



Japan Securities Dealers Association

Annual Report 2023



Japan Securities Dealers Association

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Focal Points of “JSDA’s Major Work Plans”

—Initiatives toward Addressing Social Issues—

July 3rd, 2023

—Following up last year’s tangible progress in critical initiatives such as new NISA, Organization for Promotion of Financial and Economic Education, and digitalizing document delivery to customers—

Stronger Support for Asset Building —Reinforce the Trend “from Savings to Investment” —

- Undertake initiatives for the smooth introduction, implementation, and sound development of the new NISA system
- Fully support the establishment of the Organization for Promotion of Financial and Economic Education
- Foster collaboration with the Japanese Bankers Association (JBA) to improve financial literacy
- Undertake initiatives to reform the defined contribution (DC) pension system (Corporate DC, iDeCo)

Achievement of the SDGs —Promote Sustainable Finance—

- Execute action plans under the “Declaration on Promoting Sustainable Finance”
- Undertake initiatives aimed at expanding transition finance in the capital market
- Follow/Support the GX Economy Transition Bonds to be issued by the government
- Create a fulfilling work environment and bolster diversity

Fostering Start-ups

- Undertake initiatives to develop and publicize the secondary market for JSDA Shares and Investment trusts for Professionals (J-Ships)
- Foster an environment to facilitate provision of risk money to start-ups
- Smoothly implement improvement measures for the IPO price-setting process

HR Development to Carry Out the Actions

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Enhancing Collaboration with
Stakeholders
inside/outside Japan

Accommodating Digital Transformation (DX)

- Proceed with initiatives to make digital document delivery to customers the primary method
- Properly respond to utilization of financial innovation in the securities market
- Support securities firms’ efforts to improve cybersecurity readiness
- Deliberate on expanding the use of the Social Security and Tax Number System (“My Number” System)

Provision of Financial Services Fit for an Aging Society

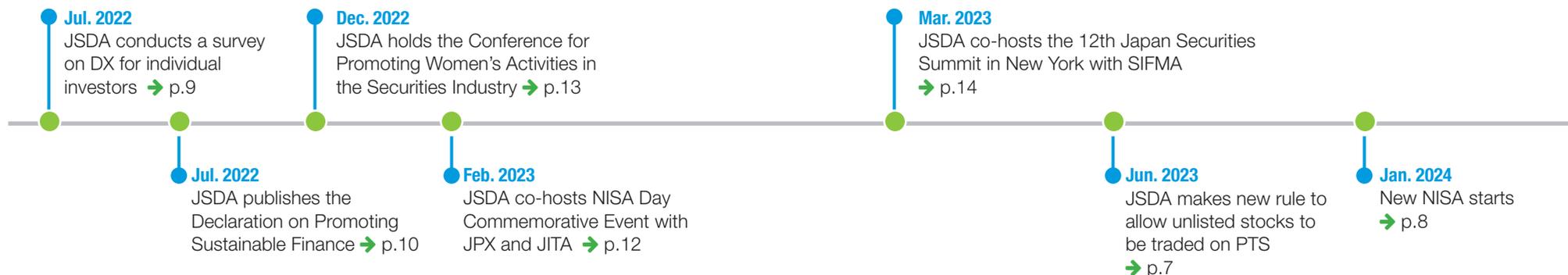
- Foster more attentive financial services appropriate for elderly customers
- Deliberate on appropriate practices for investment, asset management as well as transactions through agents, preparing for customers’ possible cognitive/judgmental impairment
- Smoothly inherit financial assets between generations
- Enrich the contents in the “Booklet on Elderly Customers”

Setting up Compliance Consultation Desk

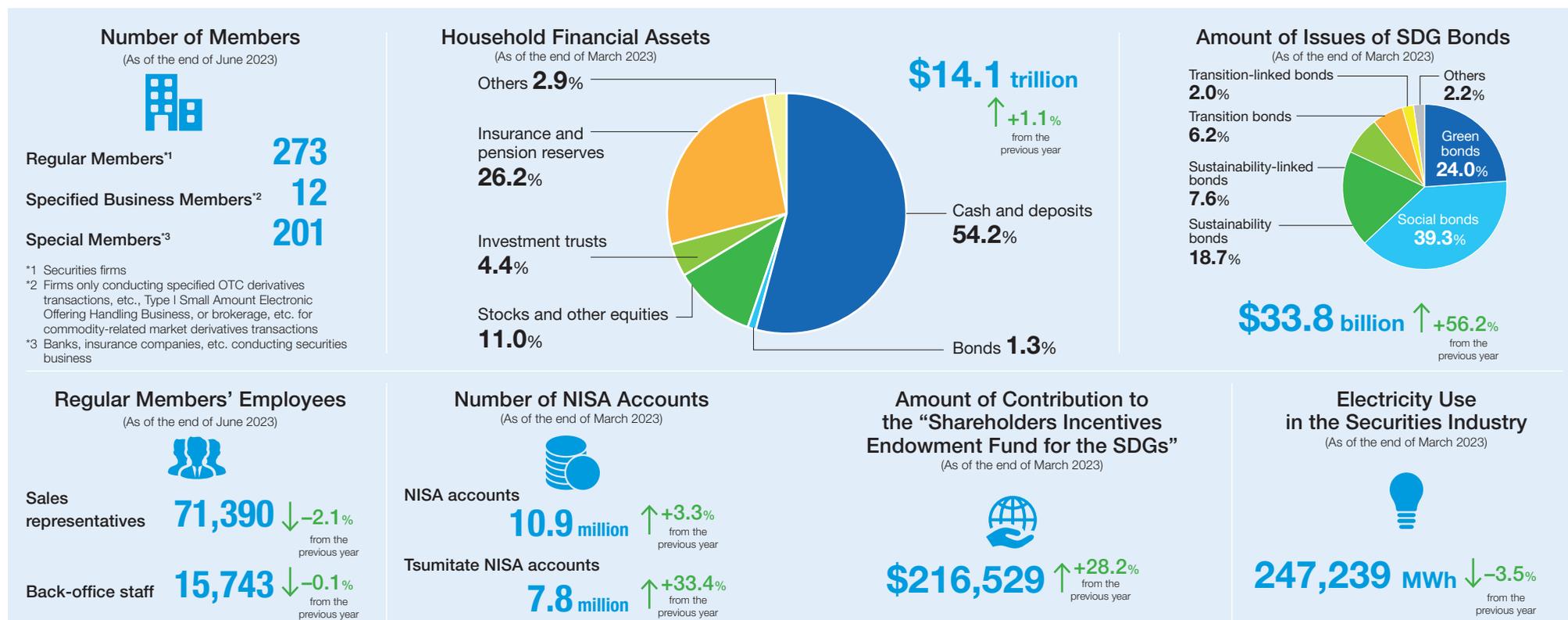
- Enhance support to association members with regards to compliance issues, including setting up a consultation desk
- Undertake initiatives to review and streamline/enhance self-regulations on compliance matters

Toward Further Enhancement of Investor Trust and Functioning of Securities Markets

Current Activities



Snapshot of the Market and Industry



Notes: 1. Rate of US\$1=¥ 144.99 used for conversion.
2. For more details and other data, see JSDA's [statistics webpage](#) and [Factbook](#).

Message from the Chairman



Toshio Morita

MORITA Toshio
Chairman and CEO

Japan Securities Dealers Association was established in July 1973 for the purpose of ensuring fair and smooth trading in the securities market, sound development of the securities industry, and protection of investors. JSDA will continue to work together with the securities market and contribute to the further growth of the Japanese economy through the promotion of asset formation by securities investment and the development of a sound and vibrant securities market, while appropriately responding to the changing domestic and international environment.

The “New Form of Capitalism” promoted by the Kishida administration aims to build a sustainable and inclusive society by turning efforts to solve social issues into an engine of growth, and to create a “virtuous circle of growth and distribution” in which broad-based growth and appropriate distribution are mutually beneficial.

As part of these efforts, the “Doubling Asset-based Income Plan” and the “Startup Development Five-Year Plan,” which include measures to fundamentally expand and make permanent the NISA as well as the establishment of the Organization for Promotion of Financial and Economic Education, were formulated and steady progress has been seen toward their realization.

Under these government initiatives, the Japanese securities industry will make every effort to address the following issues in order to reinforce the trend “from savings to investment” in a sound and significant manner, to further enhance investor confidence, and to strengthen the functions of the securities market.

Stronger Support for Asset Building

First, we will work for the smooth introduction, implementation, and sound promotion of the new NISA system to be launched in January 2024.

In addition, we will provide full support and cooperation to the newly established

Organization for Promotion of Financial and Economic Education, including the development of its operational structure, in cooperation with all parties concerned, and strengthen our approach in cooperation with the Japanese Bankers Association to improve financial literacy.

In addition, with an eye on the 2024 fiscal review of public pensions, we will advocate the reform of defined contribution pension plans (corporate DC and iDeCo) to all parties concerned.

Fostering Start-ups

In July 2022, the JSDA established the **JSDA Shares and Investment trusts for Professionals** (J-Ships) for facilitating professional investors’ investment in unlisted stocks. In addition, we are making efforts to facilitate trading of securities for professional investors on the Proprietary Trading System (PTS).

Promotion of Green Transformation (GX) and Achievement of the SDGs

Under the “Declaration on Promoting Sustainable Finance” issued in July 2022, we will strengthen cooperation and collaboration with related organizations such as the International Capital Markets Association (ICMA) in order to promote Green Transformation (GX). We will also advocate tax benefits for investments in green bonds and other sustainable financial products.

In addition, we will continue to further promote reforms in work style and diversity in the securities industry, and support children in economically difficult circumstances.

Promotion of Digital Transformation (DX)

With regard to the provision of information by securities companies at the time of concluding contracts, the direction of being able to freely choose between written documents and digital means was indicated at a meeting supervised by the Financial Services Agency. Going forward, we will cooperate with various parties concerned toward the realization of the measures.

In addition, we will examine and take necessary measures for tokenized securities utilizing blockchain technology from the viewpoint of investor protection and sound development of the market, as well as promote research and studies on financial innovation.

Furthermore, we will provide support for cyber security measures to securities firms, taking into account efforts by the government.

Provision of Financial Services Fit for an Aging Society

With the aging of Japan’s population, the JSDA has been examining how asset management and proxy transactions should be conducted to prepare for the



Self-regulatory Activities

decline in cognitive and decision-making abilities of elderly people, and is also researching successful examples of such transactions in the United States. Since this is an extremely important issue, we will continue to work on it so that we can pave the way as soon as possible.

Efforts to Realize Vibrant Financial Capital Markets

In order to contribute to the improvement of the functioning of the capital market, we revised the rules regarding public offerings for the use of funds for mergers and acquisitions in February 2023. Going forward, in order to improve the liquidity of the corporate bond market, we will take measures to accelerate the timing of the announcement of transaction information on newly issued bonds.

In March 2023, the 12th Japan Securities Summit was held in New York in cooperation with the Securities Industry and Financial Markets Association (SIFMA) and other related parties, which was the first time in four years due to the COVID-19 pandemic. In the conference, keynote speeches and panel discussions were held to introduce the Japanese economy and market outlook as well as measures to revitalize the Japanese economy and market, and to promote the attractiveness of Japan as an investment destination and a business hub. The next Japan Securities Summit will be held in cooperation with the

Japan Exchange Group, the International Capital Market Association (ICMA), and other related parties in London, UK in March 2024. We will continue to implement the dissemination of information about the Japanese market overseas.

This is an overview of the main initiatives that the JSDA will be pursuing in the years ahead.

There is a Japanese proverb that says, “When making a statue of Buddha, put the soul into it.”

This saying shows the idea that if you do not put the soul into it, it is just wood or stone when you make a statue of Buddha. In other words, it implies the fact that the finishing touches are the most important part.

Thanks to the government efforts, the Japanese securities industry has made considerable progress in recent years in the development of the framework (Buddha statue), such as making NISA permanent and newly establishing the Organization for Promotion of Financial and Economic Education.

Now it is our turn and we will exhaust every effort to put the spirit of the securities industry into the framework.

As a fully empowered self-regulatory organization (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, registration of sales representatives, and dispute mediation. Matters related to self-regulation are discussed and decided at the Self-regulation Board, which consists of representatives of Regular Member and Special Member firms as well as those representing public interest.

The JSDA has established self-regulatory rules and guidelines to protect investors in the area of complex structured bonds.

In the more than 10 years since the regulatory framework was changed in 2010, there have been significant changes in the environment, such as the expansion of Association Members who deal with complex structured bonds, etc., the diversification of product features, and the emergence of sales methods that were not expected at that time. In July 2023, in light of these circumstances, the JSDA revised “Rules Concerning Solicitation for Investments and Management of Customers, Etc. by Association Members” and related guidelines in order to realize appropriate solicitation of sales of complex structured bonds, etc. to customers.

On another front, the number and scale of startups in Japan are relatively small compared to those in major developed countries, which is often pointed out as a leading cause of fewer innovations. For the startups that plan to invest in further growth at a later stage, there are companies that make drastic investments prior to listing to increase their corporate value before going public. However, it has been pointed out that there are cases where companies are forced to list early due to the existence of exit needs by founders, investors in startups, and others. Activating secondary trading of unlisted stocks will also encourage primary trading, and the need for such early listings will weaken, allowing them to grow significantly over time before listing.

In response to this situation, with regard to trading of unlisted securities on the Proprietary Trading System (PTS), the JSDA discussed necessary matters from the perspectives of product appropriateness examination, timely provision of information, pricing information, and investor protection. In June 2023, the JSDA enacted the new “Rules Concerning Trading of Unlisted Securities on Proprietary Trading System” for the purpose of ensuring fair and smooth trading of unlisted securities on proprietary trading systems, thereby contributing to investor protection and the sound development of secondary markets for unlisted securities.



Activities as a Trade Association

As a trade association serving as an interlocutor to enhance dialogue, the JSDA relays the industry's opinions to the government and other related parties, promotes investor education to expand the base of knowledgeable investors, produces policy recommendations for further activating the market, and upgrades the attractiveness and potential of the Japanese market to global and domestic investors.

Representatives of Regular Members exchange their views and make decisions on JSDA's activities as a trade association at the Securities Strategy Board.

Japan has become the world's leading society in terms of longevity, and its citizens will need to secure sufficient assets for their retirement. Under these circumstances, the role of the securities industry in matching investors' needs for asset building with companies' needs for financing has become increasingly important. In order to promote the trend "from savings to investment," in July 2022 the JSDA compiled "Toward Increasing Asset Income of the Middle Class —Proposal for Doubling Asset-based Income Plan—" and proposed drastic expansion of asset formation support systems such as NISAs and defined contribution pensions. The "Doubling Asset-based Income Plan" formulated

by the government in November outlined several directions, including the permanent expansion of the NISA system and other fundamental enhancements, and reform of the iDeCo system. The 2023 tax reform made the NISA program permanent, made the tax-exempt holding period indefinite, and increased the maximum investment amount at the end.

In February 2023, in light of the formulation of the "Doubling Asset-based Income Plan" and measures to fundamentally expand and make permanent the NISA, we held the "NISA Day Commemorative Event—Toward Doubling Asset-based Income" together with Japan Exchange Group and the Investment Trusts Association, Japan, inviting experts and celebrities from various positions in government and the public and private sectors to speak, as well as providing archived videos related to the event. We will continue our efforts to promote and educate the public about the new NISA system, which will start in January 2024.

In addition, due to the impact of COVID-19, online communication has become more common, and digitalization has been progressing in various fields. In the securities industry, there is a need to digitalize procedures related to securities transactions to enhance the convenience for customers and operational efficiency for securities firms.

However, such digitalization requires figuring out areas suitable for digitalization considering legal requirements and operations. To support this understanding, in September 2021, we conducted a survey on the status of digitalization at our regular member firms and shared the results among them so that they could grasp the image of how to promote digitalization within their companies.

In July 2022, the JSDA conducted a survey of individual investors regarding

their views on the digitalization of document delivery to customers under the Financial Instruments and Exchange Act (FIEA) in order to provide basic data for the realization of the digitalization. We will continue to lobby the government authorities so that, in principle, communication documents delivered to clients, which currently must be delivered on paper, can be delivered in an electronic format.

Table: New NISA System

	Framework for Dollar Cost Averaging Investment	Can be used together	Framework for Long-term Investment
Maximum annual investment amount	1.2 million yen		2.4 million yen
Tax-exempt period	Unlimited		Unlimited
Maximum total tax-exempt amount	18 million yen (both frameworks together)		12 million yen (included)
Account opening period	Unlimited		Unlimited
Tax-exempt products	Qualified investment trusts suitable for long-term cumulative and diversified investment		Listed stocks, investment trusts, ETFs, and REITs
Eligible persons (account holders)	Individuals 18 or older		Individuals 18 or older



Contributing to Sustainable Growth

The JSDA contributes to achieving the Sustainable Development Goals (SDGs), a set of international development goals adopted by the United Nations, under the JSDA's Declaration in Support of the SDGs. To navigate this journey, the JSDA has one council and three sub-committees in which experts in this field deliberate and suggest sustainability-related initiatives.

Some of the initiatives are for the JSDA to implement on a daily and annual basis. For example, the JSDA defined and uses the term "SDG bonds," bonds which contribute to the SDGs, to raise public awareness of such bonds. Also, after establishing the "Shareholders Incentives Endowment Fund for the SDGs" to support organizations working to tackle social problems in 2019, we offer donations to such organizations annually, making use of shareholder incentives (gifts granted to shareholders).

The following website describes all of the various efforts of the JSDA and the Japanese securities industry as a whole in relation to the SDGs.

The JSDA has endeavored to practically further its contributions to SDGs by taking various measures in cooperation with all related parties.

In October 2021, the JSDA established the "Advisory Board for the Securities Industry to Achieve Carbon Neutrality" to discuss the role the securities industry should play in the future to achieve carbon neutrality. In response to the Paris Agreement adopted in 2015, in October 2020, the Japanese government declared its intent to reduce greenhouse gas emissions to net-zero by 2050. To this end, we believe that the securities industry has an extremely important role as the intermediary for the markets where Japanese companies raise funds to achieve net-zero emissions.

In July 2022, the JSDA published the "Declaration on Promoting Sustainable Finance" to further accelerate the realization of a sustainable society and the achievement of carbon neutrality through the securities industry. The declaration describes the basic approach as well as specific policies and measures to promote sustainable finance.



Also, the JSDA has strived to assist market professionals in getting more familiar with and practically knowledgeable about how to achieve carbon neutrality. When it comes to the transition to a net-zero business, necessary efforts vary depending on the sectors. For this reason, the Japanese ministries have developed roadmaps that carbon-intensive industries can refer to when making transition strategies. Against this backdrop, the JSDA held a "Roadmap Study Session for Promoting Transition Finance" supported by the Ministry of Economy, Trade and Industry (METI) and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to help a wide range of market participants involved in such finance enhance their understanding of the significance of such finance and the contents of the roadmap.

The JSDA also supports Asian

market professionals in the transition to carbon neutrality. In December 2021, the JSDA established the ASF Study Group on Transition Finance under the Asia Securities Forum, which is a body for information exchange and cross-border cooperation across the Asia-Pacific region. (For further details on ASF, please refer to the "International Activities" section on p.14.) The study group, aiming at sharing and exchanging information within member institutions, follows initiatives on transition finance in the Asian region including ASEAN.

Furthermore, the JSDA has co-hosted the annual Sustainable Bond Conference, which is a conference on sustainable finance, with the International Capital Market Association (ICMA) to offer market participants opportunities to deepen their understanding of sustainability-related topics and business practices.



Japanese Securities Industry Supports SDGs

→ <https://www.jsda.or.jp/sdgs/index.html>
(available only in Japanese)



Investor Education

Investor education remains vitally important, especially for novice investors and those interested in investments. Many people have realized the importance of asset formulation, facing unprecedented uncertainty and anxiety due to longevity, pension payment, rising consumer prices, and so on. Under these circumstances, it is our mission to foster knowledge and understanding of the financial markets and products for individuals of all backgrounds in Japan.

The JSDA supports junior and senior high school teachers in offering financial and economic classes to their students. In particular, the importance of financial education in school has increased because financial literacy, such as on financial products and asset building, has been included in the revised curriculum guidelines for junior high schools since 2021, and high schools since 2022. For example, we have provided a sample financial and economic education curriculum and supplementary teaching materials and held relevant seminars for teachers. We have also offered game-based learning programs, such as “Financial Quest” and “Stock Learning Game,” by which students can enjoy the contents and naturally acquire financial literacy. Also, we developed “Financial and Economic Navi,” a portal site where teachers can obtain supplementary materials, videos, manga, and so on for

free that they can utilize for their classes. In addition, due to the growing demand for lecturers, we offered in-person and online seminars at 160 elementary, junior high, and high schools in FY2022.

At the same time, we promote initiatives for enhancing financial literacy of the public. To this end, “Toushi-kun,” the mascot character of the Securities Knowledge Dissemination Project (see p.17 for more about him), appeared in many places and guided individuals to the long-term diversified investment world. For example, the JSDA developed an online teaching material, “Toushi-kun and Time Travel!—Let’s Experience Asset Building” (launched in February 2022), that allows users to simulate investment with the past price movements in the markets. In May 2023, “Toushi-kun and Time Travel!” was awarded by the National Institute on Consumer Education, a public interest incorporated foundation established by the government. In addition to Toushi-kun, “First Time Asset Management Lectures” for beginners of investment were held online and in various places. A YouTube channel with the same title is also available. Moreover, the JSDA collaborated with the Japanese Bankers Association to hold seminars for teachers and workplaces, and dispatched lecturers.



Capacity Building

In the rapidly changing and diversified world, it is pivotal for employees and managers in securities firms to acquire a broader knowledge base than before. For example, whereas they need to be familiar with financial products and compliance, their knowledge should also cover sustainability-related topics so that each person can play a significant role as an intermediary between investors and the ESG markets, thereby contributing to addressing environmental and social problems.

Keeping these points in mind, the JSDA draws up and updates a capacity-building plan annually.

Our training seminars traditionally cover the topics of compliance and ethics, as we believe that such knowledge should be the foundation for the employees and managers from a self-regulatory point of view. We are also developing seminars on how to offer financial services in an aging society so that securities firms can appropriately respond to elderly customers.

Moreover, our scope is not limited to those regulatory topics. In fact, we have offered our program to meet the various needs of securities firms. For example, our program covers digital transformation (DX), cyber security, sustainable finance, improvement of working practices, bolstering of diversity and the future business models of securities firms. In

December 2022, we held the “Conference for Promoting Women’s Activities in the Securities Industry” to consider what we can do to encourage women in the securities industry to be more active from various perspectives, such as fostering the mindset of women themselves, balancing life and work, and company initiatives.

The JSDA launched the “JSDA Training Hub” in April 2022 to enable securities firms to provide on-demand videos so that their employees and managers can meet their needs to gain the necessary knowledge in a timely manner, and enable them to take classes whenever necessary by compiling a library of videos provided in the past.

Furthermore, we have created communities for the employees and managers in the Japanese securities industry to meet each other, share a mutual understanding, and enhance their motivation for work.

For instance, we held networking events for HR managers with the aim of supporting them to enhance diversity and transform working practices at their companies. Another example is the hosting of online exchange meetings for young employees working at securities companies to exchange information and boost motivation.



International Activities

The JSDA actively participates in international conferences and exchanges information to deepen relationships with overseas organizations related to the securities industry.

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

Information on the ICSA's activities can be found at the following website. <https://icsa.global/>

In addition, the JSDA serves as the secretariat of the Asia Securities Forum (ASF), which functions as a forum for the exchange of views and information among the securities industry in the Asia-Pacific region, and supports activities that contribute to the development of securities markets and economic growth in the region. More information on the ASF's activities can be found at the following website.

<https://www.asiasecuritiesforum.org/>

On March 1, 2023, the JSDA and the Securities Industry and Financial Markets Association (SIFMA) co-organized the 12th “Japan Securities Summit” in New York to promote Japanese markets, mainly targeting institutional investors. Due to COVID-19, it has been almost four years since the event was held in London in 2019. The half-day event covered a wide range of topics and included a guest video speech from Prime Minister Kishida, a keynote speech on the latest initiatives shaping the Japanese market, a panel discussion on an overview of the progress of the New Form of Capitalism Realization Plan, including the Start-up Development Five-year Plan and the Doubling of Asset-based Incomes Plan, and a presentation on the Japanese stock market and JPX initiatives. 200 participants attended the event, exemplifying the growing interest in the Japanese economy and markets among industry professionals.

An overview of the event can be viewed on [YouTube](#).

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. This program was also postponed after 2019 due to COVID-19, but has been resumed in December 2023.

Aside from the events, we have long been involved in activities to enhance the global presence of Japan's securities markets.

In recent years, the Japanese government authorities have accelerated efforts to strengthen Japan's function as a global financial center by creating a more welcoming environment to foreign financial institutions and professionals, such as through the Financial Market Entry Office and legal reforms allowing business registration application in English. In light of this trend, we expanded our English-language business support services by making the documents required for membership in the JSDA available in English and established a dedicated contact point in January 2022

to enable foreign companies seeking to provide English-language customer service in Japan to enter the Japanese market more easily.

Furthermore, the JSDA submits opinions on a wide range of international topics that could influence the Japanese securities industry.

For example, we submitted comments on the ISSB's exposure draft IFRS S1 “General Requirements for Disclosure of Sustainability-related Financial Information,” IFRS S2 “Climate-related Disclosures,” OECD's “Crypto-Asset Reporting Framework and Amendments to the Common Reporting Standard,” and IOSCO's “Report on Retail Distribution and Digitalization Consultation Report.”

Detailed information can be found at the following website.

<https://www.jsda.or.jp/en/activities/comments/>



International Council of Securities Associations (ICSA)
→ <https://icsa.global/>



Asia Securities Forum (ASF)
→ <https://www.asiasecuritiesforum.org/>



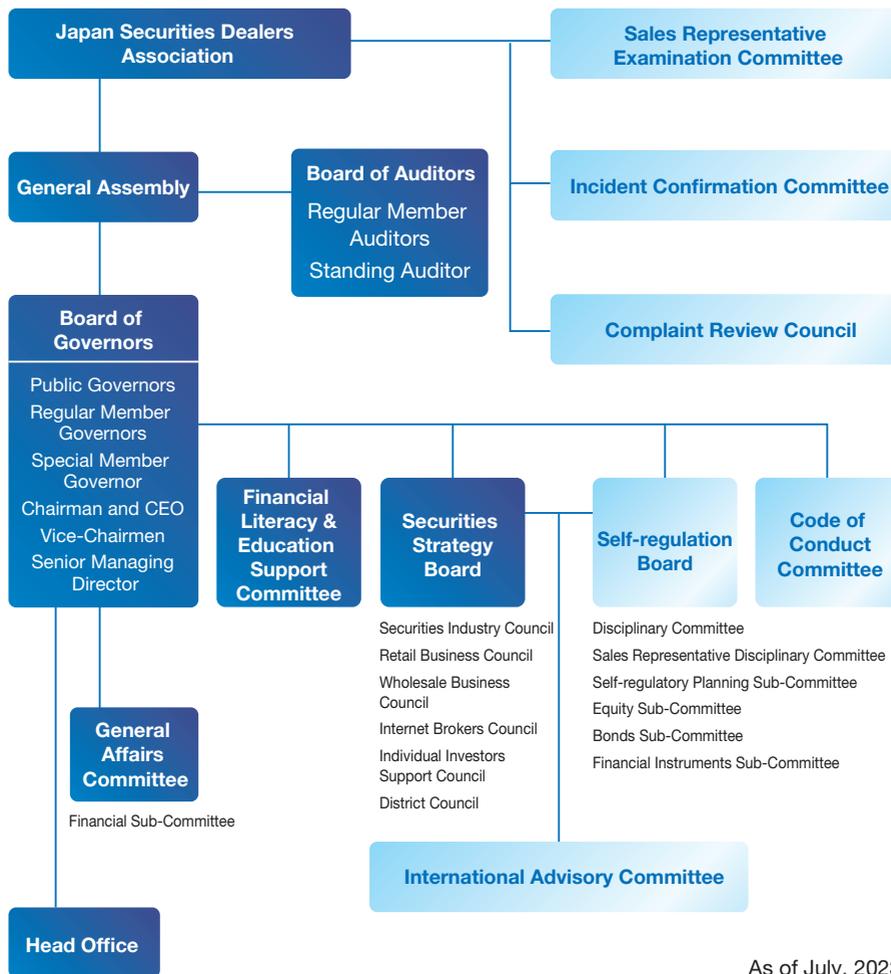
12th Japan Securities Summit (March 1, 2023, NY)
→ <https://www.youtube.com/watch?v=IAI2u0Oiuos>



JSDA Comments
→ <https://www.jsda.or.jp/en/activities/comments/>

Organization Chart

The 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 of July, 2023

JSDA Websites

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▶ **JSDA (English Website)**
<https://www.jsda.or.jp/en/>
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▶ **JSDA (X (Twitter))**
<https://twitter.com/JSDAofficial>
- 

▶ **JSDA (Facebook)**
<https://www.facebook.com/JSDA.PR>
- 

▶ **JSDA (YouTube)**
<https://www.youtube.com/@JSDAmovie>
- 

▶ **Back Numbers of JSDA Annual Report**
<https://www.jsda.or.jp/en/about/annual-report/>
- 

▶ **Procedures Concerning Requests to Disclosure of Qualification of Sales Representatives**
<https://www.jsda.or.jp/en/personal-information/html/procedures.html>
- 

▶ **Support Desk for Joining JSDA**
<https://www.jsda.or.jp/en/about/how-to-join/>
 Email: jsdaentry@wan.jsda.or.jp



Toushi-kun

He was created as the mascot character for “Securities Investment Day” to make securities investments as accessible as possible for the public regardless of their investment experience or financial knowledge. Coincidentally, “toushi” means investment and “ushi” means cow, ox, or bull in Japanese. With the hope for bull markets in Japan, the adorable bull appears as a flag bearer for the shift from saving to investment in various events.



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