



JSDA

Annual Report **2019**

Japan Securities Dealers Association

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Preamble 2019



In June 2019, world leaders gathered at the G20 Summit organized under Japan's presidency and discussed key issues on the global agenda in order to achieve strong, sustainable, balanced and inclusive growth. Most of the topics discussed at the G20 process have implications for the securities industry and market. Among those, I would like to highlight in particular in this year's prefatory note "implementation of 2030 Agenda for Sustainable Development (SDGs)", "population aging", "technological innovations in the financial system", "(financial) market fragmentation" and "women's empowerment" as challenges of vital interest to the Japanese securities industry, toward which we are actively working.

Sustainable finance: a tool to contribute to the SDGs

The Japan Securities Dealers Association (JSDA) and its member firms launched a number of initiatives to contribute to the achievement of the Sustainable Development Goals (SDGs).

One such initiative is to promote sustainable finance through our member firms' business activities. Recently, the JSDA published the "Guidebook on Financial Instruments Contributing to the SDGs",

which is mainly for officers and employees of securities firms to deepen their understanding of the SDGs. Also, in order to enlighten investors'—particularly retail investors'—understanding of bonds contributing to the SDGs, the JSDA and the industry introduced the name of "SDG bonds" as an umbrella term for SDG-related bonds including Green Bonds, Social Bonds, and Sustainability Bonds. Through these activities, we expect to expand the investor base of sustainable finance and diversify issuers and investors of such financing tools, and consequently broaden financial conduits for entities which conduct activities contributing to the SDGs. Additionally, in line with global initiatives, the JSDA endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

Running parallel with the above, the JSDA supports initiatives undertaken by the Asia Securities Forum (ASF). The ASF is an organization joined by 23 securities industry associations in the Asia-Pacific region and the JSDA serves as its Secretariat. In November 2018, the ASF adopted a declaration on its commitment to promoting the SDGs. Following the declaration, the ASF conducted a survey to collect SDG/ESG-related information and to grasp the status of sustainable finance in the ASF member jurisdictions.

NISA: a recipe to address population aging

The impacts of demographic change slowly strangles the Japanese economy. Population aging leads to the decrease in the labor population, undermines the stability of social security system, increases the fiscal burden, and builds up people's anxiety for their future lives. To rectify the situation, the securities market and industry are expected to provide effective tools to maximize the use of resources for growth and support individuals' asset building.

In Japan, as tools to this end, the Nippon Individual Savings Account (NISA), and its sister programs, the Junior NISA and Dollar-Cost Averaging NISA, were introduced in 2014, 2016 and 2018, respectively. Since their introduction, more than 13 million accounts have been opened in total and over JPY 16 trillion in assets under management (as of end March 2019). Through these schemes, the JSDA and its member firms encourage people to take advantage of investment for long-term asset building with continued attempts to make the NISA schemes permanent.

Thinking about technological innovations in the financial system

As the “G20 Osaka Leaders’ Declaration” rightly noted, “Technological innovations can deliver significant benefits to the financial system and the broader economy.” In many jurisdictions including Japan, the diverse services using FinTech are spreading in the securities-related field, for instance, personal financial management, robo-advisers, quick and easy securities trading through smartphones, and automatic investment of change received in online and credit-card shopping. These emerging services may lower the barriers for people, particularly the younger generation, to start investing and may serve as a trigger to shift individuals’ financial assets from bank deposits to investment products.

On the other hand, as FinTech can provide users with some parts of existing financial institutions’ services more efficiently, adding more value, the unbundling of existing financial businesses and the subsequent rebundling with non-financial businesses may be triggered and accelerated. As a result, there is a possibility that the securities business model would be drastically changed.

At the same time, amidst the rapid progress in technological innovations in the financial system, due consideration should be given to ensuring investor and user protection as well as market integrity, which is now globally debated for crypto-assets and Initial Coin Offerings (ICOs). It has become more crucial to strike a balance between promoting innovative financial technologies and ensuring investor protection.

Efforts to cope with financial market fragmentation and further raise market efficiency

In light of our concern about the unintended consequences of global regulations which were substantially tightened after the global financial crisis, we welcome the G20 leaders’ commitment to “address(ing) the unintended, negative effects of market fragmentation”. In May 2019, the Study Group on International Financial Regulation, composed of representatives from banking, securities and insurance industries in Japan, submitted its opinion paper to the G20 as well as their major global counterparties (see Page 15 for details). The whole Japanese financial industry, as well as the JSDA, will continue to

closely watch the development of global regulatory environment to maintain efficiency in both global and domestic financial markets.

Meanwhile, I am pleased to report on the move to T+2 for stock settlements, which went into effect on July 16, 2019—a progress in raising market efficiency in Japan. The settlement period for government bond transactions was already shortened to T+1 on May 1, 2018. As a result, all securities listed on the exchanges in Japan are now settled on T+2 or earlier.

Women’s empowerment, an essential factor to achieve sustainable and inclusive growth

We share the G20 leaders’ view that “Gender equality and women’s empowerment are essential for achieving sustainable and inclusive economic growth.” In Japan, if the securities industry, which employs about 90,000 executives and employees, endeavors to promote working reforms, enhance productivity, and become an environment conducive to a diverse range of human capital, it has the potential to contribute greatly to improvement of working conditions as a whole. With this in mind, the JSDA has conducted a number of initiatives starting with the survey to grasp the current status of working conditions in the industry. The survey revealed some current challenges to gender equality in the workplace, such as the lack of female workers at managerial level, lack of diverse role models, and the unconscious bias among workers. To address these challenges, the JSDA began a series of measures including:

- Establishing the “Women’s Network” for the securities industry
- Signing the Women’s Empowerment Principles (WEPs)

*See Page 9 for details

The issues that G20 leaders discussed are crucial for us living on this planet. We need to combine our wisdom and power to address them. The JSDA, together with its member firms, will further enhance and leverage its global partnerships to work toward the resolution of these formidable challenges.



Shigeharu Suzuki
Chairman and CEO

For a More Active and Efficient Market

Promoting Individuals' Medium- to Long-Term Asset Building

To expand the investor base and support the asset-building efforts of individuals, the JSDA continued to actively promote the NISA (the Japanese version of the Individual Savings Account), Junior NISA, and Dollar-Cost Averaging NISA through a variety of media including advertisements on television, newspapers, and magazines; as well as explanations of the scheme in its investor education activities aimed at the younger generation/those who are not experienced or have no interest in investment. The JSDA also endeavored to make the NISA schemes permanent and more convenient to use, by recommending in its tax reform requests for FY2019 the establishment of a "NISA law" (tentative name) and also establishing reforms to make simpler the procedures for NISA account holders who are temporarily residing overseas.

Moreover, on top of conducting seminars and conferences to further proliferate the awareness of asset building through the Dollar-Cost Averaging NISA and iDeCo (defined contribution pension plan system), the JSDA also distributed pamphlets and posters to the human resources departments of corporations to better inform them of the workplace Dollar-Cost Averaging NISA.

Shortening the Settlement Cycle of Stocks and JGBs

(1) Shortening the Settlement Cycle of Stocks (T+2)

The Japan Securities Clearing Corporation (JSCC) and Japan Securities Depository Center, Inc. conducted the Operational Check Test / RT for T+2 Implementation since December 2018, and on May 14, 2019, the Working Group on Shortening Stock Settlement Cycle, to which the JSDA, Tokyo Stock Exchange (TSE) and JSCC serve as secretariat, determined the results of the tests to be successful. Thereafter, the shortened T+2 stock settlement cycle in Japan was implemented on Tuesday, July 16, 2019 (trade date basis).

* Information on shortening of the stock settlement cycle is available at:
http://www.jsda.or.jp/en/activities/research-studies/html/t2_final_report.html

(2) Shortening the Settlement Cycle of Retail Transactions of JGBs and General Bond Transactions (T+2)

On March 2019, the target implementation date for the shortened settlement cycle of JGB retail transactions and general bond transactions was announced to be July 13, 2020, and the details of the implementation, including its scope of application, were also clarified.

Studying and Discussing Member Firms' Business Management

In December 2018, the JSDA established the "Committee for Thinking about the Future of the Securities Business rooted in Regional Communities," with a view to providing a forum in which firms whose businesses are rooted in regional communities can gather, exchange views, and conduct discussions about the state of the securities business from a broader perspective.

Enhancing Customer-Oriented Business Conduct

In March 2017, the Japan Financial Services Agency (JFSA) released the "Principles for Customer-Oriented Business Conduct", aimed at maximizing firms' actions in the best interests of their customers. Since December 2017, the JSDA has been listing the information of the securities firms which have both adopted the said principles and outlined policies in line with the principles.

Moreover, with regard to the Key Performance Indicators (KPIs) published by the JFSA that make it possible to compare the policies of different firms, in addition to notifying member firms of information sessions held by the JFSA, the JSDA held lectures for each conference body and invited the responsible persons at the JFSA to speak.

Furthermore, the JSDA conducted lectures and educational sessions related to the "Principles for Customer-Oriented Business Conduct" as part of its training programs for officers and employees of member firms (from July 2018 to July 2019, this was conducted 27 times, of which 4 were conducted online).

For Better Self-Regulation

Enhancing Off-Exchange Stock Transactions and the Unlisted Stock Market

(1) Improving the Institutional Infrastructure for Off-Exchange Stock Transactions

In April 2018, the JSDA revised the “Rules Concerning Sale and Purchase, etc. of the Listed Share Certificates, etc. Conducted Outside of a Financial Instruments Exchange Market” with a view to securing the appropriateness of suspending sale and purchase by Approved Members. Additionally, in light of the report summarizing the discussions of the PTS Margin Transactions Study Group published in June 2018, the JSDA revised the aforementioned “Rules Concerning Sale and Purchase, etc. of the Listed Share Certificates, etc. Conducted Outside of a Financial Instruments Exchange Market” again in March 2019 to respond to the adoption of PTS market transactions.

(2) Promoting the Use of the Unlisted Stock Market

In order to increase the awareness of equity-based crowdfunding and the shareholders community system introduced in Japan, both of which are systems to promote unlisted stock transactions, the JSDA conducted various PR activities such as co-hosting seminars with securities-related organizations including the “Equity-Based Crowdfunding Seminars”, as well as creating a website dedicated to the aforementioned systems explaining their general outline, publicizing the status of handling these systems, and investor alerts.

Moreover, in October 2018, the JSDA established the “Working Group on Unlisted Stock Transactions”, and under the Working Group, began discussing unlisted stock transactions that can help realize smoother business succession, as well as revisions to rules that may help enhance the use of the shareholders community system.

Finally, in January 2019, the JSDA published a report summarizing the results of the deliberations in the Shareholders Community System Committee about how best to further the use of the system.

Combating Money Laundering and the Financing of Terrorism

In February 2018, the Financial Services Agency (JFSA) published its “Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism”. In response, in June 2018, the JSDA compiled a handbook outlining the practical responses and considerations to serve as reference for

member firms acting in accordance with the aforementioned guidelines. In addition, in order to respond effectively and appropriately to the advent of FinTech, the Ordinance for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds was amended in November 2018 to permit a customer verification procedure could be completed online, called e-KYC. In accordance with this, the JSDA compiled a document that summarizes the practical response for member firms and FAQs on the said amendment, and disseminated it to member firms for their reference.

Preventing Insider Trading

The JSDA continued the efforts 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 July 1, 2019 reached 3,264 (86.37% of all listed companies).

Further, in April and October 2018, in order to contribute to the management of the Insider Registration Card for member firms, the JSDA researched and clarified the necessary responses for (1) the non-listed parent companies of listed companies; (2) the main subsidiary companies of listed companies, etc.; and (3) the main specified related corporations of listed investment corporations.

Conducting Timely and Effective Inspections of Member Firms

During fiscal 2018, the JSDA conducted its regular on-site inspections of 70 Regular Members and 40 Special Members. For the 11 Regular Members and 1 Special Member for whom the JSDA found matters needing verification related to their capital requirements and/or customer asset segregation, the JSDA visited and interviewed them to confirm their compliance status at their offices.

Imposing Disciplinary Action

In case of a violation of laws and regulations, including the JSDA’s self-regulatory rules, the JSDA imposes self-regulatory disciplinary action to prevent 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 2018 is shown in the table as follows.

Disciplinary Actions in Fiscal 2018

Against Regular Members	
Expulsion	1
Fine and Warning	3
Against Sales Representatives of Regular Members	
Revocation of Sales Representative Registration and Treatment as Class-2 Perpetrator of Inappropriate Acts	6
Treatment as Class-2 Perpetrator of Inappropriate Acts	1
Suspension of Sales Representative Business	13
Prohibition of Sales Representative Business	3
Against Sales Managers & Internal Administrators of Regular Members	
Prohibition of Allocation of Sales Manager Position	2
Prohibition of 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	2
Revocation of Sales Representative Registration	1
Treatment as Class-2 Perpetrator of Inappropriate Acts	2
Suspension of Sales Representative Business	7
Against Sales Managers & Internal Administrators of Special Members	
Prohibition of Allocation of Sales Manager Position	1
Against Sales Representatives of Financial Instruments Intermediary Servicer Providers	
Prohibition of Sales Representative Business	4

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.

Holding Qualification Examinations

The JSDA holds qualification examinations for Class-1 Sales Representative, Class-2 Sales Representative, and Internal Administrator for its member firm 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, which is available to the public via the JSDA website.

* The syllabus is available at:
<http://www.jsda.or.jp/en/about/major-activities/html/examination-qualification/SalesRepresentativesManual.html>

The number of examinees and successful applicants for each examination during fiscal 2018 are shown in the following table.

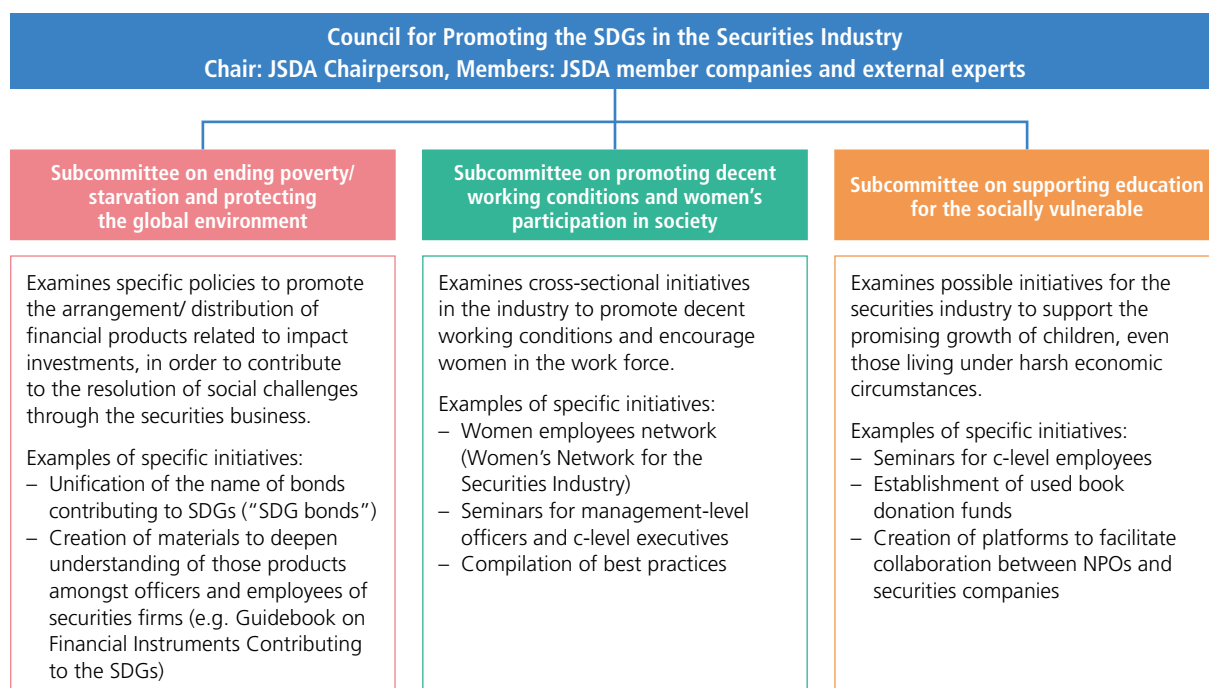
Qualification Examinations in Fiscal 2018

Examination	Examinees	Successful Applicants
Class-1 Sales Representative	51,793	24,219
Class-2 Sales Representative	14,357	7,655
Internal Administrator	20,384	17,371
Special Member Class-1 Sales Representative	8,890	2,729
Special Member Class-2 Sales Representative	14,471	6,281
Special Member Internal Administrator	2,405	2,307



Contributing to Sustainable Growth

After establishing the council and three subcommittees to identify and implement actions that the securities industry can play in light of the 17 goals of the SDGs, the JSDA has endeavored to further its contributions to the SDGs in practical terms.



Protecting the Global Environment and Ending Poverty

In 2018, the JSDA decided, after intensive discussions in the SDG Council, to collectively term bonds that contribute to the SDGs “SDG bonds” in Japan, with a view to eliminating confusion amongst Japanese investors and increasing the awareness of the connection between investment and the SDGs. The JSDA also published a guidebook on how sales representatives at securities firms can use this terminology, based upon accurate and proper understanding of the SDGs and the broad range of financial instruments marketed as those contributing to the SDGs.

* The full English translation of this guidebook can be found at: <http://www.jsda.or.jp/en/activities/SDGs/files/SDGGuidebook.pdf>

In order to promote investment in financial instruments that contribute to the SDGs, and

recognizing the importance of ESG-related information disclosure in this process, the JSDA issued its statement in support of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) on February 22, 2019. While demonstrating its strong commitment to the SDGs with various measures, as part of the JSDA’s own fund management, the JSDA purchased social bonds issued by Japan International Cooperation Agency (JICA) in FY2018 and Japan Student Services Organization (JASSO) in FY2019, and will continue to purchase bonds contributing to the SDGs going forward.

Supporting Socially Vulnerable Children

After a survey conducted of JSDA member firms revealed that many securities firms currently did not have particular plans to support children in

poverty, a series of four seminars was held for top-level executives of the JSDA member firms over the course of November to December 2018, related to the theme of children in poverty, with a view to increasing their awareness of the issue.

Moreover, the JSDA and the Japanese securities industry also participated in the “Used book Sale Donation for Children’s Future”, a project led by the Japanese government’s movement to support children. Utilizing the expansive network of securities firms stretching across Japan, more than 100 securities firms expressed support for the initiative and participated in the project.

Promoting Decent Working Conditions

After a survey grasping the current status of working conditions in the securities industry revealed challenges to gender equality in the workplace—such as the lack of female workers at managerial levels, lack of diverse role models, and the unconscious biases amongst workers—the JSDA established the “Women’s Network” for the securities industry, which connects women and facilitated dialogue on how to further the activity of women in the securities industry. The first meeting drew upon the personal experiences of each female employee, along with guest speakers such as a member of the House of Representatives who is working to enhance the role of women in this area. The participants of the network not only shared their own stories, but also conducted insightful discussions about the current challenges faced for women in the securities industry, as well as possible ways to tackle them. Moreover, in October 2018, JSDA endorsed the Women’s Empowerment Principles (WEPs) given that the various initiatives related to promoting decent working conditions and supporting women in the workplace which are currently underway by the JSDA are fully consistent with the objectives of the WEPs. In accordance with 7 principles of the WEPs, the JSDA is firmly committed to securing a

working and social environment in which women can maximize their potential, and will continue to accelerate its initiatives to empower women in not only the JSDA itself but also the Japanese securities industry at large.

Raising the Recognition of the SDGs

With the aim of raising the recognition of the SDGs in Japan, the JSDA sponsored a TV documentary series called the “Future Runners” on Fuji Television, which featured five-minute videos highlighting activities of individuals and organizations that are contributing to the SDGs. This series ran from July 2018.

Moving Toward Sustainable Growth through the Securities Business

As a measure in line with the objective to contribute to the SDGs that utilizes the shareholders incentive scheme, on April 1, 2019, the JSDA established the “Shareholders Incentives Endowment Fund for the SDGs.” Under the scheme of the said endowment fund, donations to the Shareholders Incentives Endowment Fund for the SDGs will be made a possible choice for shareholders of the JSDA members as part of their options for shareholders incentives. Unexercised shareholder incentives could also be donated to the said endowment fund. Furthermore, as stockholders of listed companies, the JSDA members themselves are eligible for donating to the endowment fund, and the shareholder incentives given to the members, which are converted into cash, can be appropriately allocated to said fund. The proceeds of the fund is set to be donated to entities selected from among the organizations recognized to contribute to the achievement of the SDGs. For FY2019, the United Nations World Food Programme (UN WFP) was selected as the entity supported by the fund.

* All JSDA activities related to the SDGs are available at:
<http://www.jsda.or.jp/en/activities/SDGs/index.html>

Training Courses and Investor Education

Training Courses

Based on a training program drawn up annually, the JSDA provides training courses for the 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 2018–2019 identified “improving intermediaries’ functions and credibility” as one of its six pillars. To achieve this objective, the JSDA focused on the following five items for its training courses: 1) foster customer-oriented business conduct, 2) exercise proper self-regulatory functions, 3) support member firm preparations for institutional changes, 4) establish a system to respond to problems in the use of financial services, and 5) undertake initiatives as a securities industry to respond to social issues.

According to these goals, the JSDA conducted a number of training courses, including the continuation of the training courses focusing on ethics and compliance. In addition, the JSDA took up new themes such as issues related to customer solicitation or customer-oriented business conduct to further enrich the seminars. Finally, as an authorized personal information protection organization, the JSDA incorporated into its curricula elements related to the protection of personal information.

To enhance compliance procedures and internal training systems at member firms, the JSDA distributes training materials, including seminar DVDs, for use in internal training courses, and has recently begun making seminar videos available online as well. Moreover, it dispatches JSDA officers and employees or lawyers to serve as lecturers at in-house training sessions of member firms. During fiscal 2018, officers and employees of the JSDA held 68 sessions at member firms. The JSDA is also conducting training seminars for renewing the qualification of sales representatives.

Training Courses in Fiscal 2018

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
 - Corporate ethics seminars
 - Risk management seminars
 - Compliance seminars for sales staff
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 response to the new curriculum guidelines for high schools, the “Research Group on Promoting Financial Education” and JSDA (its secretariat) prepared reference materials covering the areas of the new curriculum guidelines related to financial and economic education.

In October to November 2018, the JSDA presented the research on supportive measures for financial and economic education in the classroom and its effects at the academic conference of social studies and civics.

Further, the JSDA held a series of lectures, the “First Time Asset Management Lectures”, in coordination with the JFSA and other related organizations, for inexperienced or beginner investors to learn the importance of life and money planning and to

increase their awareness of the features of financial products, the DC pension system, and NISA. These seminars were held at 72 venues and attracted 6,497 people. With respect to school education, the JSDA dispatched its staff as lecturers to 138 elementary schools, junior high schools, and high schools to conduct a total of 293 classes as Saturday educational activities, as well as to 127 universities and their career centers to conduct a total of 236 classes on financial literacy. Moreover, in order to promote the proliferation and deepening of knowledge regarding securities/finance, the JSDA conducts a host of interactive programs for the faculty and instructors of various elementary, junior high, and high schools. In 2018, this was held three times in three different cities, with a total of 140 participants.

In October 2018, a series of nationwide events on “Securities Investment Day” were 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). “Securities Investment Day” events were held at 26 venues. As was the case last year,



Toushi-kun at Securities Investment Day: Toushi-kun, a play on the words in Japanese of “toushi” (meaning “investment”) and “ushi” (meaning “bull”), is the mascot (a bull) for the Japanese securities industry. He represents the initiative to get more people interested in investment and the wish for ever-lasting bull markets in Japan.

this year’s “Securities Investment Day” also served as the JSDA’s contribution to World Investor Week (WIW), a global campaign initiated by the IOSCO.



The University for 100 Years: An event held in collaboration with the University of Tokyo to spread the awareness and understanding of securities investment, part of Securities Investment Day

International Activities



Throughout FY 2018, the JSDA hosted and participated in a wide range of international activities and bolstered its reputation as a globally oriented organization.

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. The JSDA is a member of IOSCO's Affiliate Members Consultative Committee (AMCC), a forum of IOSCO's affiliate members which has more than 60 members representing developed and emerging securities and derivatives markets around the world.

At the IOSCO Mid-year Meeting held in London in October 2018 and the AGM held in Sydney in May 2019, the group discussed a number

of emerging regulatory issues across the world, including those related to market fragmentation, cybersecurity, crypto-assets, and the emergent topic of sustainable finance.

The IOSCO Committee 8 (C8)

The IOSCO Committee 8 (C8) was established in June 2013 to deal with issues related to retail investors, and its primary 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, and protection of senior retail investors, among others. Recent meetings of the C8 were held in Tokyo in April 2018, Hangzhou in January 2019, and Madrid in April 2019.

As one of the major initiatives by the C8, a global campaign, “World Investor Week (WIW)”, was implemented on 1 to 7 October 2018 to promote investor protection and asset-building based on adequate financial literacy. The JSDA contributed to this campaign through such activities as holding Securities Investment Day to raise awareness and participating in the Opening Ceremony conducted at the JFSA. In the 2019 IOSCO AGM, WIW was adopted as a permanent work stream, and the JSDA plans to support it going forward as well.

Green and Social Bond Seminar

On December 11, 2018, the JSDA and the International Capital Market Association (ICMA) co-organized the Green and Social Bond Seminar in Tokyo to exchange information regarding the development of green and social bond and facilitate conversation between these bond market participants in Japan and Asia. This annual event in Tokyo began in 2017 against the backdrop of the emergence of market interest in sustainable finance.

At the events, institutional investors, underwriters, issuers, policy makers, service providers and other stakeholders discussed recent advancements in this arena and the conditions required to stimulate future growth. The 2018 event boasted a total of about 550 participants, reflecting the rapidly-growing green and social bond markets of Asia.

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 between 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 serves as its secretariat.

In November 2018, the ASF’s 23rd Annual General Meeting (AGM) was held in Bali, Indonesia.



At the event, representatives of the members of the ASF officially adopted the “Bali Declaration on Commitment to SDGs”, where each ASF member demonstrated its commitment to the achievement of the SDGs and its resolve to propel the efforts of the ASF members in this arena. This marked the first concerted effort of the ASF towards promoting the SDGs. Following the declaration, the ASF conducted a survey of its member jurisdictions regarding the awareness of the SDGs/ESG and development of sustainable finance in each jurisdiction.

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 a plethora of jurisdictions develop their securities markets and bolster their regulatory frameworks. The 14th ASF Tokyo Round Table, held in September 2018, was attended by 23 participants from 21 jurisdictions. At the event, participants studied regulatory frameworks, the roles of self-regulatory organizations, and market infrastructure using the Japanese securities market as a case study.

The Japan Securities Summit

On March 4, 2019, the JSDA and the ICMA co-organized the 11th Japan Securities Summit in London to promote Japanese markets, inviting institutional investors and financial market participants active in the investment community of the United Kingdom to attend. The half-day event covered a wide range of topics and included keynote speeches by high-level representatives from both Japan and the UK on the challenges and opportunities that each faces, a panel discussion on the road towards sustainable growth for the Japanese economy, a presentation on the Japanese stock market and JPX initiatives, as well as a panel discussion on the schemes and initiatives to enhance the value and functions of Japanese capital markets. 280 participants attended the event, exemplifying the growing interest of the Japanese economy and markets among industry professionals.

Furthermore, following the event, on March 5, 2019, the JSDA and JPX co-sponsored an event organized by Financial Times, “Integrating ESG – Unlocking Returns for Issuers and Investors in Japan, Asia, and Europe”, which featured speeches and panel discussions introducing how ESG and the SDGs are being integrated into finance in Japan.



ICSA Annual General Meeting in Milan

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. Elected as the Chair of IFIE in June 2017, the JSDA actively participated in the operations and meetings of the IFIE. One of its regional Chapters, the Asia Chapter Meeting, was held in November 2018 concurrently with the ASF AGM, and was chaired by the JSDA.

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 June 2019, 19 organizations are members of the ICSA. The 2019 AGM was held in Milan in June 2019, hosted by the Associazione Intermediari Mercati Finanziari (Assosim). The guest speakers and ICSA members discussed various issues including market fragmentation, Brexit, FinTech, as well as ESG bonds.

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

forum and participated in the meeting held in Tokyo in June 2019.

The China-Japan Capital Market Forum

Under the framework of the project of bolstering China-Japan securities market cooperation that is mutually undertaken by the Japanese and Chinese governments, the first China-Japan Capital Market Forum was held in Shanghai on April 22, 2019, co-organized by the Shanghai Stock Exchange (SSE), the Shenzhen Stock Exchange (SZSE), the Securities Association of China (SAC), the Asset Management Association of China (AMAC), Japan Exchange Group, Inc. (JPX), the Investment Trusts Association, Japan (JITA), and the JSDA. The forum aims to propel information exchange and cooperation between the Japanese and Chinese capital markets. At the first event, about 250 representatives of the Japanese and Chinese financial markets gathered to speak about innovation and opportunities in the securities industries for both markets, as well as how to bolster the relationship between the two markets going forward.

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

In March 2019, the JSDA, together with the International Swaps and Derivatives Association,

Inc. (ISDA), the Japanese Bankers Association (JBA), the Life Insurance Association of Japan (LIAJ) and the General Insurance Association of Japan (GIAJ), submitted joint comments on the EU's draft implementation decision on the recognition of the legal, supervisory and enforcement arrangements of Japan for derivatives transactions as equivalent to that prescribed by EU regulation. In the comments, the group expressed support for the overall proposal, but requested that foreign exchange forward and swaps be recognized under the scope, as well as proposed that all Japanese firms subject to margin rules in Japan be under the scope.

Also, the Study Group on International Financial Regulation* (of which the JSDA is a member) published an opinion paper compiling the Group's recommendations for the Osaka G20 summit. Part of the recommendations included input from Japanese industries on market fragmentation; the paper identified four sources of financial market fragmentation; the paper identified four sources of financial market fragmentation—namely (1) discrepancies, (2) overlaps (3) desynchronization and (4) competition—and suggested possible solutions. This opinion paper was submitted to the G20 as well as the major global counterparties of the JSDA.

* The group mainly comprises representatives from the banking, securities, and insurance industries in Japan.



The Adoption Ceremony of the ASF Bali Declaration on Commitment to SDGs at the 23rd ASF Annual General Meeting

Membership

Association Members are categorized into three groups:

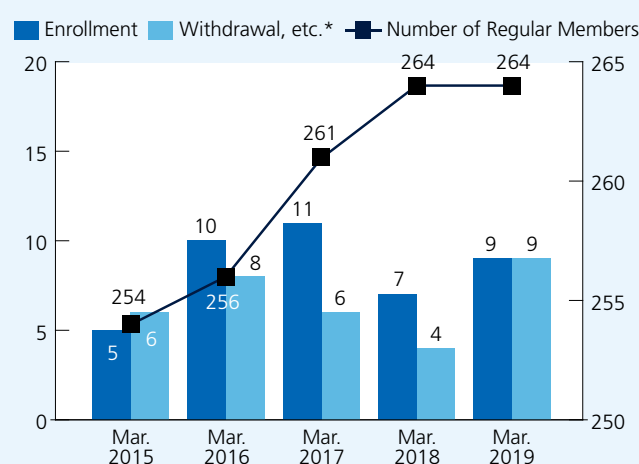
(1) Regular Members (264): Securities firms

While 9 new members enrolled in fiscal 2018, 9 members terminated their membership due to withdrawal, merger, or expulsion. Regular Members comprised 254 domestic securities firms and 10 foreign securities firms. Foreign Regular Members

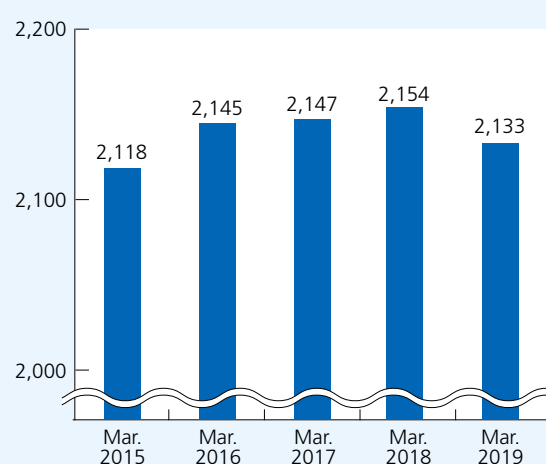
accounted for 3.9% of regular membership.

The total number of employees of JSDA Regular Members was about 92,600 at the end of December 2018, an increase of about 2,700 from that of the previous year. The number of offices of JSDA Regular Members at the end of March 2019 was 2,133, a decrease of 21 from that of the previous year.

Regular Members

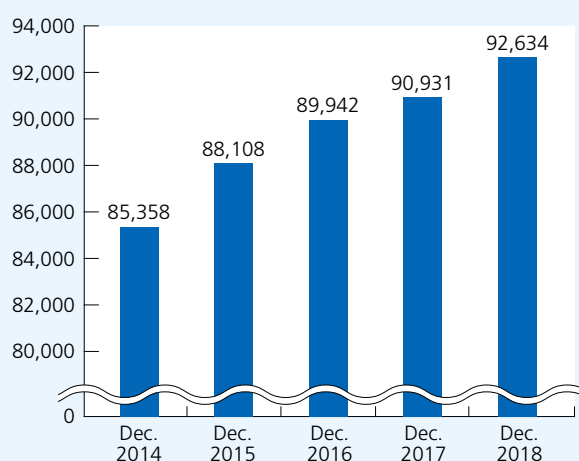


Offices of Regular Members

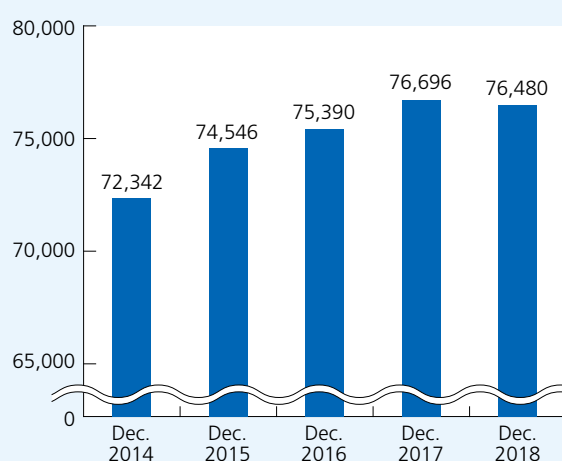


Note: Withdrawal, etc. includes termination of membership due to withdrawal, merger, and expulsion.

Employees of Regular Members



Sales Representatives of Regular Members



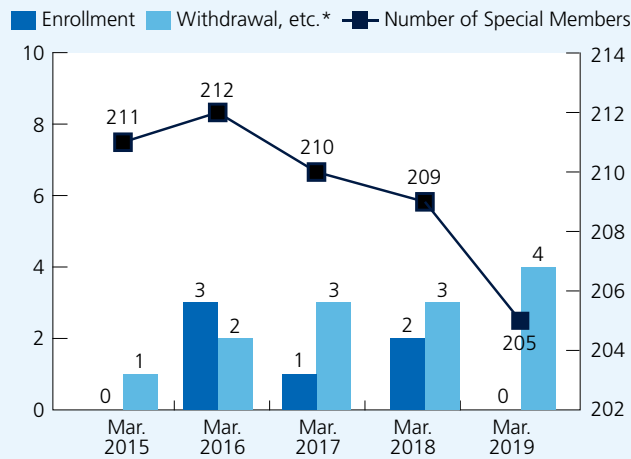
(2) Specified Business Members (8): Firms only conducting specified OTC derivative transactions, etc. or Type I Small Amount Electronic Offering Handling Business

During fiscal 2018, 2 new members enrolled.

(3) Special Members (205): Banks, insurance companies, etc. conducting securities business

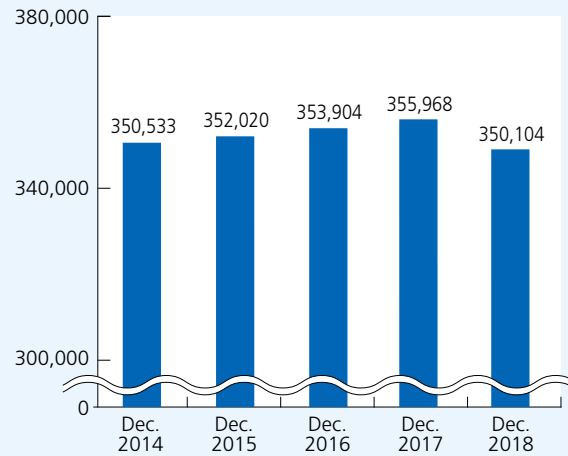
During fiscal 2018, 4 institutions terminated their membership due to withdrawal.

Special Members

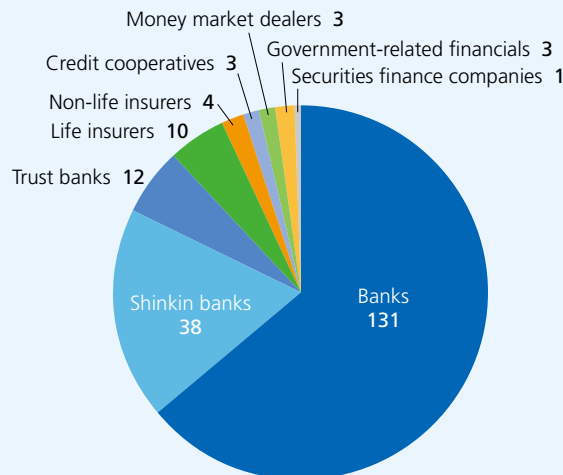


Note: Withdrawal, etc. includes termination of membership due to withdrawal and merger.

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 2019)

I. Assets

	Millions of yen	Thousands of U.S.dollars
1 Current assets:		
Cash & deposits	¥302	\$2,723
Accounts receivable	¥161	\$1,449
Prepayments	¥90	\$813
Subtotal	¥553	\$4,986
2 Fixed assets:		
(1) Special assets:		
Accrued retirement benefits assets	¥4,619	\$41,614
(2) Other fixed assets		
Buildings and accompanying facilities	¥333	\$3,001
Fixtures and furniture	¥101	\$907
Software	¥306	\$2,760
Long-term loans	¥77	\$692
Guarantee deposits	¥1	\$13
Long-term prepaid expenses	¥1	\$12
Reserve assets for stabilization of management	¥1,382	\$12,453
Subtotal	¥6,821	\$61,452
TOTAL ASSETS	¥7,374	\$66,438

II. Liabilities

	Millions of yen	Thousands of U.S.dollars
1 Current liabilities:		
Accounts payable	¥447	\$4,029
Advances received	¥25	\$221
Deposits received	¥31	\$281
Reserve for bonuses	¥274	\$2,472
Lease obligations	¥38	\$340
Subtotal	¥815	\$7,344
2 Fixed liabilities:		
Long-term accounts payable	¥105	\$946
Accrued retirement benefits for employees	¥4,383	\$39,493
Accrued retirement benefits for executive officers	¥279	\$2,517
Lease liabilities	¥79	\$709
Asset retirement obligations	¥203	\$1,827
Subtotal	¥5,049	\$45,493
TOTAL DEBTS	¥5,864	\$52,836

III. Net Assets

1 Designated net assets:	¥0	\$0
Subtotal	¥0	\$0
2 General net assets	¥1,510	\$13,602
Subtotal	¥1,510	\$13,602
TOTAL NET ASSETS	¥1,510	\$13,602
TOTAL NET ASSETS AND LIABILITIES	¥7,374	\$66,438

- Notes: 1. Rate of US\$1=¥110.99 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, general account of special members and general account of specified business members are listed on the chart.



Revenues and Expenses Statement (Fiscal Apr. 2018 to Mar. 2019)

Revenues

	Millions of yen	Thousands of U.S. dollars
1 Revenues from business activities		
Specified Asset Investment Profit	¥21	\$192
- Specified Asset Interest Income Profit	(¥21)	\$192
Membership fees	¥6,294	\$56,711
- Fixed membership fees	(¥1,898)	(\$17,098)
- Floating rate membership fees	(¥4,397)	(\$39,612)
Business revenues	¥37	\$332
- Training and education fees	(¥21)	(\$185)
- Other business revenues	(¥16)	(\$147)
Subsidies	¥77	\$696
Miscellaneous revenues	¥45	\$405
- Received interest revenues	(¥1)	(\$8)
- Miscellaneous revenues	(¥44)	(\$398)
Transferred revenues from other accounts	¥2,112	\$19,026
- Transferred revenues from Special Members General Account	(¥621)	(\$5,594)
- Transferred revenues from Specified Business Members General Account	(¥4)	(\$37)
- Transferred revenues from Institute for Securities Education & Public Relations Special Account	(¥17)	(\$154)
- Transferred revenues from Members Securities Market Activation Fund	(¥17)	(\$151)
- Transferred revenues from Head Office Relocation Fund	(¥1,139)	(\$10,262)
- Transferred revenues from Qualification Management Business Integration Special Account	(¥19)	(\$172)
- Transferred revenues from Members General Fund Special Account	(¥96)	(\$869)
- Transferred revenues from Members Securities Market Fairness Fund	(¥198)	(\$1,787)
Subtotal	¥8,586	\$77,362
2 Revenues from investment activities		
Revenues from specified assets	¥284	\$2,562
Revenues from other fixed assets	¥635	\$5,718
Revenues from reversal of lease and guarantee deposits	¥1	\$5
Subtotal	¥919	\$8,284
3 Revenues from financing activities		
Revenues from financing activities	¥0	\$0
Subtotal	¥0	\$0
Surplus from the previous fiscal year	¥86	\$772
TOTAL REVENUES	¥9,506	\$85,646

Expenses

	Millions of yen	Thousands of U.S. dollars
1 Expenses to business activities		
Operating expenses	¥4,801	\$43,252
Administrative expenses	¥2,760	\$24,869
Transferred expenses to other accounts	¥964	\$8,682
- Transferred expenses to Institute for Securities Education & Public Relations Special Account	(¥339)	(\$3,051)
- Transferred expenses to Members General Account	(¥625)	(\$5,631)
Subtotal	¥8,524	\$76,803
2 Expenses for investment activities		
Expenses for specified asset purchases	¥413	\$3,725
Expenses for fixed asset purchases	¥559	\$5,038
Expenses for lease and guarantee deposits	¥0	\$4
Subtotal	¥973	\$8,768
3 Expenses for financing activities		
Expenses for repayments of lease obligations	¥1	\$7
Subtotal	¥1	\$7
TOTAL EXPENSES	¥9,498	\$85,577
Surplus / Deficit amount	¥35	\$318
Amount carried forward	¥50.4	\$454.4

Notes: 1. Rate of US\$1=¥110.99 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, general account of special members and general account of specified business members are listed on the chart.

Dispute Resolutions in Fiscal 2018

Requests for Mediation	692
Successful Settlement	370
Failure in Reaching Settlement	31

Note: The amounts do not match due to cases carried over from fiscal 2017 or issues not concluded within fiscal 2018.

Consultations and Complaints in Fiscal 2018

Consultation	Total Cases of Consultation	3,395	
	Complaints	Complaints about Solicitation	983
		Complaints about Transactions	356
		Complaints about Processing	98
		Other Complaints	72

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	
Mar. 31, '17	257	70	27.2%	187	72.8%	2	0.8%	7	2.7%	178	69.3%
Sep. 30, '17	260	72	27.7%	188	72.3%	1	0.4%	9	3.5%	178	68.5%
Mar. 31, '18	260	73	28.1%	187	71.9%	2	0.8%	9	3.5%	176	67.7%
Sep. 30, '18	263	75	28.5%	188	71.5%	6	2.3%	3	1.1%	179	68.1%
Mar. 31, '19	261	77	29.5%	184	70.5%	5	1.9%	4	1.5%	175	67.0%

Number of Internet Transaction Accounts

(Unit: accounts)

	Mar. 31, '16	Sep. 30, '16	Mar. 31, '17	Sep. 30, '17	Mar. 31, '18	Sep. 30, '18	Mar. 31, '19
Number of Accounts	22,588,850	22,780,303	23,334,936	23,798,655	24,936,309	25,880,369	26,934,172
Increase from Previous Term-end	925,641	191,453	554,633	463,719	1,137,654	944,060	1,053,803

Transaction Value

(Unit: billions of yen)

	Stock Transactions			
	Internet Transactions		Transaction Value (c)	Percentage {(a)+(b)}/(c)
	Cash Transactions (a)	Margin Transactions (b)		
Oct. '15 to Mar. '16	46,511.0	104,143.6	742,942.8	20.3%
Apr. '16 to Sep. '16	37,844.6	97,215.7	656,188.0	20.6%
Oct. '16 to Mar. '17	46,726.1	91,723.2	677,414.4	20.4%
Apr. '17 to Sep. '17	48,437.9	94,723.5	694,964.5	20.6%
Oct. '17 to Mar. '18	61,302.6	119,167.5	853,606.3	21.1%
Apr. '18 to Sep. '18	45,138.8	97,849.4	739,414.4	19.3%
Oct. '18 to Mar. '19	76,553.9	98,525.0	742,561.3	23.6%

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 per 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 its 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.
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 neutral and fair stance.
October 2019	The headquarters of the JSDA moved to Taiyo Life Insurance Nihombashi Building (2-11-2, Nihombashi, Chuo-ku, Tokyo, 103-0027).

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 relating to 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 reprimands, fines, suspensions or limitations of membership, as well as expulsions 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 the 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, as well as 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.

JSDA's Major Work Plans for 2019-2020 (July 2019)

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

Promote individual financial asset-building that can support 100 years of life

1. Promote medium- and long-term asset building
 - Ensure that the NISA schemes (general-type NISA, Dollar-Cost Averaging NISA, Junior NISA) are made permanent, etc.
 - Actively popularize the Dollar-Cost Averaging NISA through TV commercials, etc.
 - Promote asset building in the workplace
 - Further develop the defined contribution (DC) pension plan system
2. Promote the expansion of securities investment
 - Promote PR activities for asset building through stock investment
 - Work toward the integration of financial income taxation (i.e. aggregation of profits and losses including derivatives)
3. Create an environment that promotes the smooth transfer of risk assets between generations

Investors
(Individuals)

Spread and deepen financial and securities knowledge

1. Promote financial and securities education in schools
2. Promote financial and securities education for working adults
3. Implement PR activities to prevent scams involving fake sales of stocks or corporate bonds

Enable people to become more interested in securities investment

1. Conduct PR activities that improve the image of securities investment
2. Conduct activities related to the SDGs and social contributions through "Securities Investment Day"

Strengthen financial and capital markets' functions and competitiveness

1. Respond to financial innovation
2. Increase the use of unlisted stock
3. Undertake initiatives aimed at the smooth introduction of the system for requesting a paper copy under the electronic provision of shareholders meeting materials
4. Improve the environment for expanding and diversifying the corporate bond market
5. Respond to the establishment of a comprehensive exchange
6. Collaborate with the promotional activities of Organization of Global Financial City Tokyo (FinCity.Tokyo)
7. Undertake initiatives aimed at ensuring and expanding the use of the Social Security and Tax Number System

Market
(Infrastructure)

Materialize the efforts towards the SDGs

1. Promote the proliferation of financial instruments contributing to the SDGs (SDG bonds)
2. Promote the creation of a fulfilling workplace environment and the empowerment of women
3. Support economically vulnerable children
4. Undertake initiatives to increase the awareness and understanding of the SDGs
5. Bolster relations and collaboration with overseas organizations (via the Asia Securities Forum (ASF), etc.)
6. Implement efforts to contribute to the SDGs through collaboration with universities, etc.

Market
Intermediaries
(Members)

Improve intermediaries' functions and credibility

1. Undertake initiatives to foster customer-oriented business conduct, etc.
2. Respond as necessary toward providing financial services that are fit for an aging society
3. Conduct discussions in the "Committee for Thinking about the Future of the Securities Business rooted in Regional Communities"
4. Exercise effective self-regulatory functions
 - Make appropriate alterations to self-regulatory rules based on changes to the financial services environment
 - Conduct agile and effective inspections of member firms
 - Endeavor to further prevent insider trading
5. Undertake initiatives to combat money laundering
6. Find and analyze the problems in the use of financial services
7. Review self-regulation using the principles-based approach

Enhance global outreach and cooperation

1. Actively conduct overseas public relations on the attractiveness and potential of Japanese markets
2. Enhance cooperation and collaboration with relevant overseas organizations, including support for emerging markets
3. Undertake initiatives to bolster collaboration between the Chinese and Japanese securities markets
4. Respond to global regulatory issues
5. Expand the provision of information in English

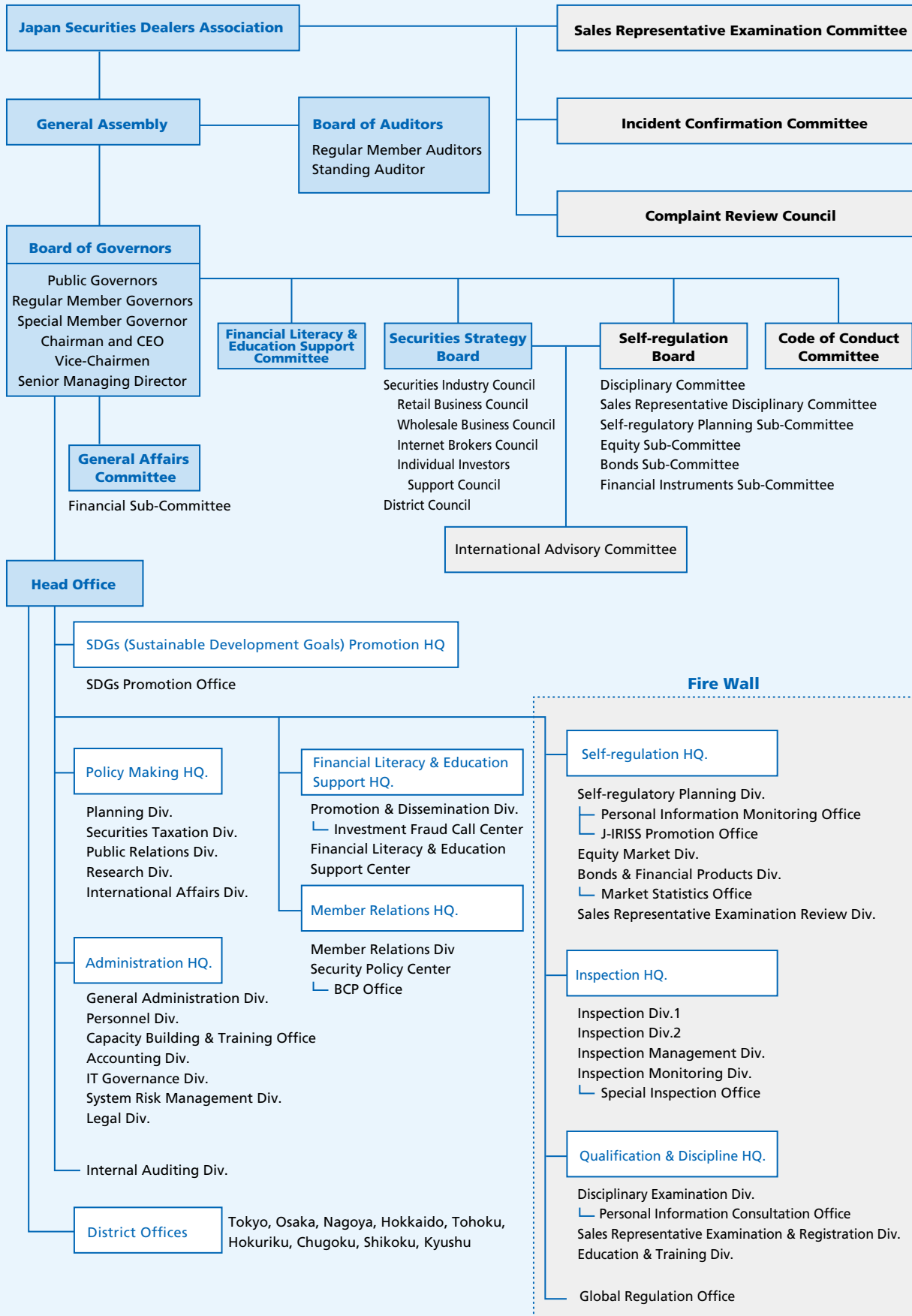
Overseas

Improve JSDA's operations

1. Strengthen business continuity planning (BCP) and cybersecurity measures
2. Develop qualified human resources through strategic recruitment and training
3. Improve staff members' work life balance

JSDA's
Operations

Organizational Chart



As of July 1, 2019

Member List of Full-time Executives (As of July 1, 2019)

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

Tsuyoshi Murai (Independent Evaluation Officer)

Senior Executive Director

Koichi Hirata

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

Executive Directors

Koji Kikuchi

(Chief Officer for Financial Literacy & Education Support)

Directors

Koichi Ishikura

(Chief Officer for International Affairs & Research)

Masayuki Shimamura

(Chief Officer for Planning & Public Relations)

Atsushi Ishikuro

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

Chief Officers

Sawaichiro Kamata

(Chief Officer for IT & System Risk Management, Chief Information Officer (CIO) & Chief Risk Officer (CRO))

Shigeto Kurabayashi

(Chief Officer for Qualification & Discipline)

Masao Matsumoto

(Chief Officer for Rules & Regulations)

Yasushi Totsuka

(Chief Officer for Inspection)

Organizational 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

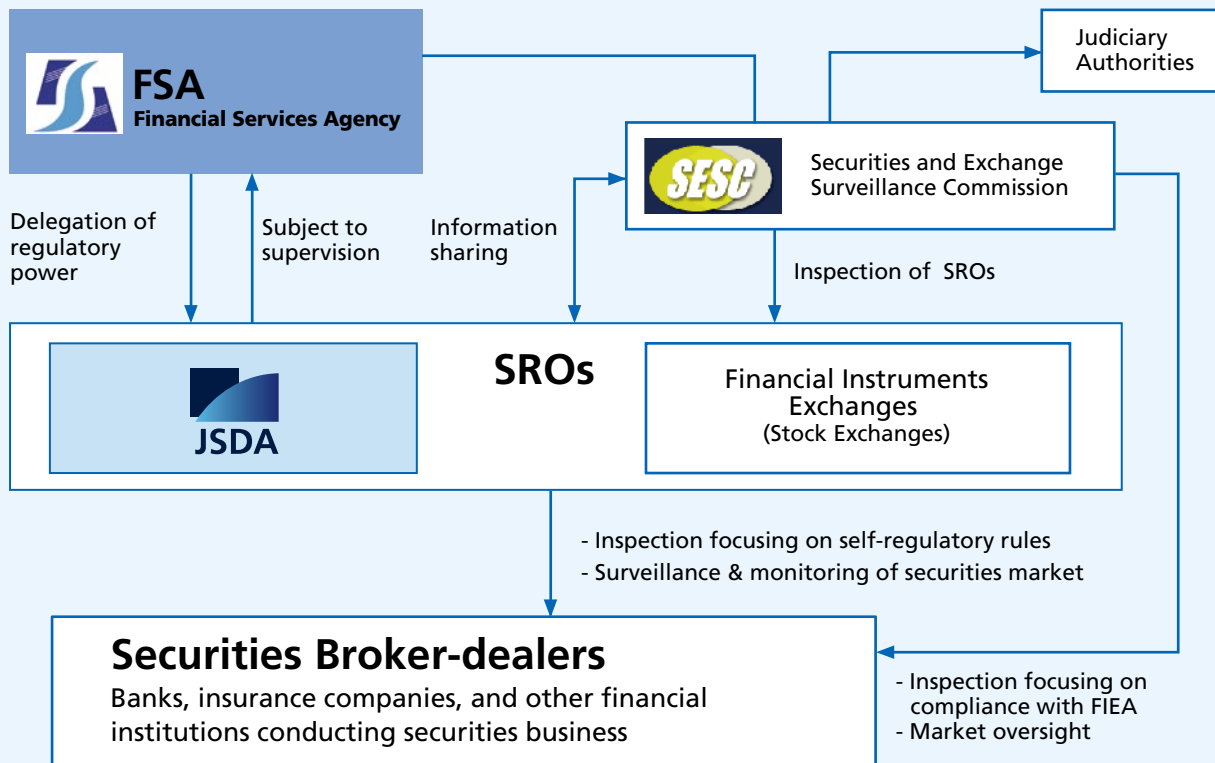
2. District Offices

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

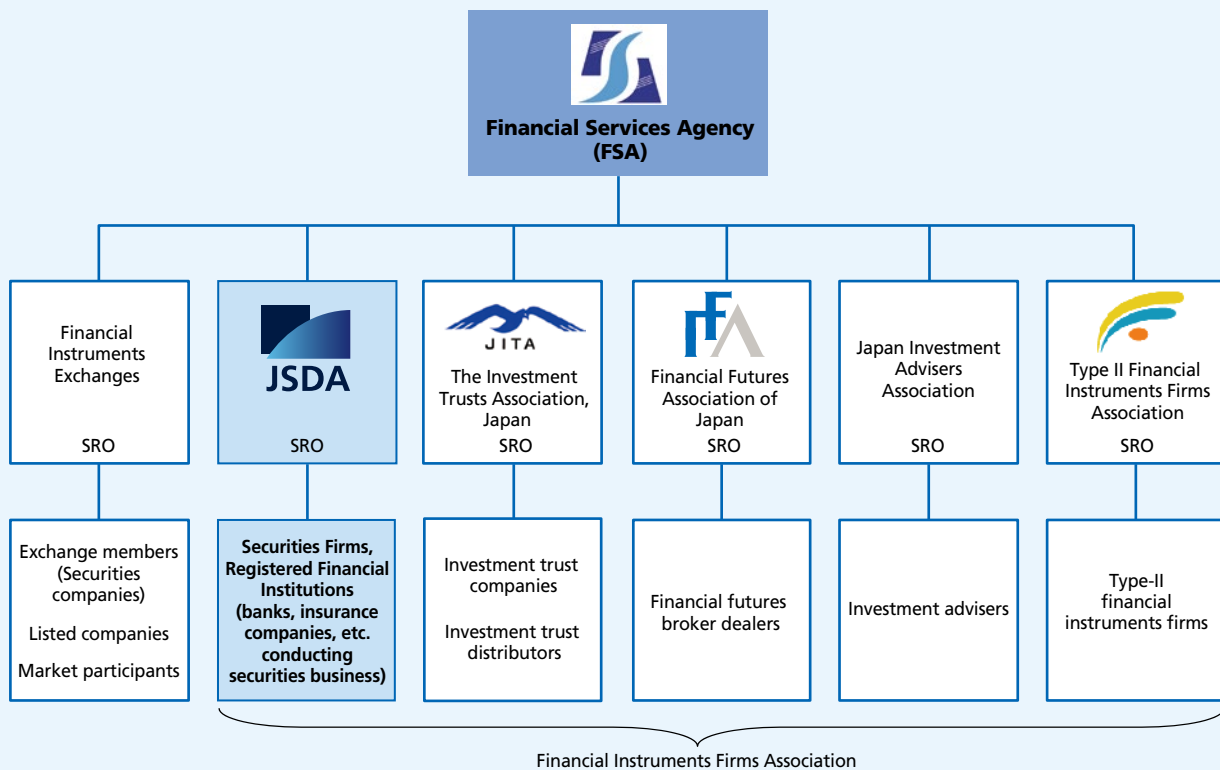
3. Affiliated Bodies

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 1, 2019)

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

Marukuni Securities Co., Ltd.
 Marusan Securities Co., Ltd.
 Masumo Securities Co., Ltd.
 Matsui Securities Co., Ltd.
 Matsusaka Securities Co., Ltd.
 MCP Asset Management (Japan), Inc.
 Mebuki Securities Co., Ltd.
 Meiwa Securities Co., Ltd.
 Merrill Lynch Japan Securities Co., Ltd.
 Mirai Securities Co., Ltd.
 MITA SECURITIES Co., Ltd.
 Mito Securities Co., Ltd.
 Mitoyo Securities Co., Ltd.
 Mitsubishi Corporation Asset Management Ltd.
 Mitsubishi UFJ Morgan Stanley PB Securities Co., Ltd.
 Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
 Mitsui & Co. Alternative Investments Ltd.
 Mitsui Securities Co., Ltd.
 Miyako Securities Co., Ltd.
 Mizuho Securities Co., Ltd.
 Monex, Inc.
 Money Design Co., Ltd.
 Money Partners Co., Ltd.
 MONEY SQUARE, INC.
 Morgan Stanley Investment Management (Japan) Co., Ltd.
 Morgan Stanley MUFG Securities Co., Ltd.
 Musashi Securities Co., Ltd.
 Nagano Securities Co., Ltd.
 Naito Securities Co., Ltd.
 Nanto Mahoroba Securities Co., Ltd.
 Natixis Japan Securities Co., Ltd.
 NatWest Markets Securities Japan Limited
 New-S Securities Co., Ltd.
 Nihon Capital Securities Inc.
 Nippon Institutional Securities Co., Ltd.
 Nishimura Securities Co., Ltd.
 Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.
 Nissan Securities Co., Ltd.
 Nobata Securities Co., Ltd.
 Nomura Financial Products & Services, Inc.
 Nomura Securities Co., Ltd.
 North Pacific Securities Co., Ltd.
 Northern Trust Global Investments Japan, K.K.

OK Premiere Securities Co., Ltd.
 Okachi Securities Co., Ltd.
 OKASAN NIIGATA SECURITIES CO., LTD.
 Okasan Online Securities Co., Ltd.
 OKASAN SECURITIES Co., Ltd.
 Okayasu Securities Co., Ltd.
 Okayasu Shoji Co., Ltd.
 Okinawa Securities Limited
 One Asia Securities Co., Ltd.
 One Tap BUY Co., Ltd.
 Orbis Investments KK
 Phillip Securities Japan, Ltd.
 Putnam Investments Securities Co., Ltd.
 PWM Japan Securities Co., Ltd.
 Rakuten Securities, Inc.
 RBC Capital Markets (Japan) Limited
 Retela Crea Securities Co., Ltd.
 SAMURAI 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 NEOMOBILE SECURITIES Co., Ltd.
 SBI Prime Securities Co., Ltd.
 SBI SECURITIES Co., Ltd.
 Scotia Securities Asia Limited Securities Japan, Inc.
 Senshu Ikeda Tokai Tokyo Securities Co., Ltd.
 Shikoku Alliance 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.
 Smartplus Ltd.
 SMBC Nikko Securities Inc.
 Societe Generale Securities Japan Limited
 Sompo 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.
 Sterling Securities Co., Ltd.
 StormHarbour Japan Ltd.
 Superfund Japan Co., Ltd.
 Tahara Securities Co., Ltd.
 Takagi Securities Co., Ltd.
 Takematsu Securities Co., Ltd.
 TD Securities (Japan) 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 Kosei Securities Co., Ltd.
 The Miki Securities Co., Ltd.
 The Nakahara Securities Co., Ltd.
 The Tachibana Securities Co., Ltd.
 Tobu Securities Co., Ltd.
 Tochigin Tokai Tokyo Securities Co., Ltd.
 Togo 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 Japan K.K.
 tsumiki Co., Ltd.
 UBS Securities Japan Co., Ltd.
 Ueda Tradition Securities Ltd.
 Ueda Yagi Securities Co., Ltd.
 Usuki Securities Co., Ltd.
 Utsumiya Securities Co., Ltd.
 Vanguard Investments Japan, Ltd.
 Vantage Capital Markets Japan K.K.
 WealthNavi Inc.
 Wells Fargo Securities (Japan) Co., Ltd.
 Yamagata Securities Co., Ltd.
 Yamani Securities Co., Ltd.
 Yamawa Securities Co., Ltd.
 Yensai.com Co., Ltd.
 YJFX, Inc.
 YM Securities Co., Ltd.
 Yutaka Securities Co., Ltd.
 YUTAKA SHOJI Co., Ltd.
 Zukawa Securities Co., Ltd.

List of Special Members (As of July 1, 2019)

ÆON BANK, LTD.	Okayama Shinkin Bank	The Daisan Bank, Ltd.
Aioi Nissay Dowa Insurance Co., Ltd.	ORIX Bank Corporation	The Daishi Bank, Ltd.
Aozora Bank, Ltd.	ORIX Life Insurance Corporation	THE DAITO BANK, LTD.
Australia and New Zealand Banking Group Limited	Rakuten Bank, Ltd.	The Ehime Bank, Ltd.
Bank of America, National Association	Resona Bank, Limited	The Eighteenth Bank, Limited
Bank of China Limited., Tokyo Branch	Royal Bank of Canada, Tokyo Branch.	THE FAIRST BANK OF TOYAMA, LTD.
Bank of The Ryukyus, Limited	Saitama Resona Bank, Limited	THE FUKUHO BANK, LTD.
Barclays Bank PLC	SBI Sumishin Net Bank, Ltd.	The Fukui Bank, Ltd.
BNP PARIBAS S.A.	Shinkin Central Bank	THE FUKUOKA CHUO BANK, LTD.
Central Tanshi Co.,Ltd.	Shinsei Bank, Limited	THE FUKUSHIMA BANK, LTD.
Citibank, N.A., Tokyo Branch	Shinsei Trust & Banking, Ltd.	The Gifu Shinkin Bank
Commonwealth Bank of Australia	SMBC Trust Bank Ltd.	The Gunma Bank, Ltd.
Credit Agricole Corporate and Investment Bank	Sompo Japan Nipponkoa Insurance Inc.	The Hachijuni Bank, Ltd.
DAI-ICHI KANGYO CREDIT COOPERATIVE	Sony Bank Incorporated	The Hekikai Shinkin Bank
Deutsche Bank Aktiengesellschaft	Sony Life Insurance Co., Ltd.	The Higashi-Nippon Bank, Limited
Development Bank of Japan Inc.	State Street Trust and Banking Company, Limited	The Higo Bank, Ltd.
Fukoku Mutual Life Insurance Co.	Sumitomo Life Insurance Co.	The Himeji Shinkin Bank
Fukuoka Hibiki Shinkin Bank	Sumitomo Mitsui Banking Corporation	The Hiroshima Bank, Ltd.
Hiroshima Shinkin Bank	Sumitomo Mitsui Trust Bank, Limited	The Hokkaido Bank, Ltd.
Hongkong and Shanghai Banking Corporation Limited	Suruga Bank Ltd.	The Hokkoku Bank, Ltd.
ING Bank N.V.	TAIJU LIFE INSURANCE COMPANY LIMITED	The Hokuetsu Bank, Ltd.
Japan Post Bank Co., Ltd.	The 77 Bank, Ltd.	The Hokuriku Bank, Ltd.
Japan Securities Finance Co., Ltd.	The Aichi Bank, Ltd.	The Hokuto Bank, Ltd.
Japan Trustee Services Bank, Ltd.	THE AKITA BANK, LTD.	THE HOWA BANK, LTD.
Jibun Bank Corporation	The Amagasaki Shinkin Bank	The Hyakugo Bank, Ltd.
JPMorgan Chase Bank, N.A.	The Aomori Bank, Ltd.	The Hyakujushi Bank, Ltd.
Kansai Mirai Bank, Limited	The Asahi Shinkin Bank	THE HYOGOSHINKIN BANK
kinki sangyou Credit Union	The Ashikaga Bank, Ltd.	The Iyo Bank, Ltd.
Kiraboshi Bank, Ltd.	The Awa Bank, Ltd.	The Japan Net Bank, Limited
Kirayaka Bank, Ltd.	THE BANK OF FUKUOKA, LTD.	The Johnan Shinkin Bank
Meiji Yasuda Life Insurance Company	The Bank of Iwate, Ltd.	THE JOHOKU SHINKIN BANK
MetLife Insurance K.K.	THE BANK OF KOCHI, LTD.	The Joyo Bank, Ltd.
Mitsubishi UFJ Trust and Banking Corporation	The Bank of Kyoto, Ltd.	The Juroku Bank, Ltd.
Mitsui Sumitomo Insurance Co., Ltd.	The Bank of Nagasaki, Ltd.	THE KAGAWA BANK, LTD.
Mitsui Sumitomo Primary Life Insurance Company Limited	The Bank of Nagoya, Ltd.	THE KAGOSHIMA BANK, LTD.
Mizuho Bank, Ltd.	The Bank of Okinawa, Ltd.	THE KANAGAWA BANK, LTD.
Mizuho Trust & Banking Co., Ltd.	THE BANK OF SAGA LTD.	THE KANAGAWA SHINKIN BANK
Momiji Bank, Ltd.	The Bank of Toyama, Ltd.	The Kanazawa Shinkin Bank
MUFG Bank, Ltd.	The Bank of Yokohama, Ltd.	THE KAWASAKI SHINKIN BANK
Nagano-Ken Credit Cooperative	The Banshu Shinkin Bank	The Keiyo Bank, Ltd.
Nara Shinkin Bank	The Chiba Bank, Ltd.	The Kirakyushu Bank, LTD.
NIPPON LIFE INSURANCE COMPANY	The Chiba Kogyo Bank, Ltd.	The Kita-Nippon Bank, Ltd.
Nisshin Shinkin Bank	The Chikuho Bank, Ltd.	The Kiyo Bank, Ltd.
North Pacific Bank, Ltd.	The Chugoku Bank, Limited	The Kumamoto Bank, Ltd.
	The Chukyo Bank, Limited	THE KYOTO CHUO SHINKIN BANK
	The Dai-ichi Life Insurance Company, Limited	THE KYOTO SHINKIN BANK
		The Master Trust Bank of Japan, Ltd.

THE MICHINOKU BANK, LTD.
The Mie Bank, Ltd.
The Minami-Nippon Bank, Ltd.
THE MINATO BANK, LTD.
The Miyazaki Bank, Ltd.
The Miyazaki Taiyo Bank, Ltd.
The Musashino Bank, Ltd.
THE NAGANO SHINKIN BANK
THE NAGANOBANK, LTD.
The Nanto Bank, Ltd.
THE NISHI-NIPPON CITY BANK,
LTD.
The Nomura Trust and Banking Co., Ltd.
The Norinchukin Bank
The Norinchukin Trust & Banking
Co., Ltd.
The Ogaki Kyoritsu Bank, Ltd.
THE OITA BANK, LTD.
The Okazaki Shinkin Bank
THE OKINAWA KAIHO BANK, LTD.
THE OME SHINKIN BANK
The Osaka City Shinkin Bank
THE SAGA KYOEI BANK, LTD.
THE SAIKYO BANK, LTD.
THE SAITAMAKEN SHINKIN BANK
The San-in Godo Bank, Ltd.
The Sawayaka Shinkin Bank
THE SEIBU SHINKIN BANK
The Seishin Shinkin Bank
THE SENDAI BANK, LTD.
The Senshu Ikeda Bank, Ltd.
The Seto Shinkin Bank
THE SHIGA BANK, LTD.
The Shikoku Bank, Ltd.
THE SHIMANE BANK, LTD.
THE SHIMIZU BANK, LTD.
THE SHINWABANK, LTD.
THE SHIZUOKA BANK, LTD.
THE SHIZUOKACHUO BANK, LTD.
The Shoko Chukin Bank, Ltd.
THE SHONAI BANK, LTD.
The Shonan Shinkin Bank
The Sugamo Shinkin Bank
THE TAIKO BANK, LTD.
THE TAISHO BANK, LTD.
The Tajima Bank, Ltd.
The Tama Shinkin Bank
THE TOCHIGI BANK, LTD.
The Toho Bank, Ltd.
THE TOHOKU BANK, LTD.
THE TOKUSHIMA BANK, LTD.

THE TOKYO HIGASHI SHINKIN
BANK
The Tokyo Star Bank, Limited
The Tokyo Tanshi Co., Ltd.
The Tono Shinkin Bank
THE TOTTORI BANK, LTD
THE TOWA BANK, LTD.
The Yamagata Bank, Ltd.
The Yamaguchi Bank, Ltd.
The Yamanashi Chuo Bank, Ltd.
The Yokohama Shinkin Bank
Tokio Marine & Nichido Fire Insurance
Co., Ltd.
TOKYO CITY SHINKIN BANK
TOMATO BANK, LTD.
Toyota Shinkin Bank
Trust & Custody Services Bank, Ltd
Tsukuba Bank, Ltd.
UBS AG
Ueda Yagi Tanshi Co., Ltd.
Yamato Shinkin Bank

Specified Business Members (As of July 1, 2019)

Clear Markets Japan, Inc.
DAN Venture Capital, Inc.
Emerada Co., Ltd.
Japan Cloud Capital Inc.
Totan ICAP Co., Ltd
Tullet Prebon ETP (Japan) Ltd.
Unicorn, Inc.
Universal bank, Inc.

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Japan Securities Dealers Association

2-11-2 Nihombashi, Chuo-ku, Tokyo 103-0027

Tel: +81-3-6665-6764

Contact Us: <https://www.jsda.or.jp/contact/app/Contact.php?id=50>

