of Tokyo as the transportation network was built out in Japan.

- Accordingly, we believe the cultivation of industry in the regions is indispensable at the same time the convenience of Tokyo is being elevated. This is because in our view, if leading companies in the regions were cultivated in large numbers, there would be a need for foreign financial institutions to expand their forces in Tokyo.
- With the introduction of a regional system, the privatization of Japan Post, the turning of national universities into independent administrative institutions, and the convergence of telecoms and broadcasting either happening or under consideration currently, regional governments, the mass media, education, finance, and other entities are on the cusp of sweeping changes.
- As in the US and Europe, competition is arising among cities (regions) in Japan, and if industries in which originality is important are cultivated in the regions, we believe fund procurement and asset management needs will emerge in the regions as well.
- Professor Takenaka served in a number of important posts in the Koizumi Administration, including State Minister of Economic and Fiscal Policy and Financial Affairs as well as Minister of Internal Affairs and Communications, and has deep knowledge of international financial markets, regional economies, and industry. Over the next three years, Nikko Citigroup Limited will support the research of Keio University Global Security Research Institute. We plan to announce the results of this research and hold research seminars or research symposiums in New York, London, and other overseas locations in addition to in Japan.
- This will comprise joint research by the Keio University Global Security Research Institute and Nikko Citigroup Limited, with the research carried out primarily by the following members.

### **Heizo Takenaka**

Heizo Takenaka is a professor at Keio University and director of the Keio University Global Security Research Institute. He currently holds the posts of special advisor to the Japan Center for Economic Research (current post) and director of Academy Hills.

A graduate of the Faculty of Economics at Hitotsubashi University, Mr. Takenaka held the posts of Minister of Economic and Fiscal Policy, State Minister of Economic and Fiscal Policy and Financial Affairs, Minister of Economic/Fiscal Policy and Privatization of the Postal Services, and Minister of Internal Affairs and Communications and the Privatization of the Postal Services, and was a member of the House of Councilors.

### **Tsutomu Fujita**

Tsutomu Fujita is a Managing Director and Japan Equity Strategist at Nikko Citigroup Limited.

Mr. Fujita graduated from the Foreign Language Department of Sophia University and completed a master's degree at the Graduate School of Hitotsubashi University. He has been a member of METI's Corporate Value Study Group, and a member of the Market Trends Study Group in the Economic Section of the Cabinet Secretariat, is a CFA charterholder, and was the No. 1 Japan equity strategist in the Nikkei Kinyu analyst rankings in 2006 and 2007.



**Hironari Nozaki**

Hironari Nozaki is a Managing Director and Banks Analyst at Nikko Citigroup Limited.

Mr. Nozaki is a graduate of the Faculty of Economics at Keio University, holds an MBA from the Yale School of Management, is a CFA charterholder, and is a Chartered Member of the Security Analysts Association of Japan. He was the No. 1 banks analyst in the Nikkei Kinyu analyst rankings in 2005, 2006, and 2007, and the No. 1 banks analyst in the Institutional Investor analyst rankings in 2005, 2006, and 2007.

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