



JSDA

Annual Report **2017**

Japan Securities Dealers Association

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Preamble



The Japanese economy is performing steadily. Both nominal and real GDP reached record highs in 2016 and corporate profits reached their highest level for the year ending March 2017. On June 9, the Japanese government announced its Growth Strategy 2017 containing various policy measures to boost productivity, drive innovation and trade, and energize corporate activities. The steady implementation of these measures will bring about a virtuous cycle of growth and distribution, through joint efforts by both the public and private sectors. The securities industry is ready to support the dynamism of the economy and the momentum for future growth by establishing a capital market that functions smoothly and enables the efficient allocation of capital and resources.

The Japan Securities Dealers Association (JSDA), a self-regulatory organization and an interlocutor for the Japanese securities industry, is fully committed to maximizing the performance of the capital market. The JSDA has set two goals in its major work plans for the year ahead: invigorating financial and capital markets, and promoting asset-building through investment. While these goals contain many targets, I would like to focus here on some topics which characterize our current strategy or have global implications.

Promoting medium- and long-term asset formation

Financial assets held by individuals in Japan exceed 1,800 trillion yen (approx. US\$16 trillion). More than half of these assets remain in cash and deposits despite

much publicity to encourage people to shift “from indirect finance to direct finance” or “from savings to investment.” In addition, the majority of customers in the securities industry continue to be elderly people. The industry urgently needs to attract new customer segments, particularly the younger generation. At the same time, personal asset-building through self-reliant efforts is becoming crucial for the stable and prosperous life of individuals in Japan’s rapidly aging society.

Under these circumstances, to expand the investor base and support individuals’ asset-building efforts, the JSDA is actively promoting the Japanese version of the Individual Savings Account (NISA). With the NISA account, all individuals are eligible for an exemption of tax on dividends and capital gains from annual investments of up to 1.2 million yen (approx. US\$10,800) made over a five-year period. Since its launch in January 2014, more than 10 million accounts have been opened under the NISA scheme.

Along with NISA, in order to facilitate the transfer of assets from the older to younger generations and promote investment by the young, the Junior NISA was launched in April 2016. Through the Junior NISA, minors who are under 20 years old can open a tax-exempt investment account at financial institutions including securities firms and banks. In principle, parents or grandparents manage the assets pooled in Junior NISA accounts on behalf of their children or grandchildren. Under the scheme, the annual investment limit is 800,000 yen (approx. US\$7,200).

NISA will be further expanded with the introduction of the Installment-type NISA in January 2018, which is designed for long-term regular investment. Under the scheme, an individual can invest in Exchange Traded Funds (ETFs) or stock investment trusts, with up to 400,000 yen (approx. US\$3,600) per year being exempt from tax on dividends and capital gains. Its period of tax exemption is 20 years.

The new Installment-type NISA will enable novice investors to experience success through long-term diversified investment, and is thus a major opportunity for the industry to attract new customers, particularly youngsters, to the capital market.

Contributing to Sustainable Development Goals (SDGs)

The United Nations announced the “2030 Agenda for Sustainable Development” in 2015 adopting 17 Sustainable Development Goals (SDGs) with 169

associated targets with the aim of achieving the goals by 2030. Based on these goals, every UN member country seeks to alleviate poverty, combat inequality and address climate change. In Japan as well, in May 2016 the government established the SDGs Promotion Headquarters, headed by the Prime Minister, to ensure that the whole government works toward implementing the 2030 Agenda in a comprehensive and effective manner. The government has also set out the “SDGs Implementation Guiding Principles” identifying the following eight priority areas on which Japan should focus among the goals and targets of the SDGs.

(People)

1. Empowerment of All People
2. Achievement of Good Health and Longevity

(Prosperity)

3. Creating Growth Markets, Revitalization of Rural Areas, and Promoting Science, Technology and Innovation
4. Sustainable and Resilient Land Use, Promoting Quality Infrastructure

(Planet)

5. Energy Conservation, Renewable Energy, Climate Change Countermeasures, and Sound Material-Cycle Society
6. Conservation of Environment, including Biodiversity, Forests and the Oceans

(Peace)

7. Achieving Peaceful, Safe and Secure Societies

(Partnership)

8. Strengthening the Means and Frameworks for the Implementation of the SDGs

The government’s Principles note that the private sector’s participation is essential to the success of the SDGs. The Japanese securities industry will do whatever it can to help achieve the goals. To this end, the JSDA plans to organize a council to help the industry contribute to the SDGs and, under the council, to set up subcommittees focusing on three main areas:

- Considering the securities industry’s relationship with the global environment and society,
- Promoting education to improve quality of life, and
- Achieving a decent working environment and promoting women’s involvement in society.

Enhancing global outreach and cooperation

The JSDA continues to conduct overseas public relations to promote the attractiveness and potential of the Japanese market overseas. One of our core activities for this purpose is the Japan Securities Summit. This event provides overseas market professionals, investors and financial experts with an opportunity to deepen their understanding of the Japanese economy and to realize the attractiveness of Japan as an investment choice as well as the framework of the Japanese market as an effective trading venue. The JSDA has already held this event in major international financial centers including London, New York, Hong Kong and Singapore. We will continue this activity.

The JSDA is also actively participating in international forums including the Asia Securities Forum (ASF), International Council of Securities Associations (ICSA) and International Forum for Investor Education (IFIE). Concurrently, the JSDA is enhancing technical assistance to emerging markets. As a typical example, since 2006, we have been hosting the ASF Tokyo Round-table, which is a training seminar for staff of regulatory authorities, SROs, trade associations and exchanges in the Asia-Pacific region.

Furthermore, the JSDA is responding to global regulatory changes. As an SRO, we are taking part in the discussions at the International Organization of Securities Commissions (IOSCO) as its affiliate member. Also, representing its members, the JSDA submits its opinions and comments in the consultations conducted by international standard setters and foreign regulators.

Conclusion

The JSDA is fully committed to further improving the integrity and efficiency of the Japanese market and has implemented a number of initiatives to this end. In parallel, we will pursue various ways of contributing to the SDGs as mentioned above. Leveraging our market’s strengths, these efforts will solidify Tokyo’s status as one of the world’s leading financial centers and ensure the sustainable growth of Japan and the world.



Shigeharu Suzuki
Chairman and CEO

For a More Active and Efficient Market: Contributing to Growth Strategies



Promoting NISA, Junior NISA and Installment-type NISA

Following tax reform requests to the authorities in 2016, the 2017 Tax Reform Proposal included measures such as establishment of the installment-type NISA which offers tax exemption for 20 years, and abolishment of the upper limit on the roll-over of NISA.

The JSDA posted advertisements including on TV, the Internet, magazines and newspapers, and public transportation. The JSDA also distributed leaflets, pamphlets, posters and standing banners to its member firms; created new contents on a special NISA website; and operated the NISA call center.

Improving the DC Pension System (including iDeCo)

The JSDA conducted public relations activities on the individual-type defined contribution pension system (iDeCo) through advertising on newspapers and the JSDA website, and worked with related parties to further improve the DC Pension System. The JSDA also submitted requests to the consultative committee of the Ministry of Health, Labour and Welfare concerning designated investment instructions and setting an upper limit on the number of offers of investment products related to the DC Pension System.

Enhancing the Functions of the Corporate Bond Market

To promote the Bondholder Supporting Agent System and facilitate its use, a working group and an expert discussion group discussed the contents of the document outlining bond issuance and outsourcing contracts, and compiled and published “An outline of bond issuance and outsourcing contracts with

respect to the Bondholder Supporting Agent System”. The working group and expert discussion group also discussed disclosure criteria of covenants and their detailed contents in order to encourage voluntary information disclosure of covenants by companies and published “Disclosure criteria on the status of covenants and examples (examples of disclosure of covenants)” in September 2016.

Enhancing the Functions of the Equity Market

Aiming to raise awareness of equity crowdfunding and the shareholders community system, the JSDA conducted public relations activities at several meetings and seminars. Concerning equity crowdfunding and the shareholders community system, the JSDA set up a web page to provide data and an overview of the system and risks. In November 2016, an equity crowdfunding platform became a member of the JSDA for the first time. Regarding the shareholders community system, as a part of public relations, the JSDA produced a leaflet for investors and companies outlining the system, its advantages, and also the risks. The leaflet was distributed to various parties and posted on the website.

Shortening of the Settlement Cycle

Since shortening of the JGB settlement cycle (T+1) is about to be introduced, the JSDA published technical guidance for the Running Test to clarify the procedure and to ensure smooth implementation. In February 2017, the target implementation date for T+1 JGB settlement was set at May 1, 2018 (trade date base) as a result of consultation with market participants. Regarding shortening of the settlement cycle of equities (T+2), the JSDA published the final report on the outcome of discussions in a working group and the target

period for implementing T+2. In March 2017, the JSDA identified the remaining issues to be reviewed and discussed future plans for public relations.

* The final report is available at:
http://www.jsda.or.jp/en/activities/research-studies/html/t2_final_report.html

Facilitating Information Sharing on FinTech

The JSDA established the Survey Group for Research on the Securities Industry and FinTech in collaboration with the Japan Securities Research Institute (JSRI). The group conducted a survey on the implications of FinTech for the securities industry and compiled a report, which was published in January 2017.

* The report is available at:
<http://www.jsda.or.jp/en/activities/research-studies/html/FinTechReport2017.html>

The JSDA also participated in meetings on FinTech held by the JFSA and related parties as an observer to collect information on the current status of FinTech.



For Better Self-Regulation



IOSCO Annual Conference

Examination on Appropriate Product Review and Sales Practices of Privately Placed Corporate Bonds

In view of several cases of disciplinary action against securities firms which handled the private placement of corporate bonds falsely backed by medical account receivables, and sold them to customers by giving a factually inaccurate explanation without sufficiently reviewing the financial information of the issuer and product, the JSDA set up a working group to prevent the recurrence of such cases through the examination of products, explanation and information provision when association members sell corporate bonds, etc. to retail investors under private placement.

After deliberation, the JSDA established new self-regulatory rules, “Rules on Handling the Private Placement, etc. of Corporate Bonds” in February 2017 (implemented on April 1, 2017).

Abolishing the Jiba-uke/Jiba-dashi Regulation

Following a public consultation, the ban on employees of an association member sending orders to a different securities firm (Jiba-dashi), and the ban on association members knowingly taking orders from employees working for other association members (Jiba-uke), were abolished in August 2017.

Reviewing the Rule for Serving as Lead Underwriter for IPOs

As a part of firewall regulations under the current Financial Instruments and Exchange Act and related Cabinet Office ordinances, securities firms are prohibited from serving as the lead underwriter for securities issued by their parent company or subsidiary company where certain capital ties exist between the securities firm and the issuer, considering the risk of conflicts of interest which may harm the interests of investors. There were discussions in the Diet that when serving as lead underwriter of a company which seeks relisting with turnaround supported by the government, there should be stricter management of conflicts of interest. In response, the JSDA set up a discussion body with the Japanese Financial Services Agency (JFSA) and the Tokyo Stock Exchange in November 2016 and discussed regulations on serving as lead underwriter for IPOs by a securities firm which owns stocks of the issuer. Following the discussion, in March 2017 the discussion body published its report on IPO underwriting. Based on the report, the JSDA amended the rule which stipulates criteria for serving as lead underwriter for the IPO of an issuer with which the securities firm is related. The amendment took effect in July 2017.

Preventing Insider Trading

The JSDA continued, in collaboration with stock exchanges, to encourage listed companies to participate in the Japan Insider Regulation & Identification Support System (J-IRISS), which aims to prevent unintended insider trading by checking registered executive officers and employees of listed companies. As a result, the number of companies participating in J-IRISS as of the end of June 2017 reached 3,074 (86.35% of all listed companies) from 2,985 (83.32%) as of the end of March 2016.



Timely and Effective Inspections of Member Firms

During fiscal 2016, in addition to regular inspections of 70 Regular Members and 40 Special Members, the JSDA visited and interviewed 5 Regular Members to examine their capital requirements and segregation of customers' assets.

Disciplinary Action

In case of violation of laws and regulations, including the JSDA's self-regulatory rules, the JSDA rigorously imposes self-regulatory disciplinary action in order to

avoid the recurrence of such violations. Disciplinary action is taken against member firms as well as their sales representatives.

The number of disciplinary actions taken by the JSDA during fiscal 2016 are shown in the table below.

Disciplinary Actions in Fiscal 2016

Against Regular Members	
Suspension of Regular Membership, Fine, and Warning	1
Fine and Warning	9
Against Sales Representatives of Regular Members	
Revocation of Sales Representative Registration and Treatment as Class-2 Perpetrator of Inappropriate Acts	9
Treatment as Class-2 Perpetrator of Inappropriate Acts	1
Suspension of Sales Representative Business	79
Prohibition of Sales Representative Business	2
Against Sales Managers & Internal Administrators of Regular Members	
Prohibition Allocation of Sales Manager Position	4
Prohibition Allocation of Internal Administrator Position	1
Against Sales Representatives of Special Members	
Revocation of Sales Representative Registration and Treatment as Class-2 Perpetrator of Inappropriate Acts	4
Revocation of Sales Representative Registration	1
Suspension of Sales Representative Business	2
Against Sales Managers & Internal Administrators of Special Members	
Prohibition Allocation of Internal Administrator Position	1
Against Sales Representatives of Financial Instruments Intermediary Service Providers	
Revocation of Sales Representative Registration	1
Suspension of Sales Representative Business	6

Note: Under the JSDA self-regulatory rule, member firms shall not hire a person treated as a Perpetrator of Inappropriate Act during the following periods:
 Class 1 Perpetrator of Inappropriate Act: Indefinite period
 Class-2 Perpetrator of Inappropriate Act: Five years after the disciplinary action is taken
 Suspension of Sales Representative Business is an administrative disciplinary action and Prohibition of Sales Representative Business is a self-regulatory disciplinary action.

Qualification Examinations

The JSDA holds qualification examinations for Class-1 Sales Representative, Class-2 Sales Representative, and Internal Administrator for its member firms' employees involved in the securities business. The Class-1 and Class-2 Examinations are open to the public to disseminate financial literacy and securities knowledge.

The JSDA also holds qualification examinations for Special Member Class-1 Sales Representative, Special Member Class-2 Sales Representative, and Special Member Internal Administrator.

The JSDA conducts these qualification examinations based on the syllabus.

The number of examinees and successful applicants for each examination during fiscal 2016 are shown in the following table.

Qualification Examinations in Fiscal 2016

Examination	Examinees	Successful Applicants
Class-1 Sales Representative	63,260	27,907
Class-2 Sales Representative	25,002	12,852
Internal Administrator	21,463	18,291
Special Member's Class-1 Sales Representative	9,734	2,627
Special Member's Class-2 Sales Representative	17,160	7,270
Special Member's Internal Administrator	2,713	2,583



Training Courses and Investor Education

Training Courses

Based on a training program drawn up annually, the JSDA provides training courses for executive officers and employees of its member firms. The JSDA also conducts additional training courses as necessary in response to amendments of laws and regulations and institutional reforms.

The JSDA's Major Work Plans for 2016–2017 identified “Improving intermediaries’ functions and credibility” as one of the five pillars. To achieve this objective, the JSDA aimed to 1) Exercising proper self-regulatory functions and 2) Supporting member firms’ preparations for systemic revisions.

According to these policies, the JSDA set out the following three basic policies when planning training courses for association members in fiscal 2016: 1) Promote professional ethics to improve credibility and conduct programs focusing on compliance with laws and regulations, 2) Conduct practical programs through a variety of channels, 3) Be prepared to respond agile and rapidly to important issues such as revisions of laws and regulations.

Based on the annual plan and basic policies, the JSDA continued to hold seminars focusing on the development of an “ethical” mindset and compliance with laws and regulations. In addition, in response to the social situation, the JSDA held the training course on self-regulation, including a case study on soliciting elderly customers, to improve the contents of the training courses.

To enhance compliance procedures and internal training systems in member firms, the JSDA distributes training materials including seminar DVDs for use in internal training courses. Moreover, it dispatches officers and employees to serve as lecturers at in-house training sessions of member firms. During fiscal 2016, officers and employees of the JSDA held 14 sessions in member firms.

Training Courses in Fiscal 2016

1. Training Courses Based on Self-regulation
 - Seminars for company representatives
 - Training seminars for executives
 - Joint training seminars for internal administration supervisors and assistant supervisors
 - Training seminars for internal administrators
 - Training seminars for sales managers
 - Joint training seminars for sales managers and internal administration supervisors
2. Training Courses Focusing on Ethics and Compliance
 - Basic compliance seminars
 - Compliance practice seminars
 - Compliance seminars for sales staff
 - Risk management seminars
 - Corporate ethics seminars
3. Training Courses on Other Topics
 - Securities business basic seminars
 - Securities business practice seminars
4. Training Seminars for Renewing the Qualification of Sales Representatives

Investor Education

Disseminating and Promoting Financial Literacy

In September 2016, in response to public consultations on the discussions and proposal of the Education Ministry’s curriculum guideline for junior high schools, the JSDA submitted comments to the Ministry requesting improvement of financial and economic education in the national curriculum in coordination with other related organizations.

The JSDA is supporting the activities of the “Study Group on the Promotion of Financial and Economic Education,” which gathers educational and financial experts under one roof to discuss the promotion and enhancement of financial and economic education. Its subsidiary, “Subcommittee for Improving University Students’ Financial Literacy,” discussed effective methods for improving university students’ financial literacy and published “Financial Literacy Education: Case Studies from 10

Universities” in March 2017.

In July 2016, a finance/securities instructor system was established to improve the system of dispatching lecturers to teach the public the basics of asset management and securities investment. The instructors held 206 classes at 102 institutions during FY2016. In addition, a series of First Time Asset Management Lectures was held targeting the general public, with a total of 92 classes at 50 venues.

Regarding school education, the JSDA dispatched its staff as lecturers to 121 elementary schools, junior high schools, and high schools to conduct 238 classes as Saturday educational activities and to 102

universities and career centers to conduct 185 classes on financial literacy.

In October 2016, a series of nationwide events on “Investment Day” was held by the Securities Knowledge Proliferation Project (JSDA, Japan Exchange Group, including Tokyo Stock Exchange and Osaka Exchange, Nagoya Stock Exchange, Fukuoka Stock Exchange, Sapporo Stock Exchange, Investment Trusts Association of Japan, and Association of Nagoya Stock Exchange Trading Participants). “Investment Day” events were held at 20 venues and attracted 5,073 people.



IFIE Global Conference

International Activities



IOSCA Annual General Meeting

International Organization of Securities Commissions (IOSCO)/ Affiliate Members Consultative Committee (AMCC)

The International Organization of Securities Commissions (IOSCO) is an international organization that brings together the regulators of the world's securities and futures markets to establish global standards. In September 2013, the IOSCO SRO Consultative Committee (SROCC), which was established initially in 1989 as a forum of IOSCO's affiliate members, was reorganized as the Affiliate Members Consultative Committee (AMCC) to reflect the diversification of its membership. The AMCC has more than 60 members representing developed and emerging securities and derivatives markets around

the world and has become an important part of the global regulatory community responsible for securities regulation and fair market practices.

Within the AMCC, the Regulatory Affairs Group ("RAG", previously known as the Ahead of the Curve Working Group (ATC-WG)) functions as a members' forum to detect potential regulatory risks at an early stage, share information on them, and help AMCC member organizations explore optimal solutions. Since May 2012, the JSDA has been serving as chair of the RAG. At the IOSCO Mid-year Meeting held in Chicago in September 2016 and the AGM held in Montego Bay in May 2017, the group discussed a number of emerging regulatory issues across the world, including issues related to ETFs, RegTech, conflicts of interest, and so forth.

The IOSCO Committee 8 (C8)

The IOSCO Committee 8 (C8) was set up in June 2013 to deal with issues related to retail investors; its mandate is to conduct policy work on financial literacy and investor protection. The JSDA has participated as an observer in its meetings since September 2014 and contributed to its projects on anti-fraud messaging, investor risk education, protection of senior retail investors, and so forth. Recent ones were held in Istanbul in June 2016, Cape Town in November 2016, and Rio de Janeiro in June 2017.

As one of the major initiatives by the C8, a global campaign “World Investor Week (WIW)” is planned from 2 to 8 October 2017 to promote investor education, investor protection and financial literacy. In cooperation with the Japan FSA, the JSDA is actively committed to this WIW campaign.

International Council of Securities Associations (ICSA)

The International Council of Securities Associations (ICSA) was established in 1988 based on a proposal by the JSDA, with the objective of contributing to the sound development of the international securities market by promoting fair and efficient transaction practices and encouraging mutual understanding of the international securities market. ICSA membership comprises self-regulatory organizations and trade associations representing major securities markets throughout the world. As of May 2017, 19 organizations are members of the ICSA. The 2017 AGM was held in Mexico City in May 2017, hosted by Asociación Mexicana de Instituciones Bursátiles. The guest speakers and ICSA members discussed various issues including code of conduct, emerging risks in capital markets, bond market liquidity, and FinTech.

Asia Securities Forum (ASF)

The Asia Securities Forum (ASF) was established in 1995, based on an initiative by the JSDA. The ASF’s objectives are to exchange views and information among the securities industries in the Asia-Pacific region and to contribute to the development of securities markets and economic growth in the region. The JSDA is serving as its secretariat.

In November 2016, the 2016 AGM was held in Manila, hosted by the Philippine Association of Securities Brokers & Dealers, Inc. (PASBDI). The agenda of the meeting included market reports by each member organization, keynote speeches, and panel discussions on the following topics: “Asia’s Economic Outlook and Challenges Ahead”, “Expanding Investor Education on Managing Risk vs. Return in the Recent Market Environment”, “Sharing Best Practices on Financial Technology” and “Fairness of Regulation to Market Intermediaries and its Global Trends”.

ASF Tokyo Round Table

The JSDA also organizes a training program called the ASF Tokyo Round Table, which is intended for the staff of self-regulatory organizations, securities-related associations, and regulatory authorities in the Asia-Pacific region, to help countries develop their securities markets and build up regulatory frameworks. The 12th ASF Tokyo Round Table, held from late November to early December 2016, was attended by 21 participants from 17 jurisdictions. Participants mainly studied regulatory frameworks, roles of self-regulatory organizations, and market infrastructure using the Japanese securities market as an example.

The 9th Japan Securities Summit in London

On March 8, 2017, the JSDA and the International Capital Market Association (ICMA) co-organized the 9th Japan Securities Summit in London to promote Japanese markets, inviting institutional investors and financial market participants active in the investment community in the UK and European jurisdictions. The half-day event covered a wide range of topics such as “UK-Japanese Financial Services Cooperation”, a keynote speech on “Key challenges facing the Japanese economy” followed by a panel discussion on “Japan – its challenges and potential”, and a presentation “JPX initiatives toward a more global Tokyo market” followed by a panel discussion on “London and Tokyo: markets that attract people and industries”. Amid the issues surrounding Brexit and the prospects for future cooperation between Japanese and London markets, the event was attended by about 250 participants, reflecting growing interest among industry professionals.

International Forum for Investor Education (IFIE)

The International Forum for Investor Education (IFIE) is an international platform for the providers of investor education, and was formed in 2005 for the exchange of information and ideas among related parties. As one of the board members of the IFIE, the JSDA actively participated in the operations and meetings of the IFIE. One of its regional Chapters, the Asian Chapter Meeting was held in November 2016 concurrently with the ASF AGM, chaired by the JSDA. The IFIE annual meeting and IOSCO/IFIE Global Conference were held in Rio de Janeiro in June 2017, and the JSDA assumed the role of IFIE chair for two years until 2019. In addition, it was announced that the 2018 IFIE annual meeting and the IOSCO/IFIE Global Conference will be held in Tokyo hosted by the JSDA.

ASEAN+3 Bond Market Forum

The ASEAN+3 Bond Market Forum was launched in September 2010 as a deliberative body for governments and market players under the Asian Bond Market Initiative (ABMI) to promote the standardization and harmonization of Asian bond markets. The JSDA is actively committed to this activity and participated in the meetings.

Active Participation in Discussions on Global/Cross Border Regulations and Standard Setting

In September 2016, the JSDA submitted comments and responses concerning consultative questions in the Financial Stability Board’s “Proposed Policy Recommendations to Address Structural Vulnerabilities from Asset Management Activities”, requesting further consideration of the rationale and consistency among their purposes and measures as well as a cost-benefit analysis.

In December 2016, the JSDA submitted comments concerning “Cross-Border Application of the Registration Thresholds and External Business Conduct Standards Applicable to Swap Dealers and Major Swap Participants” requesting the US Commodity Future Trading Commission (CFTC) to clarify whether the proposed rules will bring about greater benefits than the regulatory burden.

In May 2017, the JSDA submitted comments on the discussion questions in the Financial Stability Board’s “Proposed Framework for Post-Implementation Evaluation of the Effects of the G20 Financial Regulatory Reforms” published on April 11, 2017 requesting that an appropriate balance be achieved so as not to impede the contributions of financial and capital markets to the real economy.

Membership

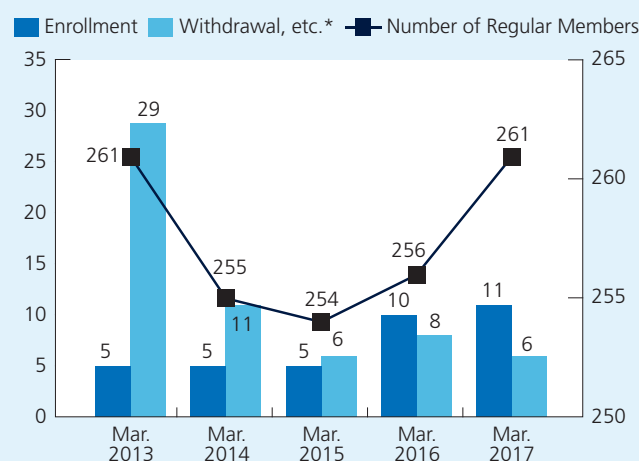
Association Members are categorized into three groups:

(1) Regular Members (256): Securities firms

While 10 new members enrolled in fiscal 2016, eight members terminated their membership due to withdrawal or merger. Regular Members comprised 243 domestic securities firms and 13 foreign securities firms. Foreign Regular Members accounted for 5.9% of regular membership.

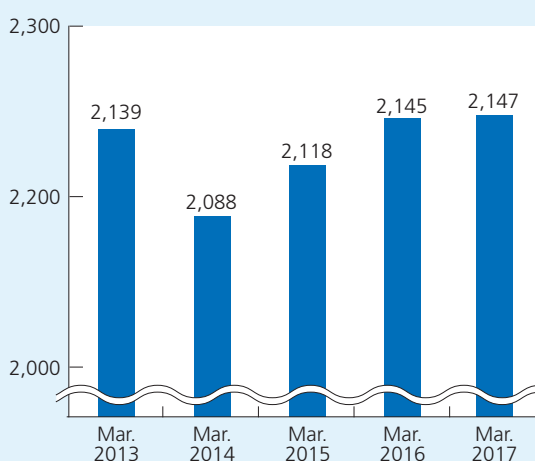
The total number of employees of JSDA Regular Members was about 90,000 at the end of December 2016, an increase of about 2,000 from the previous year. The number of offices of JSDA Regular Members at the end of March 2017 was 2,147.

Regular Members

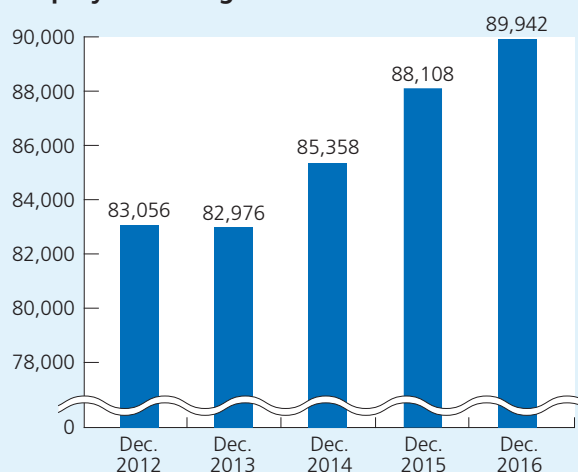


Note: Withdrawal, etc. includes termination of membership due to withdrawal, merger, and expulsion.

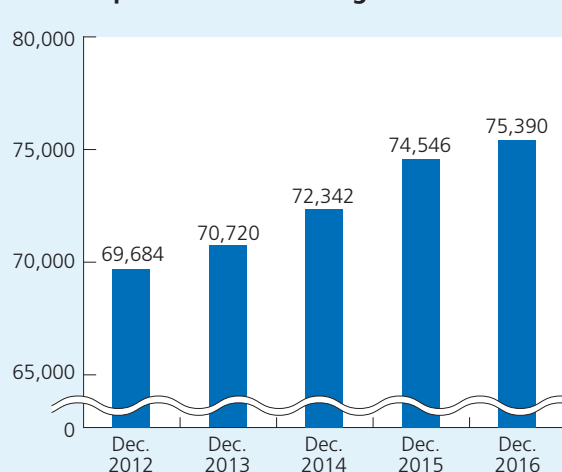
Offices of Regular Members



Employees of Regular Members



Sales Representatives of Regular Members



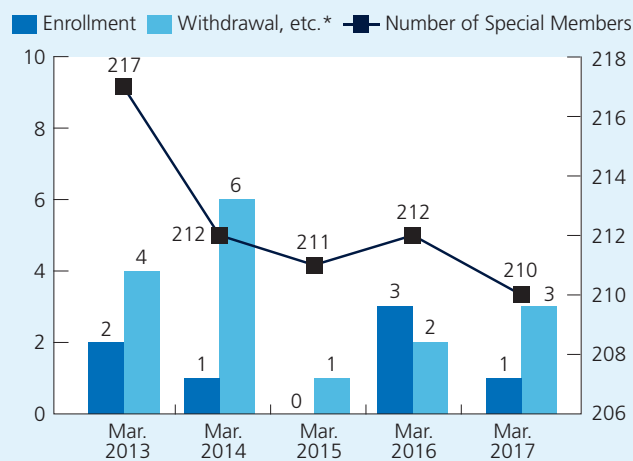
(2) Specified Business Members (4): Firms only conducting specified OTC derivative transactions, etc. or Type I Small Amount Electronic Offering Handling Business

During fiscal 2016, one new member enrolled.

(3) Special Members (210): Banks, insurance companies, etc. conducting securities business

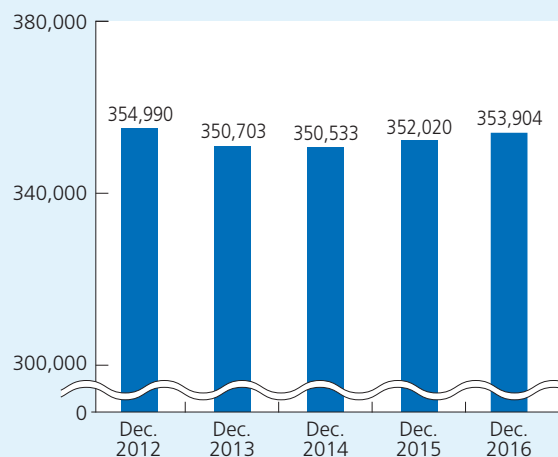
During fiscal 2016, one new member enrolled and three institutions terminated their membership due to withdrawal.

Special Members

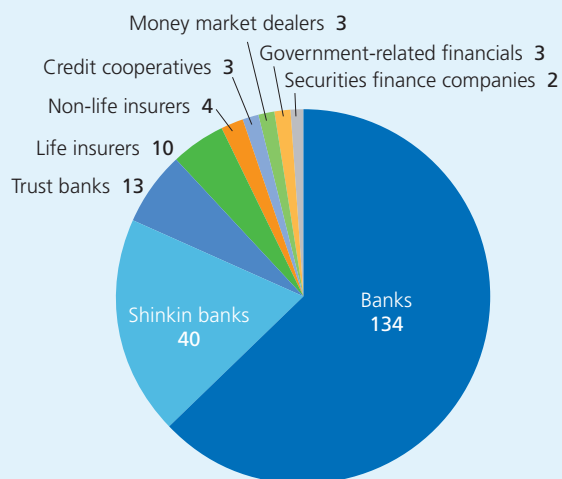


Note: Withdrawal, etc. includes termination of membership due to withdrawal and merger.

Sales Representatives of Special Members



Special Member Composition



Note: Banks in the chart above include city banks, regional banks, foreign banks and other banks except trust banks and shinkin banks.

JSDA Data

Balance Sheet (as of the end of March 2017)

I. Assets

	Millions of yen	Thousands of U.S.dollars
1 Floating assets:		
Cash & deposits	¥114	\$1,019
Accounts receivable	¥214	\$1,907
Prepayments	¥57	\$511
Securities	—	—
Stored goods	—	—
Subtotal	¥386	\$3,437
2 Fixed assets:		
(1) Special assets:		
Accrued retirement benefits assets	¥4,422	\$39,413
(2) Other fixed assets	¥3,096	\$27,597
Subtotal	¥7,518	\$67,011
TOTAL ASSETS	¥7,904	\$70,448

II. Liabilities

	Millions of yen	Thousands of U.S.dollars
1 Floating debts:		
Accounts payable	¥283	\$2,523
Advance received	—	—
Deposits received	¥32	\$281
Reserve for bonuses	¥249	\$2,221
Lease Liabilities	¥27	\$237
Subtotal	¥590	\$5,263
2 Fixed debts:		
Long-term accounts payable	¥133	\$1,184
Accrued retirement benefits for employees	¥4,238	\$37,776
Accrued retirement benefits for executive officers	¥226	\$2,015
Deposits received	—	—
Lease liabilities	¥56	\$500
Subtotal	¥4,653	\$41,475
TOTAL DEBTS	¥5,244	\$46,738

III. Net Assets

1 Designated net assets:	—	—
Subtotal	—	—
2 General net assets	¥2,660	\$23,710
Subtotal	¥2,660	\$23,710
TOTAL NET ASSETS	¥2,660	\$23,710
TOTAL NET ASSETS AND LIABILITIES	¥7,903	\$70,447

- Notes: 1. Rate of US\$1=¥112.19 used for conversion.
 2. Each of total and sub-total figures may not match the ones in the relevant row or column because of rounding off.
 3. Total amount of general account of members and general account of special members are listed on the chart.



IOSCO Annual Conference

Revenues and Expenses Statement (Fiscal Apr. 2016 to Mar. 2017)

Revenues

	Millions of yen	Thousands of U.S. dollars
1 Revenues from business activities		
Designated Asset Investment Profit	¥29	\$259
Membership fees	¥6,169	\$54,991
- Fixed membership fees	¥1,843	(\$16,431)
- Floating rate membership fees	¥4,326	(\$38,561)
Business revenues	¥41	\$364
- Training and education fees	¥21	(\$183)
- Other business revenues	¥20	(\$181)
Subsidies	¥76	\$679
Other revenues	¥58	\$518
Transferred revenues from other accounts	¥967	\$8,622
- Transferred revenues from Regular Members General Account	—	—
- Transferred revenues from Special Members General Account	¥715	(\$6,374)
- Transferred revenues from Specified Business Members General Account	¥3	(\$24)
- Transferred revenues from Institute for Securities Education & Public Relations Special Account	¥20	(\$177)
- Transferred revenues from Securities Market Activating Fund Special Account	—	—
- Transferred revenues from Regular Members Activating Fund Special Account	¥23	(\$205)
- Transferred revenues from Qualification Management Business Integration Special Account	¥18	(\$160)
- Transferred revenues from Members General Fund Integration Special Account	¥109	(\$975)
- Transferred revenues from Members Securities Market Fairness Fund Integration Special Account	¥79	(\$706)
Subtotal	¥7,341	\$65,434
2 Revenues from investment activities		
Revenues from investment activities	¥1,261	\$11,240
Subtotal	¥1,261	\$11,240
3 Revenues from financing activities		
Revenues from financing activities	—	—
Subtotal	—	—
Surplus from the previous fiscal year	¥76	\$678
TOTAL REVENUES	¥8,602	\$76,673

Expenses

	Millions of yen	Thousands of U.S. dollars
1 Expenses to business activities		
Operating expenses	¥4,354	\$38,807
Administrative expenses	¥1,903	\$16,966
Transferred expenses to other accounts	¥1,226	\$10,931
- Transferred revenues from Regular Members General Account	¥718	\$6,398
- Transferred revenues from Special Members General Account	—	—
- Transferred Expenses to Institute for Securities Education & Public Relations Special Account	(¥413)	(\$3,679)
- Transferred Expenses to System Utilization Special Account	(¥96)	(\$853)
Subtotal	¥7,484	\$66,704
2 Expenses to investment activities		
Expenses to investment activities	¥1,051	\$9,371
Subtotal	¥1,051	\$9,371
3 Expenses to financing activities		
Expenses to financing activities	¥72	\$644
Subtotal	¥72	\$644
4 Other expenses		
Other expenses	—	—
Subtotal	—	—
TOTAL EXPENSES	¥8,607	\$76,719

Surplus / Deficit amount	-¥5	-\$46
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Previous

Amount carried forward	¥71	\$632
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Notes: 1. Rate of US\$1=¥112.19 used for conversion.
2. Each of total and sub-total figures may not match the ones in the relevant row or column because of rounding off.
3. Total amount of general account of members and general account of special members are listed on the chart.

Dispute Resolutions in Fiscal 2016

Requests for Mediation	133
Successful Settlement	63
Failure in Reaching Settlement	61

Note: The amounts do not match due to cases carried over from fiscal 2015 or issues not concluded within fiscal 2016.

Consultations and Complaints in Fiscal 2016

Consultation	Total of Consultation	5,084
Complaints	Complaints about Solicitation	406
	Complaints about Transactions	385
	Complaints about Processing	170
	Other Complaints	109

Internet Transaction Survey

Number of Securities Companies Providing Internet Transactions

(Unit: companies)

	Total Member Firms	Handling Internet Transactions		Not Handling Internet Transactions							
						Making Preparations		Studying Plans		Having No Plans	
Sep. 30, '14	250	60	24.0%	190	76.0%	3	1.2%	9	3.6%	178	71.2%
Mar. 31, '15	252	61	24.2%	191	75.8%	4	1.6%	7	2.8%	180	71.4%
Sep. 30, '15	248	61	24.6%	187	75.4%	7	2.8%	4	1.6%	176	71.0%
Mar. 31, '16	253	66	26.1%	187	73.9%	5	2.0%	2	0.8%	180	71.1%
Sep. 30, '16	257	71	27.6%	186	72.4%	1	0.4%	6	2.3%	179	69.6%

Number of Internet Transaction Accounts

(Unit: accounts)

	Sep. 30, '13	Mar. 31, '14	Sep. 30, '14	Mar. 31, '15	Sep. 30, '15	Mar. 31, '16	Sep. 30, '16
Number of Accounts	18,960,034	19,682,982	20,215,152	20,881,428	21,663,209	22,588,850	22,780,303
Increase from Previous Term-end	803,816	722,948	532,170	666,276	781,781	925,641	191,453

Transaction Value

(Unit: billions of yen)

	Stock Transactions			
	Internet Transactions		Transaction Value (c)	Percentage
	Cash Transactions (a)	Margin Transactions (b)		{{(a)+(b)}}/(c)
Apr. '13 to Sep. '13	72,996.5	142,449.3	748,307.3	28.8%
Oct. '13 to Mar. '14	55,971.8	112,737.8	663,404.3	25.4%
Apr. '14 to Sep. '14	46,459.3	99,874.7	574,325.0	25.5%
Oct. '14 to Mar. '15	58,568.7	112,533.9	738,538.5	23.2%
Apr. '15 to Sep. '15	62,061.6	121,001.0	793,596.7	23.1%
Oct. '15 to Mar. '16	46,511.0	104,143.6	742,942.8	20.3%
Apr. '16 to Mar. '17	37,844.6	97,215.7	656,188.0	20.6%

Notes: 1. "Transaction Value" is total transaction value of stock brokerage transactions of all member firms during the period.
2. The statistics include the transaction value of ETFs and REITs in the transaction value of stock transactions.

Profile



The Japan Securities Dealers Association (JSDA) functions as a self-regulatory organization (SRO) and as an interlocutor for the securities industry. Its legal status is as a Financial Instruments Firms Association authorized by the Prime Minister, pursuant to Article 67-2, Paragraph 2, of the Financial Instruments and Exchange Act. The members of the JSDA consist of securities firms, banks, and other financial institutions operating securities businesses in Japan.

As a fully empowered SRO, the JSDA extensively regulates market intermediaries, aiming to protect

investors by ensuring fair securities transactions. Its self-regulatory functions encompass rulemaking, enforcement, inspection, disciplinary action, accreditation of sales representatives, and dispute mediation.

The JSDA also provides vehicles for policy dialogue among the industry, the government and other related parties, conducts and promotes investor education, and implements studies to further activate the market.

History

1940–1941	According to the policy of one association for one prefecture, securities dealers associations were established in many local districts.
May 1949	The Japan Securities Dealers Joint Association was established.
May 1968	Thirty-three local securities dealers associations were consolidated into ten associations.
July 1973	The Japan Securities Dealers Association (JSDA) was newly established with its headquarters in Tokyo and with ten district offices (the Japan Securities Dealers Joint Association and ten local securities dealers associations were dissolved).
July 1992	The JSDA was reorganized from a corporate juridical person under the Civil Code to an authorized corporation under the Securities and Exchange Law.
April 1994	Financial institutions authorized to undertake securities business joined the JSDA as special members.
February 2001	The JSDA entrusted the operation of the OTC Stock Market to JASDAQ Inc., a market operation company.
July 2004	The JSDA adopted the new organizational structure consisting of three sectors: Self-regulation, Securities Strategic Policy, and General Affairs and Administration.
December 2004	The JSDA closed the OTC Stock Market. JASDAQ started business as a stock exchange.
September 2007	With the implementation of the Financial Instruments and Exchange Act, the JSDA became an Authorized Financial Instruments Firms Association under the Act.
February 2010	The JSDA entrusted the tasks of handling customers' complaints, offering consultation, and providing mediation services to resolve disputes over securities transactions to the Financial Instruments Mediation Assistance Center (FINMAC).
July 2011	The JSDA established the Financial Literacy & Education Support Committee within the organization to support financial and securities education from a more neutral and fairer stance.

Major Roles

1. Activities as a Self-Regulatory Organization

Functions	Outline
(1) Rule-making (Article 67-8, Paragraph 1, Item 10)*	Establishing self-regulatory rules applicable to member firms such as those for their conduct, products, transactions and internal control, and making these rules known
(2) Monitoring and inspecting members (Article 67-8, Paragraph 1, Item 14)*	Conducting inspection and monitoring of members' business activities, compliance with laws and regulations, as well as internal control systems
(3) Disciplinary actions (Article 68-2)*	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
(4) Improving the proficiency of members' officers and employees (Article 67-8, Paragraph 1, Item 9)*	Granting accreditation of securities sales representatives and employees responsible for internal controls and raising their proficiency through capacity building
(5) Complaint handling and mediation (Article 67-8, Paragraph 1, Item 11)*	Handling complaints from investors and conducting mediation to resolve disputes between member firms and their customers**

* Financial Instruments and Exchange Act (Act No. 25 of 1948)

** These activities are entrusted to the Financial Instruments Mediation Assistance Center (FINMAC), a certified non-profit organization

2. Activities to promote sound financial and capital markets

Functions	Outline
(1) Research, study and representation of the securities market	Carrying out research and studies to further activate and sophisticate the securities business and market and, based on findings and results, presenting the industry's views and proposals to the government and other related parties
(2) Enhancement of public understanding and awareness of the securities market	Disseminating knowledge and promoting understanding of securities transactions, markets and industry, and raising financial literacy among individual investors
(3) Promoting policy measures	Promoting various policy measures in close consultation with members and relevant organizations
(4) Publication of statistics	Collecting, compiling and disclosing statistical information on transactions of stocks, bonds, investment trusts and derivatives, and on other market trends

3. International Activities

As globalization progresses in financial transactions and regulations, the JSDA actively participates in various international forums and builds cooperative relationships with relevant overseas organizations. The JSDA also endeavors to deepen overseas investors' and financial experts' understanding of the Japanese economy and securities market and promotes Japan's attractiveness as an investment choice as well as an effective trading venue.



ICSA Annual General Meeting

JSDA's Major Work Plan for 2017-2018 (July 3, 2017)

◆Invigorating financial and capital markets ◆Promoting asset-building through investment

Contributing to individuals' medium- and long-term asset building

1. Working toward smooth launch of Installment-type NISA and popularizing and promoting NISA and Junior NISA
2. Perpetuating and expanding NISA
3. Improving and popularizing defined contribution pension plans (including iDeCo)
4. Facilitating intergenerational transfer of risk assets
5. Supporting moves to integrated taxation on financial income

Raising financial literacy

1. Promoting financial and economic education
 - Tackling the challenges associated with revision of the school curriculum guideline
 - Conducting activities taking into consideration the asset-building supporting system such as NISA and iDeCo
 - Enriching contents targeting youngsters and women
2. Fostering understanding of needs and the importance of investment
3. Conducting public relations to prevent scams involving fake sales of shares or corporate bonds

Improving intermediaries' functions and credibility

1. Fostering customer-oriented business practices
2. Studying and researching member firms' business management
3. Exercising proper self-regulatory functions
 - Conducting agile and effective inspections of member firms
 - Making continuous efforts for preventing insider trading
 - Excluding anti-social forces from capital markets
4. Supporting member firms' preparation for institutional changes
 - Encouraging firm establishment of the Social Security and Tax Number System and its wider use
 - Appropriately addressing requirements under CRS (Common Reporting Standard formulated by OECD) and FATCA (Foreign Account Tax Compliance Act in the United States)
5. Adopting measures and frameworks for preventing troubles in the use of financial services
6. Tackling social responsibilities as the securities industry

Strengthening financial and capital markets' functions and competitiveness

1. Establishing Tokyo's status as a global financial center
2. Shortening the settlement cycle of JGB's, stocks, etc.
3. Improving the environment toward expanding and diversifying the corporate bond market
4. Developing an off-exchange trading system and expanding the use of unlisted stock markets
5. Formulating domestic rules to implement Asia Region Funds Passport
6. Promoting basic studies on financial and capital markets
 - Facilitating intelligence sharing about FinTech
 - Promoting interaction with academic researchers and market stakeholders

Investors (individuals)

Market (Infrastructure)

Intermediaries (Members)

Overseas

JSDA's Operations

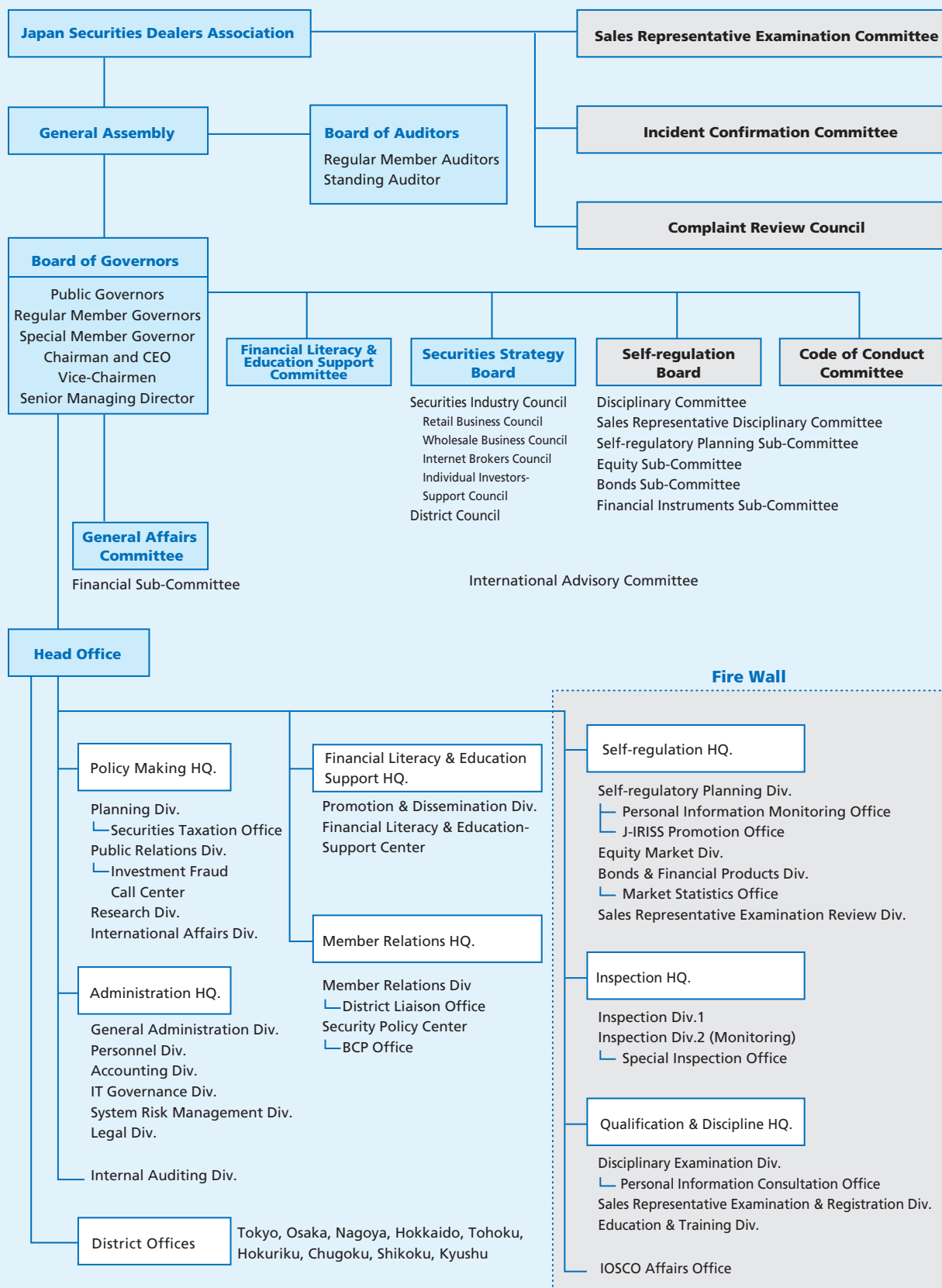
Enhancing global outreach and cooperation

1. Actively conducting overseas public relations on the attractiveness and potential of Japanese markets
2. Enhancing cooperation and collaboration with relevant overseas organizations
3. Responding to global regulatory reform
4. Expanding the provision of information in English

Improving JSDA's operations

1. Actively distributing information about issues tackled by the securities industry
2. Developing and strengthening business continuity planning (BCP) and cybersecurity measures
3. Enhancing communication with local stakeholders
4. Reviewing and improving organizational structure and operations
 - Investigating office relocation
 - Developing qualified human resources through strategic recruitment and training
 - Improving staff's work-life balance

Organization Chart



As of July 1, 2017

Member List of Full-time Executives (As of July 3, 2017)

Chairman and CEO

Shigeharu Suzuki

Vice-Chairman

Manabu Morimoto

(Chief Operating Officer for the Self-regulation Board)

Vice-Chairman & Senior Managing Director

Mario Takeno

(Chief Operating Officer for the Securities Strategy Board)

Standing Auditor

Tatsuhiko Sakai (Independent Evaluation Officer)

Senior Executive Director

Koichi Hirata

(Chief Financial Officer (CFO), Chief Compliance Officer (CCO) & Chief Officer for Administration)

Executive Directors

Tsuyoshi Murai

(Chief Officer for Member Relations & Chief Regional-Relationship Officer)

Kimiaki Yamauchi

(Chief Officer for Rules & Regulations)

Directors

Koichi Ishikura

(Chief Officer for International Affairs & Research)

Koji Kikuchi

(Chief Officer for Financial Literacy & Education Support)

Chief Officers

Atsushi Ishikuro

(Chief Officer for Planning & Public Relations)

Toshiaki Matsuda (Chief Officer for Inspection)

Masayuki Shimamura

(Chief Officer for Qualification & Discipline)

Sawaichiro Kamata (Chief Officer for IT & System

Risk Management, Chief Information Officer

(CIO) & Chief Risk Officer (CRO))

Shigeto Kurabayashi

(Chief Officer for Human Resources)

Organization Structure

1. Central Bodies

The JSDA has the following central bodies for decision-making and so forth.

General Assembly	Supreme body for making decisions
Board of Governors	Body for making decisions on items related to the JSDA's overall association management and for assuming responsibility for supervision
Self-regulation Board	Body entrusted by the Board of Governors with making decisions for self-regulatory business
Securities Strategy Board	Body entrusted by the Board of Governors with making decisions for business strategy related to vitalizing the securities market
General Affairs Committee	Body entrusted by the Board of Governors with deliberating overall matters about the operation of the JSDA
Financial Literacy & Education Support Committee	Body entrusted by the Board of Governors with deliberating the basic policy and action plan regarding the JSDA's activities for promoting financial and securities knowledge among the public
Code of Conduct Committee	Body entrusted by the Board of Governors with deliberating the code of conduct for the association members

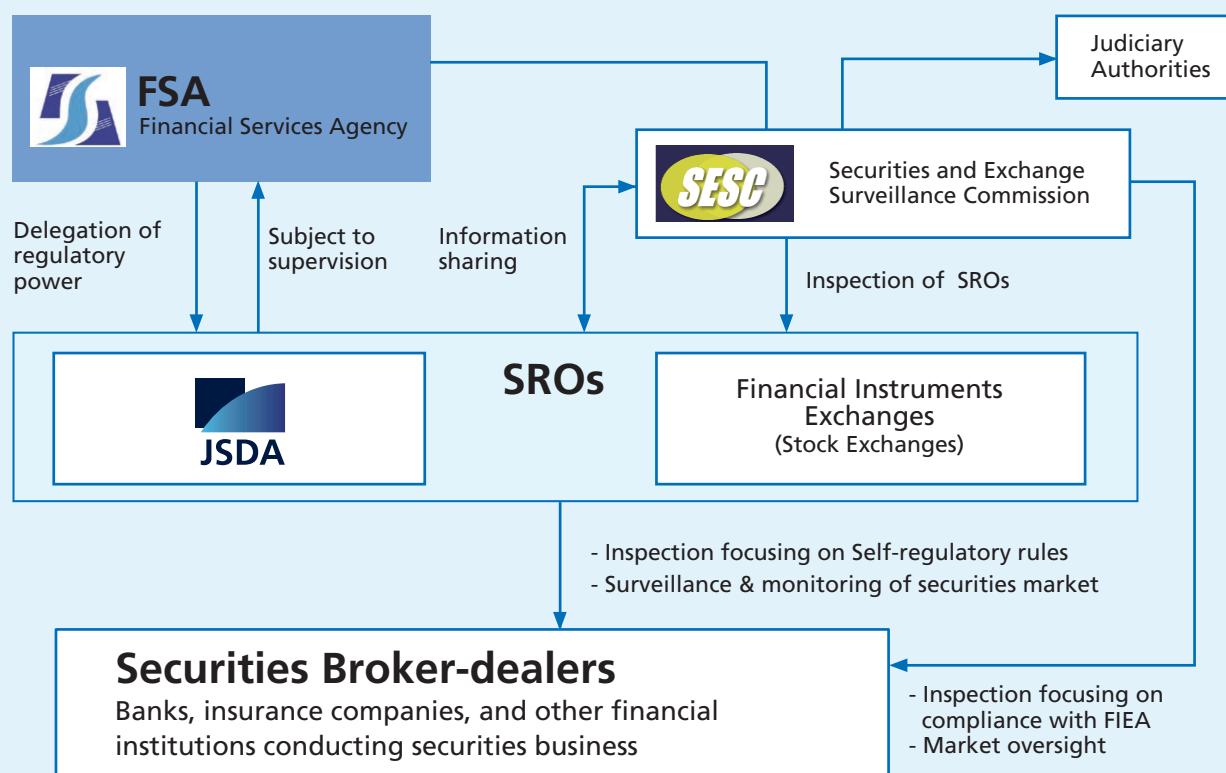
2. District Offices

The JSDA has nine district offices throughout the nation and each district office has a District Council.

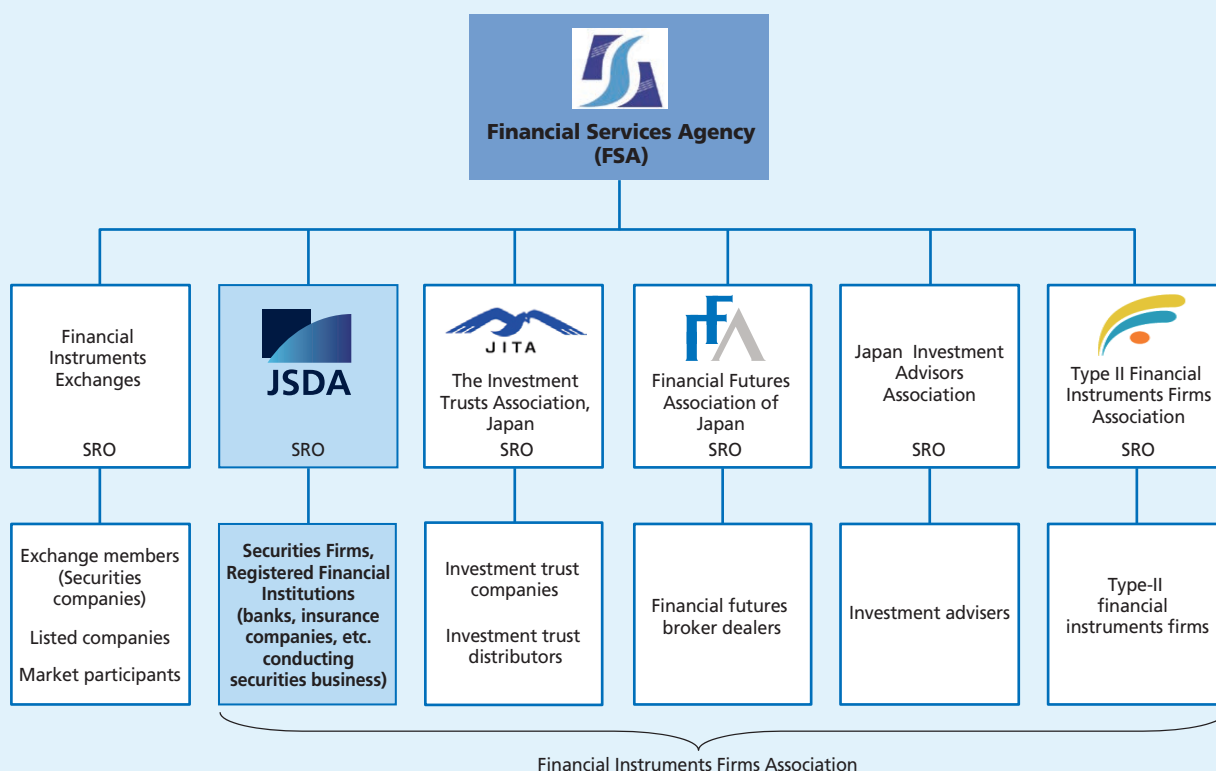
3. Affiliated Bodies

The JSDA has the Sales Representative Examination Committee, Problematic Conduct Confirmation Committee as well as Complaint Review Council as affiliates.

Self-regulatory Structure for Securities Broker-dealers



Securities-related SROs in Japan



List of Members

List of Regular Members (As of July 3, 2017)

77 Securities Co., Ltd.	DBS Securities (Japan) Company Limited	ICAP Totan Securities Co., Ltd.
8 Securities Inc.	Deutsche Asset Management (Japan) Limited	Ichiyoshi Securities Co., Ltd.
ABN AMRO Clearing Tokyo Co., Ltd.	Deutsche Securities Inc.	IG Securities Limited
ACE SECURITIES CO., LTD.	DMM.com SECURITIES Co., Ltd.	Iizukanakagawa Securities Co., Ltd.
Aioi Securities Co., Ltd.	DSB Co., Ltd.	Imamura Securities Co., Ltd.
AIP Securities Co., Ltd.	Ehime Securities Co., Ltd.	i-NET Securities Co., Ltd.
Aizawa Securities Co., Ltd.	Eiwa Securities Co., Ltd.	Interactive Brokers Securities Japan, Inc.
Akatsuki Securities, Inc.	EVOLUTION JAPAN SECURITIES Co., Ltd.	INVEST SECURITIES CO., LTD.
AllianceBernstein Japan Ltd.	eWarrant Japan Securities K.K.	IR Japan, Inc.
AMP Capital Investors KK	EZ Invest Securities Co., Ltd.	IS Securities Co., Ltd.
Amundi Japan Ltd.	FIL Securities (Japan) K.K.	Isurugi Securities Co., Ltd.
Ando Securities Co., Ltd.	FOLIO Co., Ltd.	IwaiCosmo Securities Co., Ltd.
Aozora Securities Co., Ltd.	FPG Securities Co., Ltd.	Iyogin Securities Co., Ltd.
Ark Securities Co., Ltd.	FPL SECURITIES INC.	Japan Asia Securities Co., Ltd.
Awa Securities Co., Ltd.	FUJITOMI CO., LTD.	Japan Bond Trading Co., Ltd.
AXA INVESTMENT MANAGERS JAPAN LTD.	Fukuoka Securities Co., Ltd.	Japan Private Asset Securities Inc.
Bansei Securities Co., Ltd.	Futanami Securities Co., Ltd.	Japan Securities Agents. Ltd.
Banyo Securities Co., Ltd.	GAM Japan Limited	JBond Totan Securities Co., Ltd.
Barclays Securities Japan Limited	GCM Investments Japan K.K.	JC Securities Co., Ltd.
BGC Shoken Kaisha Limited	GI Capital Management Ltd.	Jefferies (Japan) Limited
BlackRock Japan Co., Ltd.	GMO CLICK Securities, Inc.	JPMorgan Asset Management (Japan) Limited
Bloomberg Tradebook Japan Limited	Gogin Securities Co., Ltd.	JPMorgan Securities Japan Co., Ltd.
BNP Paribas Securities (Japan) Limited	Goldman Sachs Asset Management Co., Ltd.	Jyoko Securities Co., Ltd.
Brown Brothers Harriman Securities(Japan) Inc.	Goldman Sachs Japan Co., Ltd.	kabu.com Securities Co., Ltd.
Buko Securities Co., Ltd.	GreensLedge Asia Limited	Kagawa Securities Co., Ltd.
Capital Partners Securities Co., Ltd.	Guggenheim Partners Japan, Ltd.	KANETSU FX SECURITIES CO., LTD.
Centrade Securities Co., Ltd.	Gungin Securities Co., Ltd.	Kimura Securities Co., Ltd.
Central Totan Securities Co., Ltd.	H.S.Securities Co., Ltd.	KKR Capital Markets Japan Ltd.
Chibagin Securities	HACHIJUNI Securities Co., Ltd.	Kokufu Securities Co., Ltd.
Chi-X Japan Limited	Hamagin Tokai Tokyo Securities Co., Ltd.	Kotobuki Securities Co., Ltd.
Chugin Securities Co., Ltd.	HC Asset Management Co., Ltd.	KOYO SECURITIES CO., LTD.
CIBC World Markets (Japan) Inc.	Hedgefund Securities Co., Ltd.	Kyogin Securities Co., Ltd.
Citigroup Global Markets Japan Inc.	Hibiki Securities Inc.	Kyokuto Securities Co., Ltd.
CLSA Securities Japan Co., Ltd.	Hikari Securities Co., Ltd.	Kyowa Securities Co., Ltd.
Crédit Agricole Securities Asia B.V.	Himawari Securities, Inc.	Leading Securities Co., Ltd.
Credit Suisse Securities (Japan) Limited	Hinode Securities Co., Ltd.	Liquidnet Japan Inc.
Crowd Securities Japan, Inc.	HIROGIN SECURITIES CO., LTD.	livestar Securities Co., Ltd.
Daikumamoto Securities Co., Ltd.	Hirota Securities Co., Ltd.	LockeHallard Securities Co., Ltd.
Daiman Securities Co., Ltd.	Hokuhoku Tokai Tokyo Securites Co., Ltd	Macquarie Capital Securities (Japan) Limited.
Daisen Hinomaru Securities Co., Ltd.	HSBC Securities (Japan) Limited	Maruchika Securities Co., Ltd.
Daishi Securities Co., Ltd.	Hyakugo Securities Company Limited	Maruhachi Securities Co., Ltd.
Daiwa Securities Co., Ltd.	i SECURITIES Co., Ltd.	Marukuni Securities Co., Ltd.
DBJ Securities., Co., Ltd.		Marusan Securities Co., Ltd.

Masumo Securities Co., Ltd.	Orbis Investments KK	The Blackstone Group Japan k.k.
Matsui Securities Co., Ltd.	Phillip Securities Japan, Ltd.	The Kosei Securities Co., Ltd.
Matsusaka Securities Co., Ltd.	Pregian Securities Co., Ltd.	The Miki Securities Co., Ltd.
MCP Asset Management (Japan), Inc.	Premiere Securities Co., Ltd.	The Nakahara Securities Co., Ltd.
Mebuki Securities Co., Ltd.	Putnam Investments Securities Co., Ltd.	The Tachibana Securities Co., Ltd.
Meiwa Securities Co., Ltd.	PWM Japan Securities Co., Ltd.	Tobu Securities Co., Ltd.
Merrill Lynch Japan Securities Co., Ltd.	Rakuten Securities, Inc.	TOGAKU Securities Co., Ltd.
Mirai Securities Co., Ltd.	RBC Capital Markets (Japan) Limited	Togo Securities Co., Ltd.
MITA SECURITIES Co., Ltd.	RBS Securities Japan Limited	Toho Securities Co., Ltd.
Mito Securities Co., Ltd.	Retela Crea Securities Co., Ltd.	Tokai Tokyo Securities Co., Ltd.
Mitoyo Securities Co., Ltd.	Sanen Securities Co., Ltd.	Tokushima-Godo Securities Co., Ltd.
Mitsubishi Corporation Asset Management Ltd.	Sanko Securities Co., Ltd.	Tokyo Securities Transfer Agent Co., Ltd.
Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd.	Sankyo Securities Co., Ltd.	Tomioka Securities Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	Sasayama Securities Co., Ltd.	TOWER INVESTMENT MANAGEMENT Co., Ltd.
Mitsui & Co. Alternative Investments Ltd.	Saxo Bank Securities Ltd.	Toyo Securities Co., Ltd.
Mitsui Securities Co., Ltd.	SBI Japannext Co., Ltd.	Traders Securities Co., Ltd.
Miyako Securities Co., Ltd.	SBI SECURITIES Co., Ltd.	Tradeweb Europe Ltd.
Mizuho Global Alternative Investments, Ltd.	Scotia Securities Asia Limited	UBS Securities Japan Co., Ltd.
Mizuho Securities Co., Ltd.	Securities Japan, Inc.	Ueda Tradition Securities Ltd.
Monex, Inc.	Senshu Ikeda Tokai Tokyo Securities Co., Ltd.	Ueda Yagi Securities Co., Ltd.
MONEY DESIGN Co., Ltd.	Shimadai Securities Co., Ltd.	Usuki Securities Co., Ltd.
Money Partners Co., Ltd.	Shin Securities Sakamoto Inc.	Utsumiya Securities Co., Ltd.
MONEY SQUARE JAPAN, INC.	Shinbayashi Securities Co., Ltd.	Utsunomiya Securities Co., Ltd.
Morgan Stanley MUFG Securities Co., Ltd.	Shinkin Securities Co., Ltd.	Vanguard Investments Japan, Ltd.
Musashi Securities Co., Ltd.	Shin-Ogaki Securities Co., Ltd.	Vantage Capital Markets Japan K.K.
Nagano Securities Co., Ltd.	Shinsei Securities Co., Ltd.	WealthNavi Inc.
Naito Securities Co., Ltd.	SHIZUGIN TM SECURITIES Co., Ltd.	Wells Fargo Securities (Japan) Co., Ltd.
Nara Securities Co., Ltd.	Shizuoka Tokai Securities Co., Ltd.	WisdomTree Japan Inc.
Natixis Japan Securities Co., Ltd.	Shonai Securities Co., Ltd.	Yamagata Securities Co., Ltd.
New-S Securities Co., Ltd.	SMBC Friend Securities Co., Ltd.	YAMAGEN Securities Co., Ltd.
Nikko Asset Management Co., Ltd.	SMBC Nikko Securities Inc.	Yamani Securities Co., Ltd.
Nishimura Securities Co., Ltd.	Societe Generale Securities Japan Limited	Yamawa Securities Co., Ltd.
Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.	Sompo Japan Nipponkoa DC Securities Inc.	Yensai.com Co., Ltd.
Nissan Securities Co., Ltd.	SPARX Asset Management Co., Ltd.	YM Securities Co., Ltd.
NN Investment Partners Japan Co., Ltd.	SPC Securities Inc.	Yutaka Securities Co., Ltd.
Nobata Securities Co., Ltd.	Standard Chartered Securities (Japan) Limited	YUTAKA SHOJI Co., Ltd.
Nomura Financial Products & Services, Inc.	Starts Securities Co., Ltd.	Zukawa Securities Co., Ltd.
Nomura Securities Co., Ltd.	State Street Global Advisors (Japan) Co., Ltd.	
Northern Trust Global Investments Japan, K.K.	State Street Global Markets Securities Co., Ltd.	
Okachi Securities Co., Ltd.	StormHarbour Japan Ltd.	
OKASAN NIIGATA SECURITIES CO., LTD.	Superfund Japan Co., Ltd.	
Okasan Online Securities Co., Ltd.	Tahara Securities Co., Ltd.	
OKASAN SECURITIES CO., LTD.	Takagi Securities Co., Ltd.	
Okayasu Securities Co., Ltd.	Takematsu Securities Co., Ltd.	
Okinawa Securities Limited	TD Securities(Japan) Co., Ltd.	
One Asia Securities Co., Ltd.	Teneo Partners Japan Limited	
One Tap BUY Co., Ltd.	The Air's Sea Securities Co., Ltd.	
	The Bank of New York Mellon Securities Company Japan Ltd.	

List of Special Members (As of July 3, 2017)

City Banks

Mizuho Bank, Ltd.
Resona Bank, Limited
Saitama Resona Bank, Limited
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Trust Banks

Japan Trustee Services Bank, Ltd.
Mitsubishi UFJ Trust and Banking Corporation
Mizuho Trust & Banking Co., Ltd.
ORIX Bank Corporation
SMBC Trust Bank Ltd.
Sumitomo Mitsui Trust Bank, Limited
Shinkin Trust Bank, Ltd.
Shinsei Trust & Banking, Ltd.
State Street Trust and Banking Company, Limited
The Master Trust Bank of Japan, Ltd.
The Nomura Trust and Banking Co., Ltd.
The Norinchukin Trust & Banking Co., Ltd.
Trust & Custody Services Bank, Ltd.

Regional Banks

Bank of The Ryukyus, Limited
Suruga Bank Ltd.
The 77 Bank, Ltd.
THE AKITA BANK, LTD.
The Aomori Bank, Ltd.
The Ashikaga Bank, Ltd.
The Awa Bank, Ltd.
THE BANK OF FUKUOKA, LTD.
The Bank of Iwate, Ltd.
The Bank of Kyoto, Ltd.
The Bank of Okinawa, Ltd.
THE BANK OF SAGA LTD.
The Bank of Toyama, Ltd.
The Bank of Yokohama, Ltd.
The Chiba Bank, Ltd.
The Chiba Kogyo Bank, Ltd.
The Chikuho Bank, Ltd.
The Chugoku Bank, Limited
The Daishi Bank, Ltd.
The Eighteenth Bank, Limited
The Fukui Bank, Ltd.
The Gunma Bank, Ltd.
The Hachijuni Bank, Ltd.
The Higo Bank, Ltd.

The Hiroshima Bank, Ltd.
The Hokkaido Bank, Ltd.
The Hokkoku Bank, Ltd.
The Hokuetsu Bank, Ltd.
The Hokuriku Bank, Ltd.
The Hokuto Bank, Ltd.
The Hyakugo Bank, Ltd.
The Hyakujushi Bank, Ltd.
The Iyo Bank, Ltd.
The Joyo Bank, Ltd.
The Juroku Bank, Ltd.
THE KAGOSHIMA BANK, LTD.
The Kinki Osaka Bank, Ltd.
The Kitakyushu Bank, LTD.
The Kiyo Bank, Ltd.
THE MICHINOKU BANK, LTD.
The Mie Bank, Ltd.
The Miyazaki Bank, Ltd.
The Musashino Bank, Ltd.
The Nanto Bank, Ltd.
THE NISHI-NIPPON CITY BANK, LTD.
The Ogaki Kyoritsu Bank, Ltd.
THE OITA BANK, LTD.
The San-in Godo Bank, Ltd.
The Senshu Ikeda Bank, Ltd.
THE SHIGA BANK, LTD.
The Shikoku Bank, Ltd.
THE SHIMIZU BANK, LTD.
THE SHINWABANK, LTD.
THE SHIZUOKA BANK, LTD.
THE SHONAI BANK, LTD.
The Tajima Bank, Ltd.
The Toho Bank, Ltd.
THE TOHOKU BANK, LTD.
The Tokyo Tomin Bank, Limited
THE TOTTORI BANK, LTD
The Yamagata Bank, Ltd.
The Yamaguchi Bank, Ltd.
The Yamanashi Chuo Bank, Ltd.
Tsukuba Bank, Ltd.

Regional Banks II

Kansai Urban Banking Corporation
Kirayaka Bank, Ltd.
Momiji Bank, Ltd.
North Pacific Bank, Ltd.
The Aichi Bank, Ltd.
THE BANK OF KOCHI, LTD.
The Bank of Nagasaki, Ltd.

The Bank of Nagoya, Ltd.
The Chukyo Bank, Limited
The Daisan Bank, Ltd.
THE DAITO BANK, LTD.
The Ehime Bank, Ltd.
THE FAIRST BANK OF TOYAMA, LTD.
THE FUKUHO BANK, LTD.
THE FUKUOKA CHUO BANK, LTD.
THE FUKUSHIMA BANK, LTD.
The Higashi-Nippon Bank, Limited
THE HOWA BANK, LTD.
THE KAGAWA BANK, LTD.
THE KANAGAWA BANK, LTD.
The Keiyo Bank, Ltd.
The Kita-Nippon Bank, Ltd.
The Kumamoto Bank, Ltd.
The Minami-Nippon Bank, Ltd.
THE MINATO BANK, LTD.
The Miyazaki Taiyo Bank, Ltd.
THE NAGANOBANK, LTD.
THE OKINAWA KAIHO BANK. LTD.
THE SAGA KYOEI BANK, LTD.
THE SAIKYO BANK, LTD.
THE SENDAI BANK, LTD.
THE SHIMANE BANK, LTD.
THE SHIZUOKACHUO BANK, LTD.
THE TAIKO BANK, LTD.
THE TAISHO BANK, LTD.
THE TOCHIGI BANK, LTD.
THE TOKUSHIMA BANK, LTD.
The Tokyo Star Bank, Limited
THE TOWA BANK, LTD.
The Yachiyo Bank, Limited
TOMATO BANK, LTD.

Shinkin Banks

Fukuoka Hibiki Shinkin Bank
Hiroshima Shinkin Bank
Nara Shinkin Bank
Nisshin Shinkin Bank
Okayama Shinkin Bank
Shimada Shinkin Bank
The Asahi Shinkin Bank
The Amagasaki Shinkin Bank
The Banshu Shinkin Bank
The Gifu Shinkin Bank
The Hekikai Shinkin Bank
The Himeji Shinkin Bank
THE HYOGOSHINKIN BANK

The Johnan Shinkin Bank
 THE JOHOKU SHINKIN BANK
 THE KANAGAWA SHINKIN BANK
 The Kanazawa Shinkin Bank
 THE KAWASAKI SHINKIN BANK
 THE KYOTO CHUO SHINKIN BANK
 THE KYOTO SHINKIN BANK
 THE NAGANO SHINKIN BANK
 The Okazaki Shinkin Bank
 THE OME SHINKIN BANK
 The Osaka City Shinkin Bank
 THE SAITAMAKEN SHINKIN BANK
 The Sawayaka Shinkin Bank
 THE SEIBU SHINKIN BANK
 The Seishin Shinkin Bank
 The Seto Shinkin Bank
 The Shizuoka Shinkin Bank
 The Shonan Shinkin Bank
 The Sugamo Shinkin Bank
 The Tama Shinkin Bank
 THE TOKYO HIGASHI SHINKIN BANK
 The Tono Shinkin Bank
 The Yokohama Shinkin Bank
 TOKYO CITY SHINKIN BANK
 Toyota Shinkin Bank
 Yamato Shinkin Bank

Credit Cooperatives

DAI-ICHI KANGYO CREDIT COOPERATIVE
 kinki sangyou Credit Union
 Nagano-Ken Credit Cooperative

Foreign Banks

Australia and New Zealand Banking Group Limited
 Bank of America, National Association
 Barclays Bank PLC
 BNP PARIBAS S.A.
 Citibank, N.A., Tokyo Branch
 Commonwealth Bank of Australia
 Credit Agricole Corporate and Investment Bank
 Deutsche Bank Aktiengesellschaft
 Hongkong and Shanghai Banking Corporation Limited
 ING Bank N.V.
 JPMorgan Chase Bank, N.A.
 Royal Bank of Canada, Tokyo Branch.
 UBS AG

Other Banks

Aozora Bank, Ltd.
 AEON BANK, LTD.
 Japan Post Bank Co., Ltd.
 Jibun Bank Corporation
 Rakuten Bank, Ltd.
 SBI Sumishin Net Bank, Ltd.
 Shinsei Bank, Limited
 Sony Bank Incorporated
 The Japan Net Bank, Limited

Life Insurers

Fukoku Mutual Life Insurance Co.
 Meiji Yasuda Life Insurance Company
 MetLife Insurance K.K.
 Mitsui Life Insurance Company Limited
 Mitsui Sumitomo Primary Life Insurance Company Limited
 NN Life Insurance Company, Ltd.
 NIPPON LIFE INSURANCE COMPANY
 ORIX Life Insurance Corporation
 Sony Life Insurance Co., Ltd.
 Sumitomo Life Insurance Co.
 The Dai-ichi Life Insurance Company, Limited

Non-life Insurers

Aioi Nissay Dowa Insurance Co., Ltd.
 Mitsui Sumitomo Insurance Co., Ltd.
 Sompo Japan Nipponkoa Insurance Inc.
 Tokio Marine & Nichido Fire Insurance Co., Ltd.

Money Market Dealers

Central Tanshi Co., Ltd.
 The Tokyo Tanshi Co., Ltd.
 Ueda Yagi Tanshi Co., Ltd.

Securities Finance Companies

Chubu Securities Finance Co., Ltd.
 Japan Securities Finance Co., Ltd.

Government-related Financials, etc.

Development Bank of Japan Inc.
 Shinkin Central Bank
 The Norinchukin Bank
 The Shoko Chukin Bank, Ltd.

Specified Business Members (As of July 3, 2017)

Clear Markets Japan, Inc.
 Japan Cloud Capital Inc.
 Totan ICAP Co., Ltd
 Tullet Prebon ETP (Japan) Ltd.

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