



# JSDA as an SRO

Japan Securities Dealers Association

September 2017



# JSDA as an SRO

The Japan Securities Dealers Association (JSDA) is a self-regulatory organization (SRO). The JSDA also works as an interlocutor for the securities industry, but independently and separately from its SRO function.

As a fully empowered SRO, the JSDA extensively regulates market intermediaries. Its self-regulatory functions encompass rule-making, enforcement, inspection, disciplinary actions, accreditation of sales representatives, and dispute mediation.

The JSDA is also actively engaged in various activities promoting financial literacy through partnering with other organizations and government agencies.

## Activities as an SRO

Functions	Outline
<b>Rule-making</b> (Article 67-8, Paragraph 1, Item 10 of the Financial Instruments and Exchange Act (FIEA))	Establishing self-regulatory rules applicable to member firms such as those for their conduct, products, transactions and internal control, and making these rules known
<b>Monitoring and inspecting members</b> (Article 67-8, Paragraph 1, Item 14 of FIEA)	Conducting inspection and monitoring of members' business activities, compliance with laws and regulations, as well as internal control systems
<b>Disciplinary actions</b> (Article 68-2 of FIEA)	Taking disciplinary actions such as a reprimand, fines, suspension or limitation of membership, as well as expulsion of member firms violating laws or self-regulatory rules
<b>Improving the proficiency of members' officers and employees</b> (Article 67-8, Paragraph 1, Item 9 of FIEA)	Granting accreditation of securities sales representatives and employees responsible for internal controls and raising their proficiency through capacity building
<b>Complaint handling and mediation</b> (Article 67-8, Paragraph 1, Item 11 of FIEA)	Handling complaints from investors and conducting mediation to resolve disputes between member firms and their customers (These activities are entrusted to the Financial Instruments Mediation Assistance Center (FINMAC))

# Members of the Self-regulation Board\*<sup>1</sup>

## Chair of Self-regulation Board (appointed from among the Public Governors by General Assembly)\*<sup>2</sup>

1 person

## Public Interest Board Members (appointed by General Assembly)

4 persons to represent the public interest

## Regular Board Members (elected by and from Regular Members)\*<sup>3</sup>

Not more than 4 persons who can provide their views and expertise from Securities Broker-dealers

## Special Board Members (elected by and from Special Members)\*<sup>4</sup>

Not more than 2 persons who can provide their views and expertise from banks, insurance companies, etc.

## JSDA Chairman

1 person

## JSDA Vice Chairman & Chief Regulatory Officer, responsible for all duties delegated to Self-regulation Board

1 person

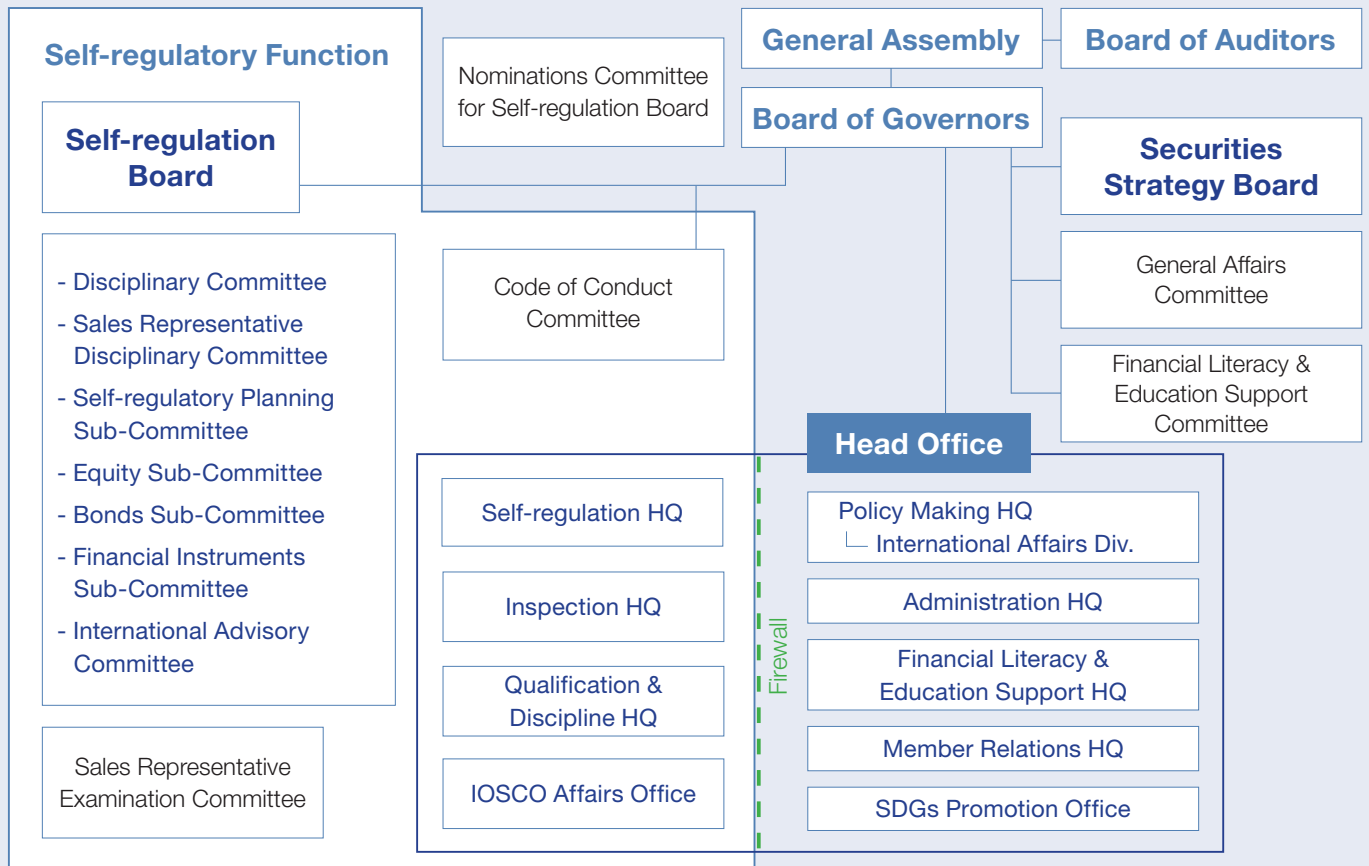
\*<sup>1</sup> A maximum of 13 persons

\*<sup>2</sup> One or a few vice chairs is/are to be appointed from among Self-regulation Board Members

\*<sup>3</sup> Securities firms

\*<sup>4</sup> Banks, insurance companies, etc. conducting securities business

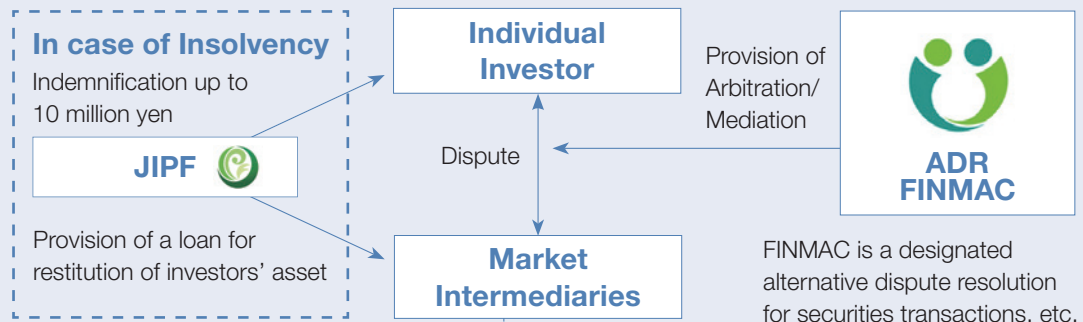
# Self-regulatory Structure of JSDA



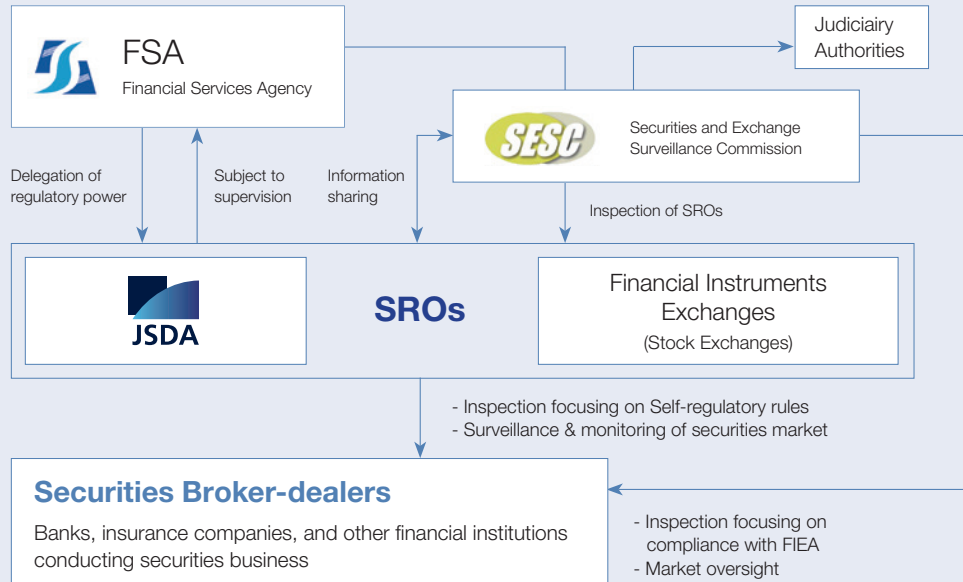
# Securities Trading Safety Net for Individual Investors

(1) Dispute resolution service provided by the Financial Instruments Mediation Assistance Center (FINMAC)

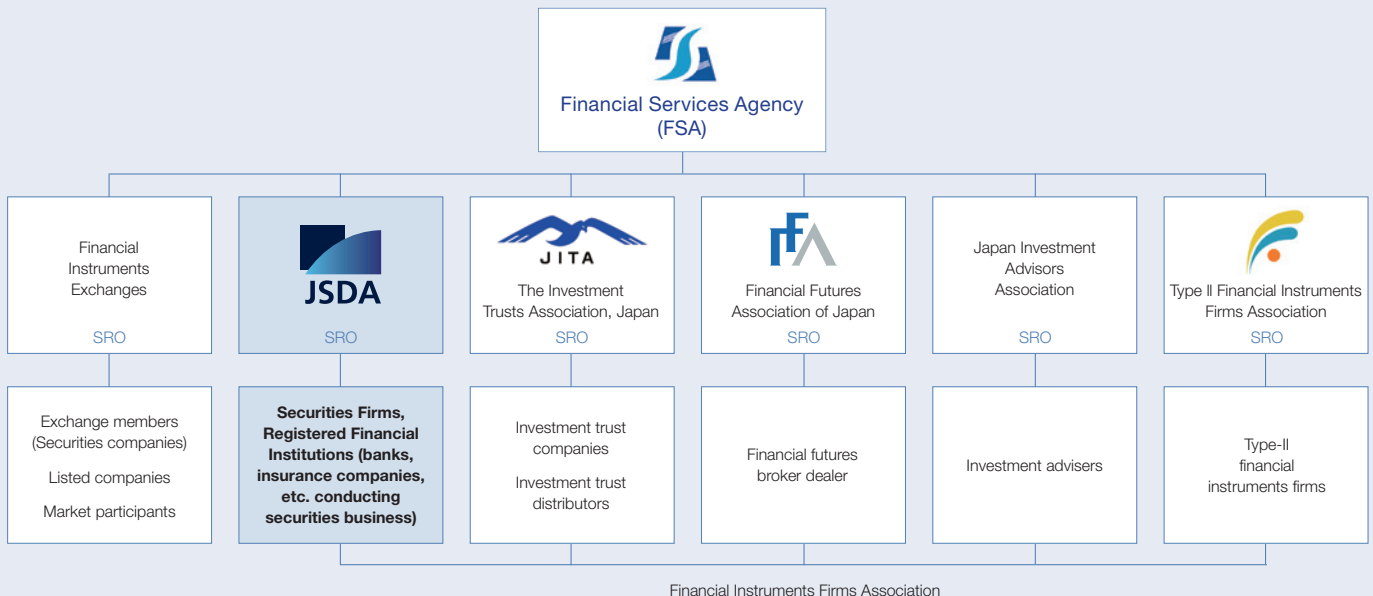
(2) Compensation Scheme provided by Japan Investor Protection Fund (JIPF)



# Self-regulatory Structure for Securities Firms



# Securities-related SROs in Japan

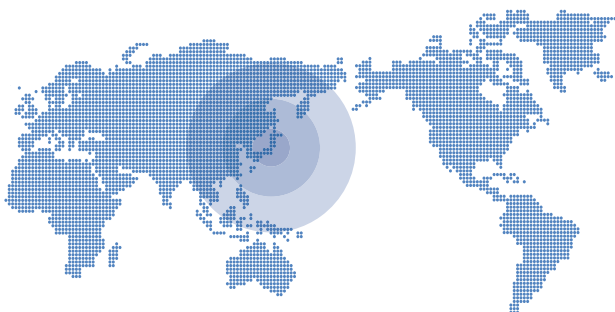


# International Activities

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In response to the globalization of the securities markets, the JSDA actively participates in international conferences and is exchanging information or deepening relationships with overseas organizations related to the securities industry.

The JSDA is now involved in a number of international forums including the International Organization of Securities Commissions (IOSCO), the International Council of Securities Associations (ICSA), the Asia Securities Forum (ASF), etc.



## Head Office

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