

JSDA

Annual Report **2016**



Japan Securities Dealers Association

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Preamble



Dear Readers,

The Japanese economy now stands at a critical juncture as it seeks the next phase of growth while addressing the challenges emerging from demographic change. In June this year, the Japanese government issued “Japan Revitalization Strategy 2016” along with the cabinet decision on “Plan for Dynamic Engagement of All Citizens” aiming to build a society where all citizens can play active roles in their respective homes, workplaces and local communities or any other places. To underpin the dynamism of the economy and provide momentum for future growth, the capital market needs to fully perform its functions through 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. Accordingly, JSDA has set two goals, “Invigorating the capital market” and “promoting personal asset-building through investment”, in its business strategy for the year to come. I would like to outline some of the major challenges that JSDA is tackling in working toward the two goals.

Promoting medium- and long-term asset formation

Personal asset-building through self-reliant efforts is becoming crucial for the stable and prosperous life of individuals in Japan’s rapidly aging society. To support those efforts and expand the investor base, JSDA is actively promoting the Nippon Individual Savings Account (NISA). With the NISA account, all individuals are eligible for an exemption of tax on capital gains and dividends from annual investments of up to 1.2 million yen (approximately US\$ 12,000) made over a five-year period. As of the end of June 2016, more than 10 million accounts had been opened under the NISA scheme.

Along with NISA, in order to facilitate the transfer of assets from the elder 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 or some US\$ 8,000. Income from capital gains and dividends derived from annual investments is exempt from tax. Since the Junior NISA is a scheme for long-term investment by young people, account holders are not permitted in principle to withdraw funds before they become 18 years old.

In addition, an amendment to the Defined Contribution Pension Act was enacted on May 24, 2016. The amended DC Pension scheme allows stay-at-home spouses and public employees to access DC Pension plans and gives workers more flexibility in transferring pension assets upon changing job.

Building on these developments, JSDA is continuing to support asset formation by individuals through, for example:

- Promoting the utilization of DC Pension plans,
- Facilitating intergenerational transfer of risk assets,
- Making efforts for perpetuating and expanding the NISA and Junior NISA schemes, and
- Making efforts for introducing integrated taxation on financial income derived from derivatives.

Increasing the integrity and efficiency of the market

Revitalizing the market continues to be a major task for the securities industry. One major prerequisite is of course to ensure the fairness, transparency and efficiency of the market. To this end, JSDA exercises its self-regulatory functions which include making self-regulatory rules, enforcing the rules, conducting inspections and taking disciplinary actions on member firms, accrediting sales representatives, and mediating disputes between customers and its member firms. Recent major challenges in the self-regulatory area include:

- Developing fair practices for information provision by analysts to the market,
- Reviewing the product screening process and sales practices regarding private placement bonds, and
- Taking necessary steps for domestic implementation of the Asia Region Funds Passport (ARFP).

Disseminating and promoting financial literacy

The rapidly changing demographics are causing many difficulties and challenges, some of which are closely related to our mandates of financial capability and investor education.

As concerns about the solvency of the social security and pension systems grow, financial literacy to support self-reliant efforts in building and managing personal assets has become a crucial life-time skill. Actions must take a long-term and future-oriented approach. Accordingly, for elementary, junior high, high and university students, JSDA is giving lectures and providing education materials for teachers, and also recommending the Ministry of Education, Culture, Sports, Science and Technology to adopt and expand the school curriculum to provide age-appropriate learning about economics and finance. For working-age adults, we are providing information and tips through seminars and websites to assist their life-long asset management plans. Through these activities, we are disseminating knowledge about useful tools for asset-building including the aforementioned NISA, Junior NISA and DC Pension plans.

On another front, the growing population of elderly people means an increase in the number of socially vulnerable people or those who need protection. In particular, elderly people are often targeted by and fall victim to financial scams and frauds; financial literacy and

public relations are two key measures to prevent investors, particularly elderly people, from becoming victims. In line with this thinking, JSDA conducts anti-fraud campaigns in cooperation with the police authorities.

Conducting overseas public relations on the attractiveness and potential of the Japanese market

Japan has the third largest economy in the world and a huge and deep capital market. To make the most of the capacity and potential of the market as well as enhance Japan's status as an international financial center, it is imperative to more actively promote Japan and the Japanese market to overseas investors and financial experts. For this reason, JSDA conducts various overseas public relations activities.

One core activity is JSDA's overseas seminar, the "Japan Securities Summit." The main objective of this event is to provide overseas market professionals, investors and financial experts with an opportunity to better understand the attractiveness of Japan as an investment choice and the framework of the Japanese market as an effective trading venue. Since 2008, the event has been held in the world's major financial centers including London, New York, Hong Kong and Singapore. The most recent event was held in New York in March 2016, co-hosted by the Securities Industry and Financial Markets Association (SIFMA). At the event, speakers presented the outlook for the Japanese economy and discussed the fiscal consolidation, monetary policy and growth strategy including corporate governance reform. Measures to enhance Tokyo's status as an international financial center were also introduced and drew the audience's attention.

Japan's capital market provides domestic and overseas market participants with abundant opportunities for investment and growth, offering deep liquidity within a strong and efficient infrastructure. JSDA will continue its efforts to further improve the market's integrity and efficiency, thus enabling Japan's capital market to play a pivotal role in sustaining economic growth and overcoming the various social and economic challenges that lie ahead.



Kazutoshi Inano
Chairman and CEO

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



Promoting NISA and Junior NISA

In accordance with the NISA public relations campaign plan 2015, JSDA produced and distributed leaflets, pamphlets, posters and self-standing panels, set up a special website for NISA, and advertised on TV, the internet and newspapers in order to inform the general public about the effectiveness of asset-building by households through NISA and Junior NISA.

In conjunction with the introduction of the Social Security and Tax Number System, the FAQ and model forms related to NISA were reviewed and revised. To contribute to smooth implementation of Junior NISA, JSDA took measures such as drawing up model forms and practical guidelines, holding seminars for JSDA member firms and posting the revised FAQ on the JSDA website.

Advocating Tax Reforms

Together with the above public relations campaigns, JSDA, on behalf of the securities industry, has been asking the government to implement tax reforms in order to perpetuate, expand and simplify NISA and Junior NISA.

In response to the integration of taxation on

financial income derived from bonds which took effect on January 1, 2016, JSDA held seminars for practitioners from JSDA member firms in regions to deepen their knowledge of the system, in addition to drawing up model forms and practical guidelines. Separately, JSDA conveyed the opinions of the industry on the integration of taxation on financial income derived from derivatives to relevant parties.

Since the assessed value for listed stock is higher than that of other inheritance assets, JSDA shared its view on the valuation of inheritance tax with relevant parties for reviewing the method of valuation.

Improving the DC Pension System

As an amendment bill for defined contribution pensions was proposed in the Diet, the Working Group on Asset-building through Individual Efforts compiled their views in a report and submitted a petition to the Ministry of Health, Labour and Welfare in August 2015. Later, when the vote on the bill was postponed, JSDA encouraged related parties to place the bill on the table early and discuss it in the 2016 Diet. An amendment to the Defined Contribution Pension Act was finally enacted on May 24, 2016, which enhances the opportunity for self-employed staff and employees at a workplace without a corporate pension to join individual DC plans.

Improving Japan's Status in Capital Markets

The Council for Tokyo Global Financial Center deliberated detailed measures for firmly establishing Tokyo's status as a global financial center and published its report in September 2015. In response to recommendations in the report, JSDA set up the Working Group on Asset Management.

To support individuals' medium- and long-term asset-building, JSDA set up the Working Group on Asset Management as a subgroup of the Council for Tokyo Global Financial Center. This WG discussed

cross-industry measures for enhancing the asset management industry and providing financial products for promoting asset-building by individuals, and published the results of the discussions in June 2016.

Enhancing the Functions of the Corporate Bond Market

JSDA launched a new system which publishes the actual contract prices of OTC corporate bond transactions and revised the system which distributes trading reference prices for OTC bond transactions since November 2, 2015. Concurrently, to enhance protection for bondholders, introduction of the bondholder supporting agent system was discussed in the Working Group on Building Infrastructure for Vitalization of the Corporate Bond Market as an efficient and practical measure for bondholder protection. The working group compiled its views into the report “Terms of corporate bond issuance and outsourcing contract with respect to the Bondholder Supporting Agent” in August 2016.

Enhancing the Functions of the Equity Market

To expand equity-based crowdfunding and the shareholders community system*, JSDA conducted promotional activities such as briefing sessions for JSDA member firms and joined seminars held by related parties. JSDA also launched special web pages for equity-based crowdfunding and the shareholders community system, where it provides explanations on the system, transaction data and warnings for investors. Through these activities, JSDA is endeavoring to raise awareness among the industry as well as the general public on both equity-based crowdfunding and the shareholders community system.

* The shareholders community system is a regulatory framework to allow securities firms to solicit investors who participate in the shareholders community. The system was launched in response to the needs for transactions and conversion into cash of unlisted companies' stocks including regional companies.

Shortening of the Settlement Cycle

With respect to shortening of the settlement cycle, JSDA established two discussion groups: the Study Group on Running Test and the Working Group on Shortening the Stock Settlement Cycle.

As a measure for shortening the settlement cycle of bond trading, the Study Group on Running Test, which was established under the Working Group on Shortening the JGB Settlement Cycle, examined the items of the running test and drew up the basic policy in December 2015.

As a measure for shortening the settlement cycle of stock trading, the Working Group on Shortening the Stock Settlement Cycle started discussions on how to realize the T+2 settlement cycle of stock transactions in July 2015 and compiled the key points in an interim report in December. The final report was published in June 2016, setting an expected implementation date of April or May 2019.

Promoting Interaction with Academia and Industry

JSDA established the JSDA Capital Market Forum for stimulating interaction with academic researchers and market practitioners. In the forum, researchers gave presentations on their studies and members discussed the studies.

Properly Responding to the Common Reporting Standard (CRS) and Foreign Account Tax Compliance (FATCA)

JSDA identified and reviewed tasks to enable JSDA member firms to smoothly respond to the revision of the law relating to FATCA, stipulating obligations for financial institutions. JSDA informed its member firms of the contents of FATCA guidance published by the US authorities.

With respect to CRS, JSDA drew up model forms of notifications and disseminated them to its member firms.

For Better Self-Regulation



IOSCO Annual General Meeting

Establishing Confidence in Securities Firms and the Market

In order to enhance investor protection, JSDA has applied several rules to its members including issues related to customer asset segregation, internet trading by elderly investors, and information distribution by analysts.

In April 2015, a working group on customer asset segregation published its report, aiming to shift from the current system of several examination methods, to a single method of examining customer asset segregation. Accordingly, JSDA rules are to be amended and will partly come into effect on March 31, 2019 and become fully effective on March 31, 2020.

In October 2015, the Working Group on Investment Solicitation reviewed the guidelines for

internet trading by elderly investors, and revised the guidelines. JSDA also reviewed the FAQ for the Act on Prevention of Transfer of Criminal Proceeds and discussed identification in the case of non-face-to-face transactions in accordance with the revision of the Act. As a result of its review, JSDA now requires its member firms, as its own measures in addition to the procedures stipulated in the Act, to conduct an additional identification and check for spoofing.

Preventing Insider Trading

JSDA continued, in collaboration with stock exchanges, to encourage listed companies to participate in the Japan Insider Registration & Identification Support System (J-IRISS), which aims to prevent unintended insider trading through checking of 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 2016 exceeded 3,000 (82.35% of all listed companies) from 2,904 (80.76%) as of the end of March 2015. In addition, JSDA worked to ensure a smooth transition to the second-generation I-IRISS system which started to operate in May 2016.

Timely and Effective Inspections of Member Firms

During fiscal 2015, in addition to regular inspections of 80 Regular Members and 44 Special Members, JSDA visited and interviewed 12 Regular Members to examine their capital requirements and customers' asset segregation.

Deliberation on Information Distribution by Analysts

The Working Group on Development of Self-Regulatory Rules discussed establishing "Guidelines regarding Interviews, etc. with Issuers and Information Conveyance by Association Members' Research Analysts". The guidelines require association members' research analysts not to engage in "preview interviews", which means interviews with issuers to get information on issuers' unpublished financial results and convey the obtained information to selected investors. JSDA finalized these guidelines taking into consideration comments submitted through the public comments process and set the effective date as October 1, 2016.

Supporting Member Firms' Preparations for Systemic Revisions

Upon the enforcement of the law related to the Social Security and Tax Number System, JSDA revised several model forms of identification and tax issues, and compiled identification measures in accordance with the Social Security and Tax Number System in order to help its member firms smoothly implement



the system. JSDA revised related self-regulatory rules and established models of internal rules for its member firms in August 2015. JSDA held seminars on practical measures for the Social Security and Tax Number System nationwide and published a FAQ on the major issues raised in the seminars.

Disciplinary Action

In cases of violation of laws and regulations, including JSDA's self-regulatory rules, 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 numbers of disciplinary actions taken by JSDA during fiscal 2015 are shown in the table below.

Disciplinary Actions in Fiscal 2015

Against Regular Members	
Fine and Warning	2
Reprimand and Warning	1
Against Sales Representatives of Regular Members	
Treatment as Class-1 Perpetrator of Inappropriate Acts	1
Revocation of Sales Representative Registration and Treatment as Class-2 Perpetrator of Inappropriate Acts	8
Suspension of Sales Representative Business	71
Against Sales Managers & Internal Administrators of Regular Members	
Prohibition Allocation of Sales Manager Position	8
Against Sales Representatives of Special Members	
Revocation of Sales Representative Registration and Treatment as Class-2 Perpetrator of Inappropriate Acts	5
Suspension of Sales Representative Business	23
Against Sales Managers & Internal Administrators of Special Members	
Prohibition Allocation of Sales Manager Position	8
Against Sales Representatives of Financial Instruments Intermediary Service Providers	
Suspension of Sales Representative Business	4
Prohibition of Sales Representative Business	1

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

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.

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

JSDA conducts these qualification examinations based on the syllabus.

The numbers of examinees and successful applicants for each examination during fiscal 2015 are shown in the following table.

Qualification Examinations in Fiscal 2015

Examination	Examinees	Successful Applicants
Class-1 Sales Representative	59,470	27,055
Class-2 Sales Representative	24,791	13,006
Internal Administrator	21,684	18,296
Special Member's Class-1 Sales Representative	8,480	2,540
Special Member's Class-2 Sales Representative	16,987	7,572
Special Member's Internal Administrator	2,595	2,459



IFIE Global Conference

Training Courses and Investor Education

Training Courses

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

To build confidence in securities firms and the securities market, JSDA takes the key initiatives of ensuring that appropriate ethical standards are maintained by its member firms and their employees, and facilitating proper enforcement of rules on transactions with elderly people. In line with this initiative, JSDA set out three basic policies in its plan for training courses for association members in fiscal 2015: 1) foster greater awareness of business ethics among member firms and enhance continuous programs aimed at ensuring thorough awareness of compliance, 2) introduce practical and diverse training methods, and 3) promptly revise the contents of training courses to deal with emerging issues including revisions of laws and regulations.

In implementing such annual plans, JSDA continuously conducts various training courses based on its self-regulatory rules with the aim of raising awareness of ethics and codes of conduct. Moreover, periodic reviews are undertaken to improve the content of training courses and add new topics as required, such as solicitation methods for elderly customers.

To enhance compliance procedures and internal training systems in member firms, JSDA compiles and distributes training materials on laws and regulations to be used in internal training courses. In addition, JSDA provides summaries and reference materials on compliance-related issues from among its training themes for the fiscal year. Moreover, it dispatches or refers its officers and employees to serve as lecturers at in-house training sessions of member firms. During fiscal 2015, JSDA officers and employees held 20 sessions in member firms.

Training Courses during Fiscal 2015

1. Seminar for company representatives
2. Training seminars for executives
3. Joint training seminars for internal administration supervisors and internal administration assistant supervisors
4. Training seminars for internal administrators
5. Training seminars for sales managers
6. Joint training seminars for sales managers and internal administration supervisors
7. Training seminars for qualification renewal of sales representatives
8. Basic compliance seminars
9. Compliance practice seminars
10. Securities business basic seminars
11. Securities business practice seminars
12. Compliance seminars for sales staff
13. Risk management seminars
14. Corporate ethics seminar

Investor Education

Disseminating and Promoting Financial Literacy

Since discussions on revising the national curriculum are ongoing, on 18 September, 2015 the Study Group on the Promotion of Financial & Economic Education (JSDA serves as the secretariat) submitted a petition to the Ministry of Education, Culture, Sports, Science and Technology of Japan to request further improvement of finance and economics education in the national curriculum for junior high schools and high schools. To raise awareness on this issue, JSDA gave a briefing to the media and issued a press release, and encouraged relevant parties to spread the information. In addition, JSDA dispatched its staff as lecturers to 81 elementary schools and junior high schools to conduct 160 classes as Saturday educational activities and to 69 universities and career centers to conduct 101 classes on financial literacy. In October 2015, the nationwide event called “Investment Day” was held by the Securities Knowledge Proliferation Project of JSDA, which encompasses the Japan Exchange Group, Tokyo Stock Exchange, Osaka Exchange, Nagoya Stock Exchange, Fukuoka Stock

Exchange, Sapporo Stock Exchange, Investment Trusts Association of Japan, and Association of Nagoya Stock Exchange Trading Participants. Annual “Investment Day” events were held at 21 venues and attracted some 4,100 people. JSDA also hosted financial literacy development courses at 15 venues with the participation of around 600.

JSDA conducted public relations to preventing scams involving fake sales of shares or corporate

bonds in accordance with the 2015 PR plan for this purpose, during the campaign period of October 2015. The campaign includes activities such as a “heads-up” campaign on the street in 50 cities, over-the-counter activities in securities firms in cooperation with police departments and securities firms, and distributing pamphlets at events hosted by police departments and at social clubs for the elderly.



IOSCO Annual General Meeting

International Activities



ASF Annual General Meeting

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

The International Organization of Securities Commissions (IOSCO) 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) reflecting 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 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, JSDA has been serving as chair of the RAG. At the IOSCO Mid-Year Meeting held in Zurich in October 2015 and AGM held in Lima in May 2016, the working group discussed a number of emerging regulatory issues across the world, including issues related to price transparency, volatility control and automated trading.

The IOSCO Committee Eight (C8)

The IOSCO Committee Eight (C8), which covers issues related to retail investors, was set up in June 2013 with a mandate to conduct policy work on financial literacy and investor protection. JSDA has participated as an observer in the discussions and exchanges of views since the C8 meeting held in Singapore in September 2014, and has continuously attended the C8 meetings. Recent ones were in Jersey in May 2015, in London in November 2015, in Sydney in February 2016 and in Istanbul in June 2016.

International Council of Securities Associations (ICSA)

The International Council of Securities Associations (ICSA) was established in 1988 based on a proposal by 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 2016, 18 organizations are members of ICSA. At the AGM held in Stockholm in May 2016, guest speakers and member associations discussed topics including financing growth, market liquidity, sustainable finance, fintech, and conduct & culture.

Asia Securities Forum (ASF)

The Asia Securities Forum (ASF) was established in 1995, based on an initiative by 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 ASF annual general meeting is hosted by its members on a rotating basis. In September 2015, the Korea Financial Investment Association (KOFIA) hosted the 2015 AGM in Seoul. More than 150 people participated from the Asia-Pacific region as well as the local securities industry. On the agenda at the 2015 AGM were the market comparison report made by the Korea Capital Market Institute (KCMII), keynote speeches, and panel discussions on the following topics: "Pension Assets – Aging Society and Its Implication on Asian Capital Market", "Innovations in Investor Education Programs and Delivery Strategies", "Increasing Volatility in Chinese Market: How Can Asia's Capital Markets

Cope with This?" and "Overseas Expansion of Asian Securities Companies: Differentiated Strategies & Target Destination."

ASF Tokyo Round Table

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 11th ASF Tokyo Round Table, held in December 2015, was attended by 21 participants from 19 jurisdictions. Participants mainly studied regulatory frameworks and market infrastructure using the Japanese securities market as an example.

The 8th Japan Securities Summit in New York

On March 10, 2016, JSDA and the Securities Industry and Financial Markets Association (SIFMA) co-organized the 8th Japan Securities Summit in New York to promote Japanese markets, inviting institutional investors and financial market participants active in the investment community on the east coast of the United States. The main topics covered were the achievements so far of "Abenomics", the Japanese government's economic strategy to put the country on a sustainable growth path, the challenges that lie ahead due to demographic changes, the efficient allocation of capital and resources as well as the successive introduction of the "stewardship code" and "corporate governance code" along with a number of initiatives to encourage listed companies to raise their corporate value. Reflecting growing interest in Japanese markets, the event was attended by about 200 participants.

International Forum for Investor Education (IFIE)

The International Forum for Investor Education (IFIE) is an alliance formed in 2005 to bring together providers of investor education, serving as a forum for the exchange of information and ideas. As a member of IFIE, JSDA participated in the annual IFIE conference in Istanbul in June 2016 and exchanged views with members and other parties. JSDA has served as IFIE Vice-Chair since the Istanbul meeting. JSDA also actively participated in the Asian Chapter of IFIE, serving as its Chair and attending its Annual Meeting held concurrently with the IFIE conference in June 2016.

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 further promote the standardization and harmonization of Asian bond markets. JSDA is actively committed to this activity (currently in phase 3 discussions) as a National Member in Sub-Forum 1, which deals with the harmonization of legal frameworks. JSDA participated in the Sub-Forum meetings held in Manila (August 2015 and January 2016), Singapore (October 2015) and Tokyo (June 2016).

International Organization for Standardization (ISO)

The International Organization for Standardization (ISO) has several technical committees (TCs) related to various categories of standards, and has been developing a variety of international standards. One of the technical committees, TC68, is in charge of standardization in the financial services sector. Sub-Committee 4 (SC4) of TC68 investigates and sets

up standards for information technology utilized in securities transactions. JSDA undertakes tasks for TC68/SC4, forging a consensus among the securities industry and other stakeholders in Japan and putting forward their views to SC4. JSDA participated in the 2016 plenary meeting held in Frankfurt in April.

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

In September 2015, JSDA submitted comments concerning the Consultative Report of the CPMI and the IOSCO on harmonisation of UTI, requesting sufficient consideration to ensure that the administrative burden does not greatly exceed the benefits of utilizing UTIs, and an appropriate preparatory period for its introduction.

In October 2015, JSDA responded to a questionnaire of the LEI ROC concerning collecting data on the direct and ultimate parents of legal entities in the Global LEI system, mainly suggesting adding supplemental parent data based on the definition of “equity interest ratio of more than 50%” and requesting no increase in the cost and burden of introducing relationship data and the involvement of government-level education.

In February 2016, JSDA conveyed its member firms’ comments on consultative questions published by BCBS on the capital treatment for “simple, transparent and comparable” securitizations, broadly agreeing with the proposed rationale for introducing STC criteria into the Basel capital framework but suggesting that the details of criteria should be left to the discretion of each authority.

Membership

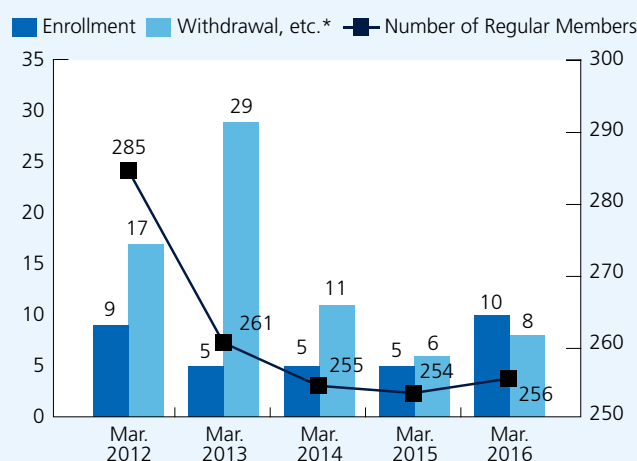
Association Members are categorized into three groups:

(1) Regular Members (256): Securities firms

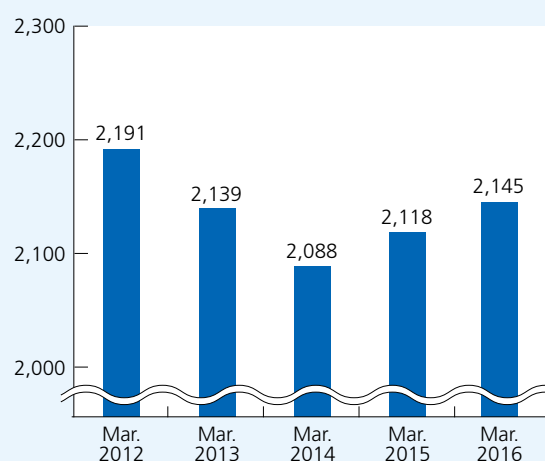
While 10 new members enrolled in fiscal 2015, eight members terminated their membership due to withdrawal, or merger. Regular Members comprised 243 domestic securities firms and 13 foreign securities firms. Foreign Regular Members accounted for 5.0% of regular membership.

The total number of employees of JSDA Regular Members was about 88,000 at the end of December 2015, an increase of 2,750 from the previous year. The number of offices of JSDA Regular Members at the end of March 2016 was 2,145.

Regular Members

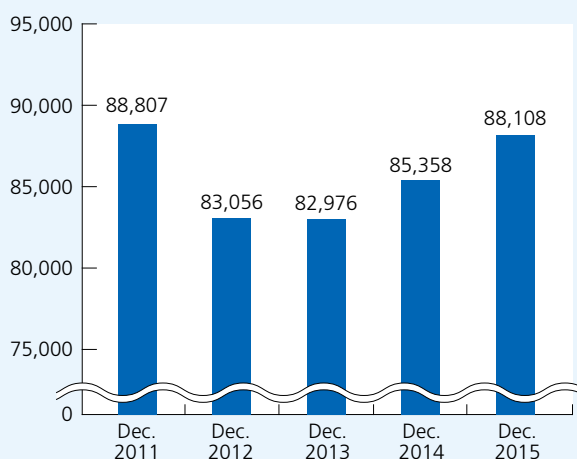


Offices of Regular Members

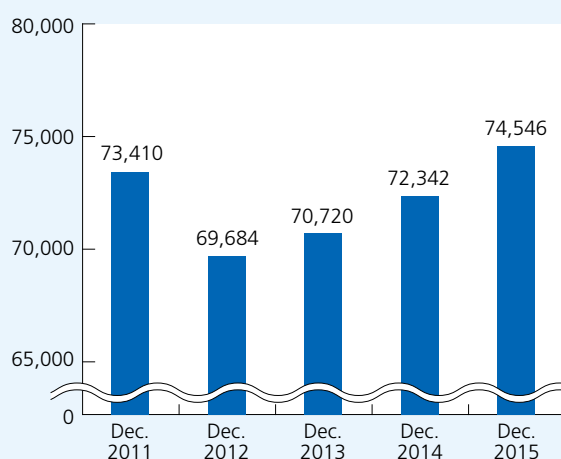


Note: Withdrawal, etc. includes termination of membership due to withdrawal, merger, and expulsion.

Employees of Regular Members



Sales Representatives of Regular Members



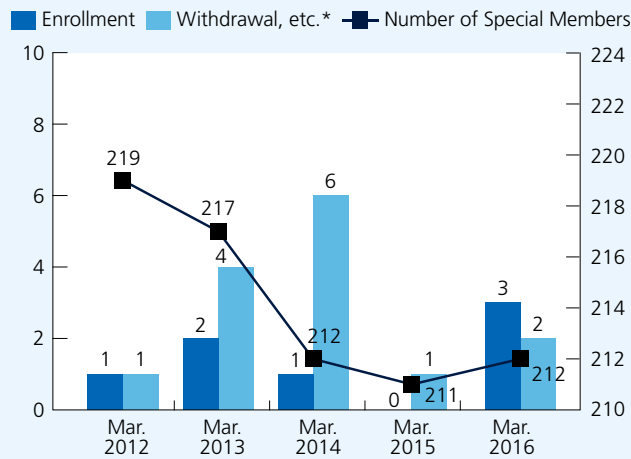
(2) Specified Business Members (3): Firms only conducting specified OTC derivative transactions, etc. or Type I Small Amount Electronic Offering Handling Business

During fiscal 2015, three new members enrolled.

(3) Special Members (212): Banks, insurance companies, etc. conducting securities business

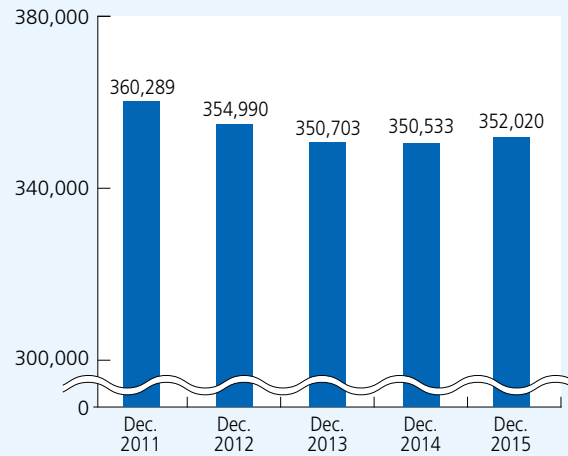
During fiscal 2015 three new members enrolled and, two institution lost its membership due to withdrawal or merger.

Special Members

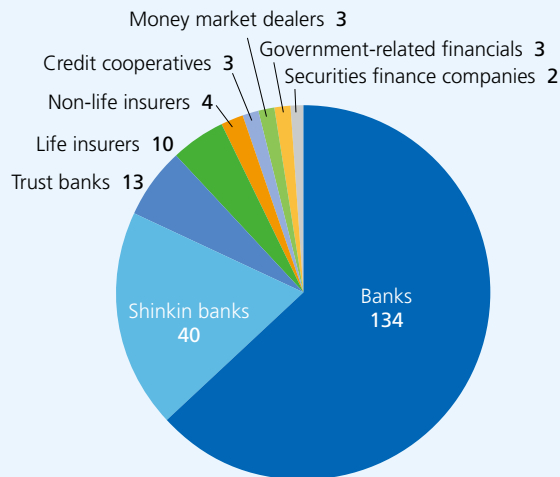


Note: Withdrawal, etc. includes termination of membership due to withdrawal and merger.

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 2016)

I. Assets

	Millions of yen	Thousands of U.S.dollars
1 Floating assets:		
Cash & deposits	¥168	\$1,489
Accounts receivable	¥177	\$1,574
Prepayments	¥57	\$506
Securities	–	–
Stored goods	–	–
Subtotal	¥402	\$3,569
2 Fixed assets:		
(1) Special assets:		
Accrued retirement benefits assets	¥4,435	\$39,363
(2) Other fixed assets	¥3,418	\$30,333
Subtotal	¥7,853	\$69,697
TOTAL ASSETS	¥8,256	\$73,265

II. Liabilities

	Millions of yen	Thousands of U.S.dollars
1 Floating debts:		
Accounts payable	¥296	\$2,630
Advance received	–	–
Deposits received	¥30	\$263
Reserve for bonuses	¥239	\$2,119
Lease Liabilities	¥66	\$586
Subtotal	¥631	\$5,598
2 Fixed debts:		
Long-term accounts payable	¥136	\$1,204
Accrued retirement benefits for employees	¥4,244	\$37,664
Accrued retirement benefits for executive officers	¥232	\$2,056
Lease liabilities	¥68	\$604
Subtotal	¥4,679	\$41,527
TOTAL DEBTS	¥5,310	\$47,125

III. Net Assets

1 Designated net assets:	–	–
Subtotal	–	–
2 General net assets	¥2,946	\$26,141
Subtotal	¥2,946	\$26,141
TOTAL NET ASSETS	¥2,946	\$26,141
TOTAL NET ASSETS AND LIABILITIES	¥8,256	\$73,265

- Notes: 1. Rate of US\$1=¥112.68 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 AMCC Training Seminar

Revenues and Expenses Statement (Fiscal Apr. 2015 to Mar. 2016)

Revenues

	Millions of yen	Thousands of U.S. dollars
1 Revenues from business activities		
Designated Asset Investment Profit	¥32	\$283
Membership fees	¥5,974	\$53,016
- Fixed membership fees	¥1,778	(\$15,776)
- Floating rate membership fees	¥4,196	(\$37,240)
Business revenues	¥44	\$386
- Training and education fees	¥21	(\$187)
- Other business revenues	¥22	(\$199)
Subsidies	¥61	\$544
Other revenues	¥54	\$476
Transferred revenues from other accounts	¥1,076	\$9,551
- Transferred revenues from Special Members General Account	¥732	(\$6,493)
- Transferred revenues from Specified Business Members General Account	¥1	(\$12)
- Transferred revenues from Institute for Securities Education & Public Relations Special Account	¥22	(\$194)
- Transferred revenues from Members General Fund Special Account	¥110	(\$976)
- Transferred revenues from Members Training Fund Special Account	¥27	(\$239)
- Transferred revenues from Securities Market Activating Fund Special Account	¥87	(\$771)
- Transferred revenues from Member Securities Market Fairness and Activation Fund Special Account	¥82	(\$731)
- Transferred revenues from qualification management business integration Special Account	¥15	(\$134)
Subtotal	¥7,240	\$64,256
2 Revenues from investment activities		
Revenues from investment activities	¥1,009	\$8,955
Subtotal	¥1,009	\$8,955
3 Revenues from financing activities		
Revenues from financing activities	—	—
Subtotal	—	—
Surplus from the previous fiscal year	—	—
TOTAL REVENUES	¥8,323	\$73,865

Expenses

	Millions of yen	Thousands of U.S. dollars
1 Expenses to business activities		
Operating expenses	¥4,110	\$36,475
Administrative expenses	¥1,808	\$16,046
Transferred expenses to other accounts	¥507	\$4,496
- Transferred revenues from Special Members General Account	—	—
- Transferred Expenses to Institute for Securities Education & Public Relations Special Account	(¥411)	(\$3,650)
- Transferred Expenses to System Utilization Special Account	(¥95)	(\$846)
Subtotal	¥6,425	\$57,017
2 Expenses to investment activities		
Expenses to investment activities	¥999	\$8,869
Subtotal	¥999	\$8,869
3 Expenses to financing activities		
Expenses to investment activities	¥70	\$625
Subtotal	¥70	\$625
4 Other expenses		
Other expenses	—	—
Subtotal	—	—
TOTAL EXPENSES	¥8,247	\$73,190

Surplus / Deficit amount	¥2	\$22
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Amount carried forward	¥76	\$675
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- Notes: 1. Rate of US\$1=¥112.68 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 2015

Requests for Mediation	118
Successful Settlement	51
Failure in Reaching Settlement	51

Note: The amounts do not match due to cases carried over from fiscal 2014 or issues not concluded within fiscal 2015.

Consultations and Complaints in Fiscal 2015

Consultation	Inquiry or Opinion Regarding Securities Transactions	5,970
	Complaints	
	Complaints about Solicitation	467
	Complaints about Transactions	425
	Complaints about Processing	184
	Other Complaints	114

Internet Transaction Survey

Number of Securities Companies Providing Internet Transactions

(Unit: firms)

	Total Member Firms	Handling Internet Transactions		Not Handling Internet Transactions							
						Making Preparations		Studying Plans		Having No Plans	
Sep. 30, '13	255	58	22.7%	197	77.3%	3	1.2%	5	2.0%	189	74.1%
Mar. 31, '14	251	61	24.3%	190	75.7%	3	1.2%	7	2.8%	180	71.7%
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%

Number of Internet Transaction Accounts

(Unit: accounts)

	Sep. 30, '12	Mar. 31, '13	Sep. 30, '13	Mar. 31, '14	Sep. 30, '14	Mar. 31, '15	Sep. 30, '15	Mar. 31, '16
Number of Accounts	17,788,064	18,156,218	18,960,034	19,682,982	20,215,152	20,881,428	21,663,209	22,588,850
Increase from Previous Term-end	218,641	368,154	803,816	722,948	532,170	666,276	781,781	925,641

Transaction Value

(Unit: billions of yen)

	Stock Transactions			
	Internet Transactions		Transaction Value (c)	Percentage {(a)+(b)}/(c)
	Cash Transactions (a)	Margin Transactions (b)		
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%

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



Japan Securities Dealers Association (JSDA) is a primary self-regulatory organization (SRO) in Japan's securities market. 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 JSDA consist of securities firms, banks, and other financial institutions operating securities businesses in Japan.

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

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

JSDA also functions as an interlocutor for the securities industry, providing vehicles for policy dialogue among the industry, the government and other related parties, as well as conducts and promotes investor education, and implements studies to further activating the market.

History

1940 to 1941	33 Securities Dealers Associations were established in local districts.
May 1949	Japan Securities Dealers Joint Association was established.
July 1973	Japan Securities Dealers Association (JSDA) was newly established (Japan Securities Dealers Joint Association and local securities dealers associations were dissolved.).
July 1992	JSDA was reorganized to be an authorized organization under the Securities and Exchange Act.
April 1994	Financial institutions authorized to undertake securities business joined JSDA as special members.
February 2001	JSDA entrusted the operation of the OTC Securities Market to JASDAQ Inc., a market operation company.
July 2004	JSDA adopted the organizational structure consisting of three departments.
December 2004	JSDA closed the OTC Securities Market. JASDAQ started business as a stock exchange.
September 2007	In accordance with the enforcement of the Financial Instruments and Exchange Act. JSDA became an authorized association under the new law.
February 2010	JSDA entrusted the task of handling of customers' complaints, consultation and providing mediation service to resolve dispute over securities transaction to Financial Instruments Mediation Assistance Center (FINMAC).
July 2011	JSDA established Financial Literacy & Education Support Committee within the organization to support financial and securities education from a more neutral and fairer point of view.

Major Roles

1. Activities as a Self-Regulatory Organization (SRO)

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 that include 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 securities market	Disseminating knowledge and promoting understanding of securities transactions and the market 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 further globalization progresses in financial transactions and regulations, JSDA actively participates in various international forums and builds cooperative relationships with relevant overseas organizations. 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.



IOSCO AMCC Training Seminar

Invigorating Capital Market Promoting Asset-building through Investment

Investors
(Individuals)

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

1. Popularizing and promoting NISA and Junior NISA
2. Expanding the utilization of defined contribution pension plans (Japanese 401k)
3. Perpetuating and expanding NISA and Junior NISA
4. Facilitating intergenerational transfer of risk assets
5. Supporting moves to integrated taxation on financial income derived from derivatives, etc.

Disseminating and promoting financial literacy

1. Enhancing financial and economic education
 - Advocating revision of the school curriculum guideline
 - Broadening support activities for schools
 - Newly establishing the financial and securities instructor system and expanding activities of dispatching lecturers and hosting seminars
 - Enriching web contents and effectively distributing information
2. Conducting public relations to prevent scams involving fake sales of shares or corporate bonds

Market
(Infrastructure)

Strengthening financial and capital markets' functions and competitiveness

1. Establishing Tokyo's status as a global financial center
2. Shortening the settlement cycle of JGBs, stocks, etc.
3. Vitalizing the corporate bond market
 - Smoothly operating the system to publish trading prices of corporate bond transactions
 - Setting up a proper framework to protect corporate bond holders

4. Supporting start-up and growth companies, and regional enterprises:
 - Facilitating the use of equity crowdfunding
 - Expanding the use of shareholders' community system
5. Facilitating intelligence sharing about FinTech
6. Taking necessary steps for domestic implementation of Asia Region Funds Passport
7. Promoting interaction with academic researchers and market stakeholders

Intermediaries
(Members)

Improving intermediaries' functions and credibility

1. Exercising proper self-regulatory functions
 - Conducting timely and effective inspections of member firms by JSDA
 - Preventing insider trading
 - Developing fair practices for information provision by analysts to the market
 - Protecting the securities market from anti-social forces
 - Reviewing the product screening process and sales practices regarding private placement bonds, etc.

2. Supporting member firms' preparation for systemic revisions
 - Encouraging steady establishment of the Social Security and Tax Number System and its wider use
 - Taking necessary steps in response to revisions of the Act on the Protection of Personal Information
 - Adopting appropriate measures for CRS (Common Reporting Standard of OECD) and FATCA (Foreign Account Tax Compliance Act)
3. Fostering customer-oriented business practices

Overseas

Expanding global information dissemination and cooperation

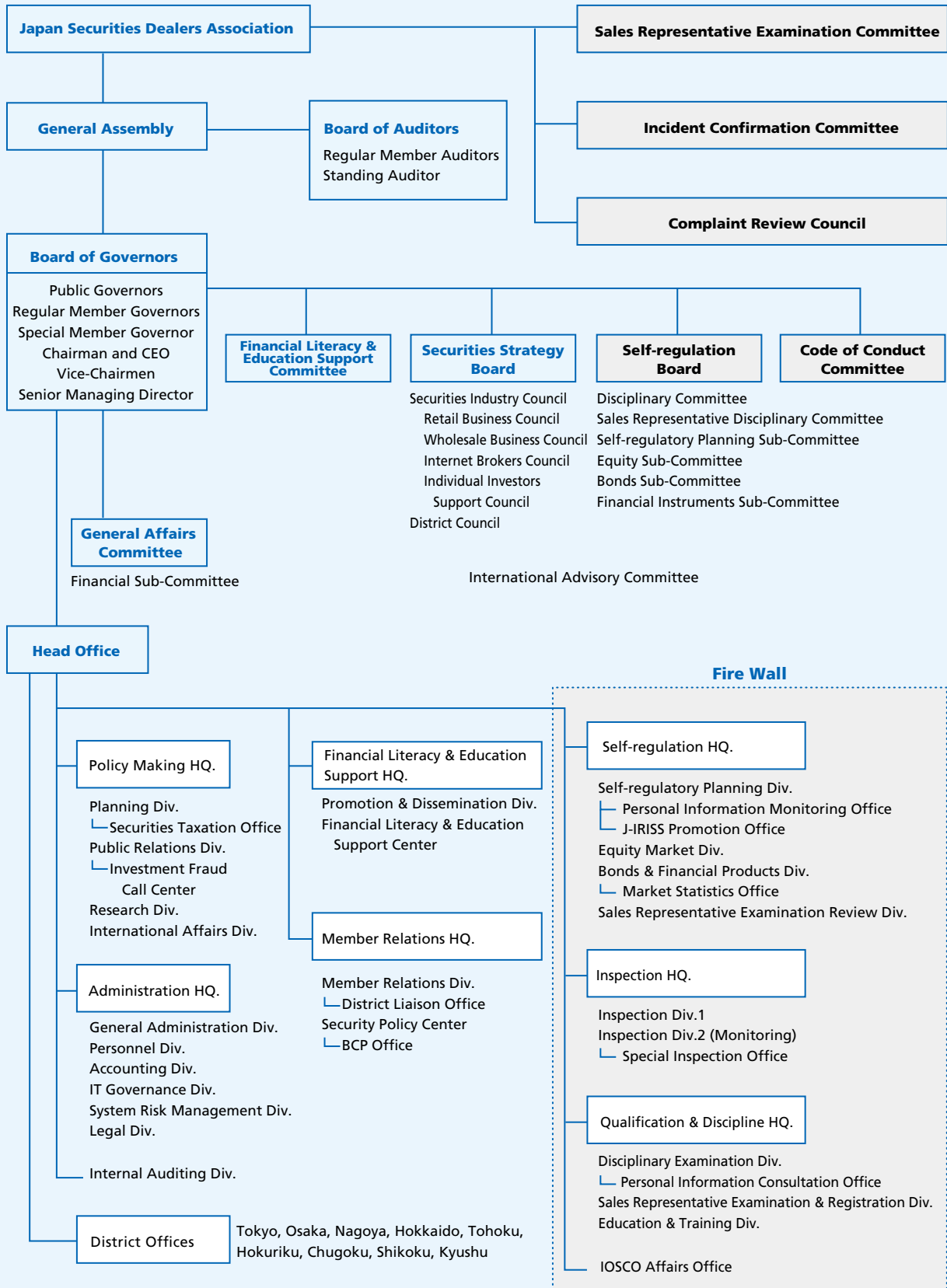
1. Actively conducting overseas public relations on the attractiveness and potential of Japan's market
2. Enhancing cooperation with relevant overseas organizations
3. Strengthening technical support for emerging markets
4. Responding to global regulatory reform

JSDA's
Operations

Improving JSDA's operations

1. Enhancing communication with member firms and market stakeholders
2. Actively distributing information to investors and market stakeholders
3. Developing and strengthening business continuity planning (BCP)
4. Reviewing and improving organizational structure and operations
 - Developing qualified human resources
 - Raising business efficiency using IT

Organization Chart



As of July 1, 2016

Member List of Full-time Executives (As of July 1, 2016)

Chairman and CEO

Kazutoshi Inano

Vice-Chairman

Manabu Morimoto
(Chief Operating Officer for the Self-regulation Board)

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)
Shinji Kitamura
(Chief Information Officer (CIO) & Chief Risk Officer (CRO))
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 Officer for Planning & Public Relations

Atsushi Ishikuro

Chief Officer for Inspection

Toshiaki Matsuda

Chief Officer for Qualification & Discipline

Masayuki Shimamura

Organization Structure

1. Central Bodies

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

General Assembly:	Supreme body for decision-making
Board of Governors:	Body to make an arbitrary decision on items related to the JSDA's overall association management and to assume a responsibility for supervision
Self-regulation Board:	Body entrusted by the Board of Governors with decision-making for self-regulatory business
Securities Strategy Board:	Body entrusted by the Board of Governors with decision-making for business strategy related to vitalizing securities market
General Affairs Committee:	Body entrusted by the Board of Governors which deliberates overall matters about operating the JSDA
Financial Literacy & Education Support Committee:	Body entrusted by the Board of Governors which deliberates the basic policy and action plan regarding the JSDA's activities promoting the dissemination of the financial and securities knowledge among the public
Code of Conduct Committee:	Body entrusted by the Board of Governors which deliberates the code of conduct for the Association Members

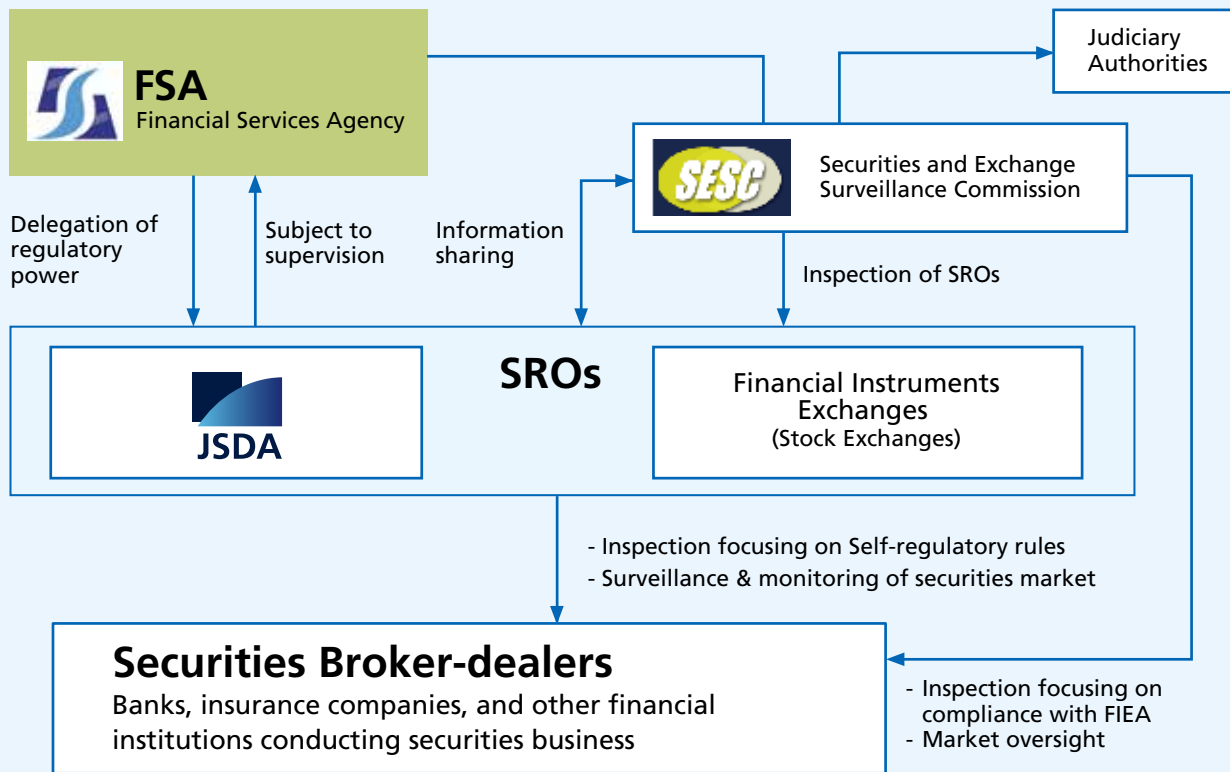
2. District Offices

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

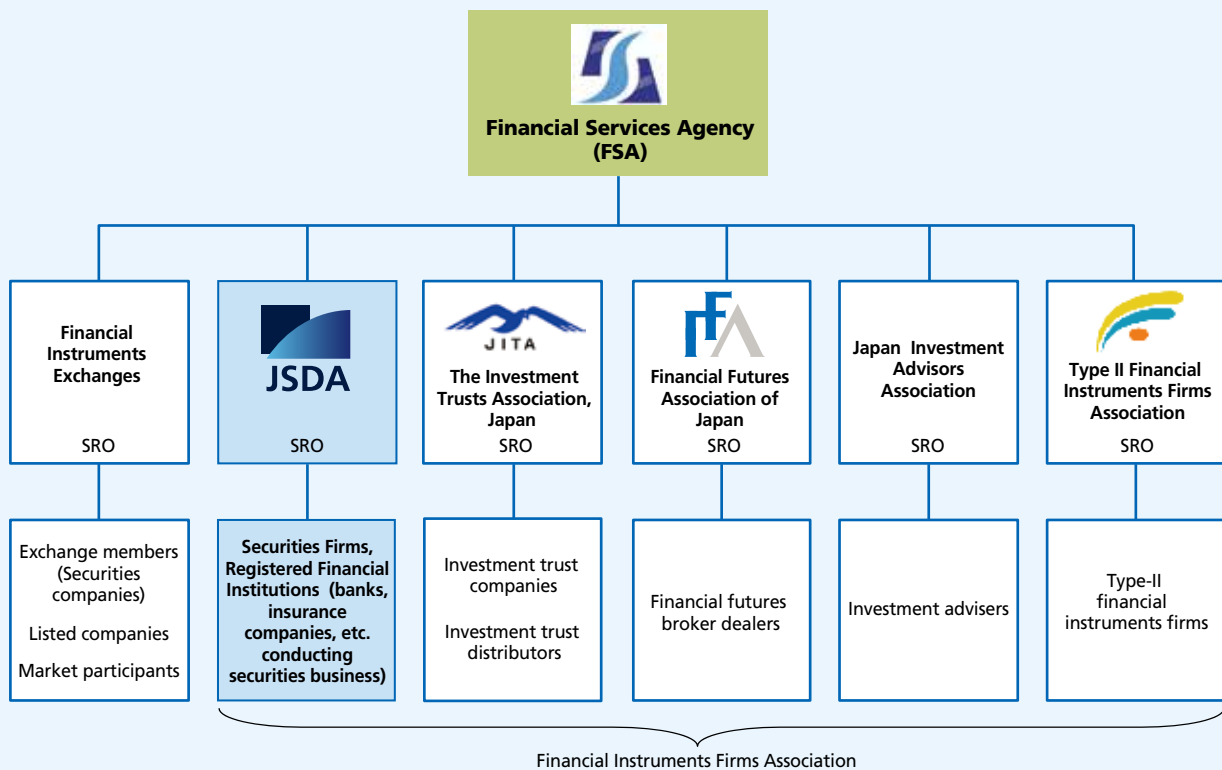
3. Affiliated Bodies

The JSDA has the Sales Representative Examination Committee, Incident Confirmation Committee as well as Complaint Review Council as sub-organs.

Self-regulatory Structure for Securities Broker-dealers



Securities-related SROs in Japan



List of Members

List of Regular Members (As of November 1, 2016)

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

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

List of Special Members (As of November 1, 2016)

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

Sumitomo Mitsui Trust Bank, Limited
Japan Trustee Services Bank, Ltd.
Mitsubishi UFJ Trust and Banking Corporation
Mizuho Trust & Banking Co., Ltd.
ORIX Bank Corporation
Shinkin Trust Bank, Ltd.
Shinsei Trust & Banking, Ltd.
SMBC Trust Bank 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 Amagasaki Shinkin Bank
The Asahi 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.
 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.
 The Royal Bank of Scotland plc.
 UBS AG

Other Banks

ÆON BANK, LTD.
 Aozora Bank, Ltd.
 Citibank Japan, 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
 NIPPON LIFE INSURANCE COMPANY
 NN Life Insurance Company, Ltd.
 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 November 1, 2016)

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

JSDA Website

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<http://www.jsda.or.jp/>

JSDA (English website)

<http://www.jsda.or.jp/en/index.html>

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