

# ***FACT BOOK*** 2007



Japan Securities Dealers Association

## Contents

<b>Securities Market in 2006 .....</b>	<b>1</b>
<b>Member Firms .....</b>	<b>11</b>
<b>Performance of Securities Industry...</b>	<b>14</b>
<b>Statistical Data .....</b>	<b>17</b>

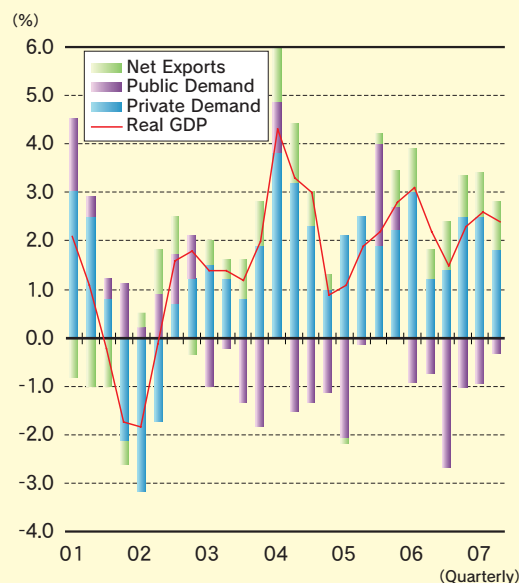
# Securities Market in 2006

## 1) Economic Trend

In 2006, Japan's economy showed improvement backed by gains in corporate earnings. Capital investment increased by 11.0% due to the sustained strong global economy, responses to environmental issues and enhancement of competitiveness. Against this backdrop, employment and income conditions also made progress.

Personal consumption showed underlying strength owing to the good performance of the corporate sector, and the real GDP growth rate increased to 2.2% from that of 1.9% in 2005.

**Real GDP Growth Rate**

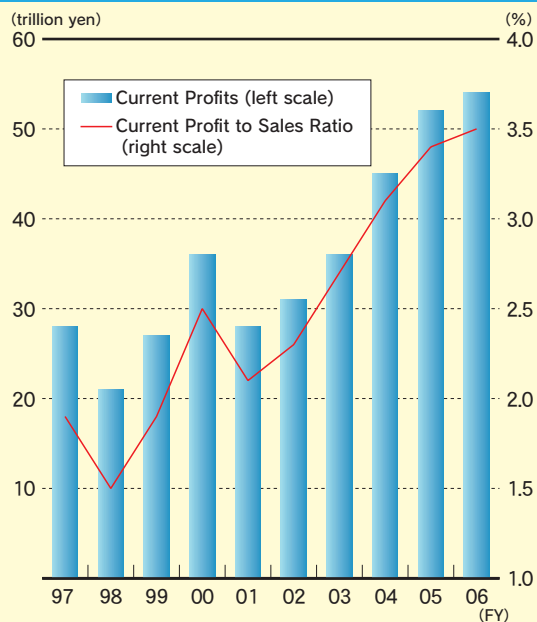


Note: Data is year-on-year comparison.  
Source: Cabinet Office

Corporate profits exhibited notable improvement in profitability structure as a result of purging a large fraction of excessive employment, facilities and debts. Current profit marked ¥54,379 billion, exceeding ¥2,686 billion from the previous year, and the current profit to sales ratio was 3.5%. Corporate profits and current profit to sales ratio increased for 5 years in a row from fiscal 2002 to fiscal 2006.

("Fiscal Year (FY)" begins on April 1 and runs through March 31.)

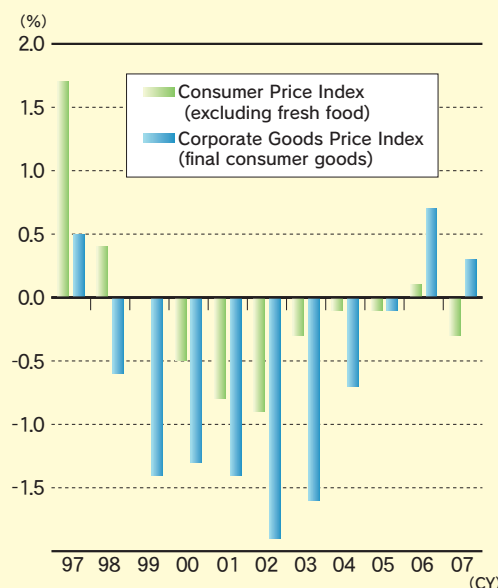
**Corporate Profits  
(all industries, all scales of businesses)**



Source: Ministry of Finance

Albeit at a relatively a slow pace, there was a pickup in commodity prices, and both Consumer Price Index and Corporate Goods Price Index turned positive and posted 0.1% and 0.7% increases respectively. However, there was little upward pressure on prices driven by cost factors during the year as the unit labor cost declined from the previous year.

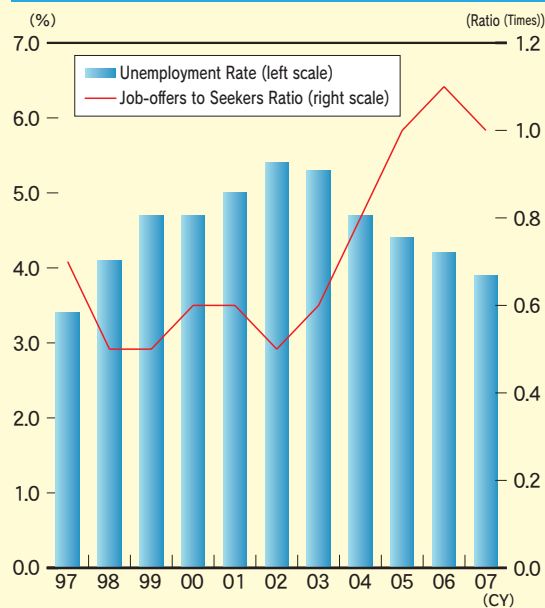
### Consumer Price and Corporate Goods Price Indices



Note: Data is annual average except for 2007, which includes only up until June and is seasonally adjusted.  
Source: Ministry of Internal Affairs and Communications, Bank of Japan

While difficult employment circumstances remained especially in local regions, employment conditions improved widely, and the unemployment rate has continued to decline since 2002. Looking at the job-offers to seekers ratio (excluding new school graduates but including part-time workers), the ratio recovered to 1.06 on average in 2006, exceeding 1.00 for the first time in 14 years. Recruitment for new school graduates increased both in job-offers and job finders due to economic recovery.

### Employment Conditions

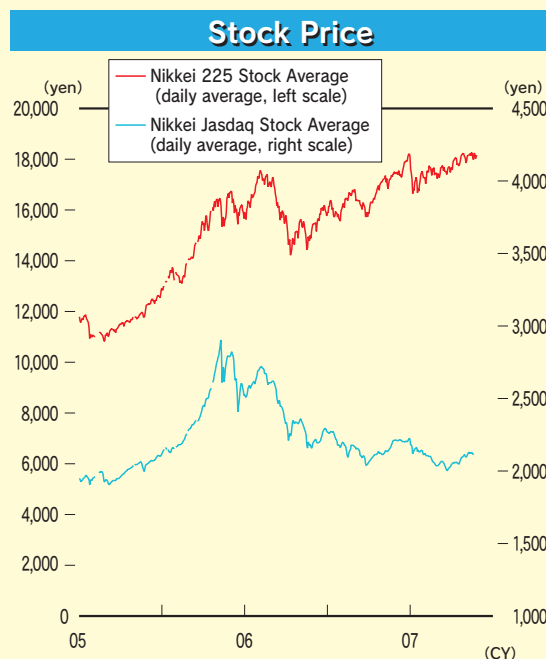


Note: Data is annual average except for 2007, which includes only up until June and is seasonally adjusted.  
Source: Ministry of Internal Affairs and Communications, Ministry of Health, Labour and Welfare

## 2) Stock Market

The Nikkei 225 Stock Average suffered a sell-off by foreign investors since May 2006 due to uncertainty over the external environment, and fell below 14,000 in mid June. The index then turned upward amid expectations of economic recovery.

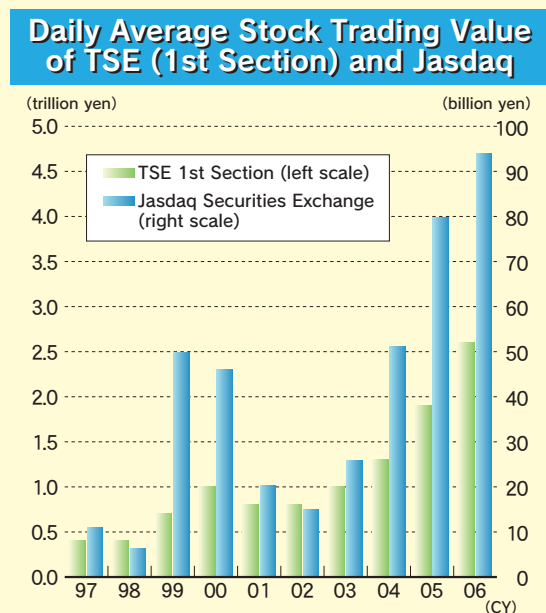
Stock prices in the emerging equity market softened right from the beginning of 2006. Although the Nikkei Jasdaq Average Price climbed above 2,900 in mid January, it demonstrated a continued weak tone for the rest of the year.



Source: Nihon Keizai Shimbun

In 2006, the daily average stock trading value of the 1st Section of the Tokyo Stock Exchange hit a record high of ¥2,598 billion, increasing ¥724 billion from the previous year. This growth reflected active investment mainly by foreign investors.

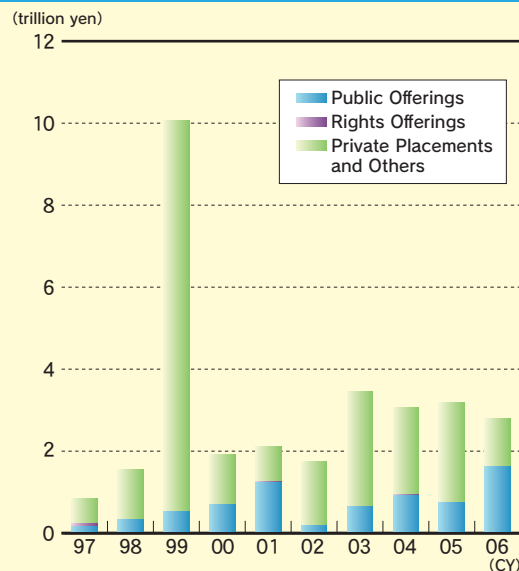
The daily average stock trading value of the Jasdaq Securities Exchange reached ¥94 billion, increasing ¥14 billion from the previous year.



Note: Data for Jasdaq Securities Exchange before 2004 comes from the previous Jasdaq Market. Data for Jasdaq Market in 2004 was only for the period from January 1 to December 12.  
Source: Tokyo Stock Exchange, Jasdaq Securities Exchange

In 2006, equity financing (paid-in capital increase) by publicly listed companies totaled ¥2.7 trillion, decreasing 12.9% from ¥3.1 trillion in the previous year. Looking at issuing categories, while the amount of public offerings increased to ¥1.6 trillion, more than double from the previous year, private placement decreased 52.1% year on year to ¥1.1 trillion.

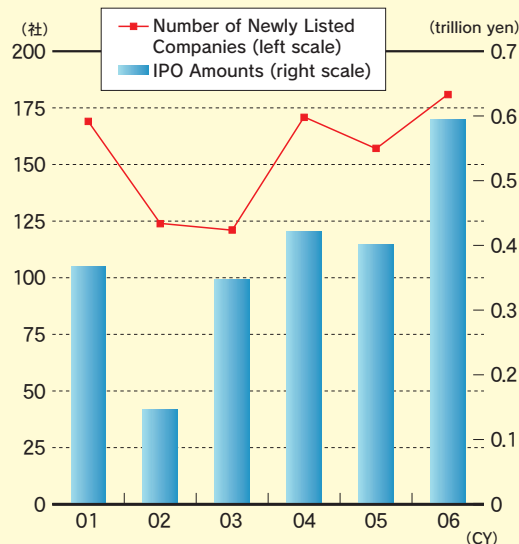
### Equity Financing by Corporations



Notes: 1. Private placements and others include preferred stocks and private placements.  
2. Data for Jasdag Market in 2004 was only for the period from January 1 to December 12.  
Source: Tokyo Stock Exchange, Japan Securities Dealers Association

In 2006, a total of 181 companies went public. The number of newly listed companies increased by 24 compared with the previous year. Total capital raised through IPOs increased 47.8% to ¥595 billion.

### Newly Listed Companies and IPO Amounts

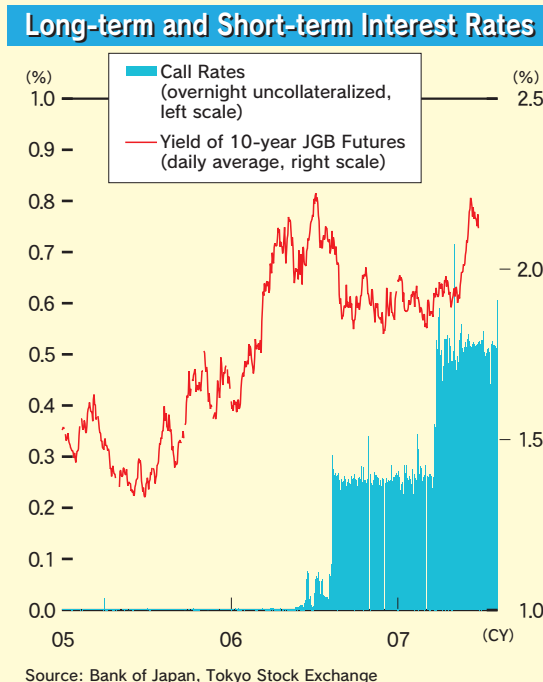


Notes: 1. IPOs do not include offerings by foreign companies that are listed in Japan.  
2. Data for Jasdag Market in 2004 was only for the period from January 1 to December 12.  
Source: Japan Securities Dealers Association

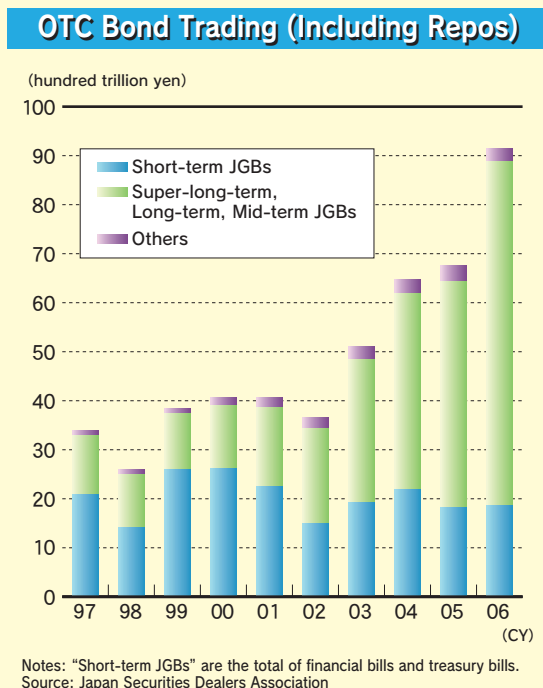
### 3) Bond Market

Looking at the interest rate trend during 2006, the short-term rate stayed in the range of 0.2 to 0.3% in the second half of the year, after the end of the Bank of Japan (BOJ)'s quantitative relaxation policy in March 2006 and the end of the zero interest rate policy in July 2006.

Although the long-term JGB yield exceeded 2% temporarily in March 2006, it retreated to below 1.9% in late August due to a sharp decline in the revised consumer price index. After that, it fluctuated in the face of mixed concerns about the direction of the economy.

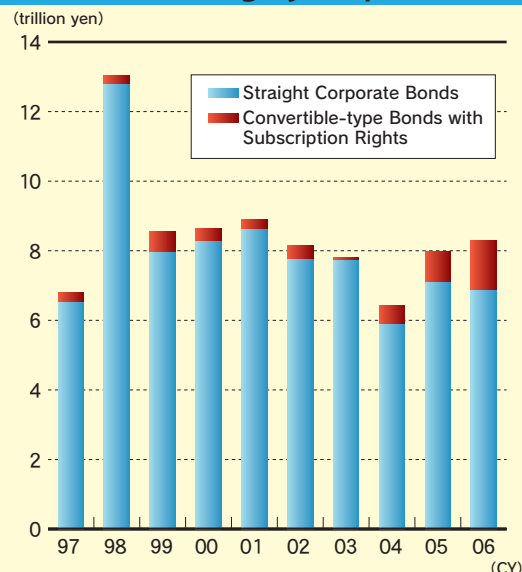


In 2006, the total OTC bond trading volume (including Repos) increased by 35.4%, to ¥9,153 trillion. Of them, the trading volume of JGBs rose 38.1%, to ¥8,881 trillion. In particular, super-long-term and long-term JGBs with terms of 10 years or more increased by 45.7%, to ¥4,377 trillion thanks to strong buy orders from foreign investors.



In 2006, corporate debt financing in the Japanese market increased by 3.8% year on year, to ¥8.3 trillion. Corporate straight bond issuance decreased by 3.2%, to ¥6.8 trillion. Issuance of convertible-type bonds with subscription rights increased by 60.1%, to ¥1.4 trillion. Amid an active trend of equity financing due to the rise in stock prices, issuance of convertible-type bonds with subscription rights continued to increase.

### Debt Financing by Corporations

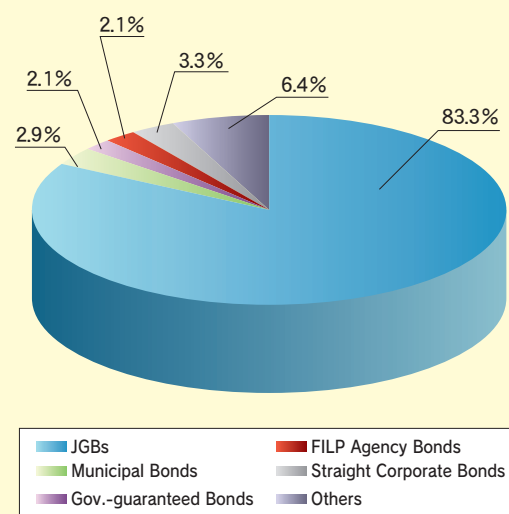


Notes: 1. "Straight Corporate Bonds" include "Asset Backed Bonds".  
 2. Following the revision of the Commercial Code in 2002, "Convertible Bonds" were renamed "Convertible-type Bonds with Subscription Rights".  
 Source: Japan Securities Dealers Association

In 2006, public and corporate bond issuance decreased by 7.1%, to ¥210.9 trillion. By bond category, JGB issuance decreased by 5.6%, to ¥175.6 trillion. Issuance of municipal bonds decreased by 1.9%, to 6.0 trillion. Government-guaranteed bond issuance decreased by 43.3%, to ¥4.4 trillion. Straight corporate bonds decreased by 3.2%, to ¥6.8 trillion. On the other hand, FLIP (Fiscal Investment and Loan Program) agency bonds issuance increased by 7.3%, to ¥4.4 trillion.

Looking at the composition of bond issuance volume, the breakdown was as follows: JGBs, 83.3%; municipal bonds, 2.9%; government-guaranteed bonds, 2.1%; FILP agency bonds, 2.1%; and straight corporate bonds, 3.3%.

### Composition of Bond Issuance



Notes: 1. Excluding Private Placement Municipal Bonds  
 2. "Straight Corporate Bonds" include "Asset Backed Bonds".  
 Source: Japan Securities Dealers Association



#### 4) Investment Trusts

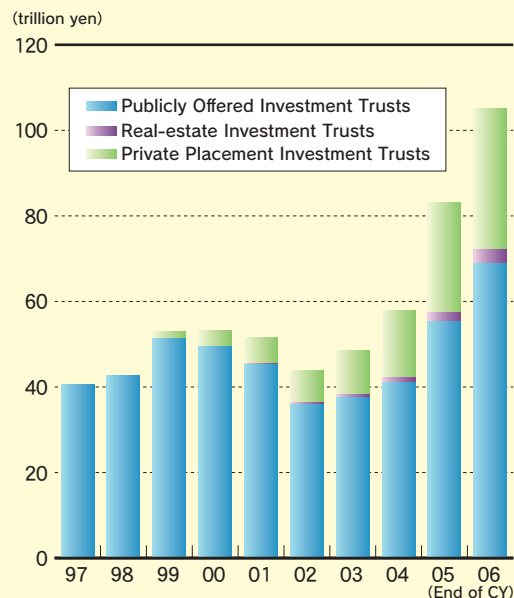
Net assets of investment trusts as of the end of 2006 were ¥105,068 billion, crossing the ¥100 trillion mark for the first time. Looking at the breakdown, publicly offered trusts accounted for ¥68,928 billion, real-estate trusts accounted for 3,153 billion and private placement trusts accounted for ¥32,987 billion. Such growth in net assets can be attributed to sales increases at post offices and banks and the appearance of trillion-yen scale mega-funds.

Among publicly offered contractual-type securities investment trusts, stock investment trusts posted net assets of ¥55,658 billion, increasing ¥14,829 billion from the end of the previous year.

On the other hand, net assets of bond investment trusts decreased by ¥922 billion, to ¥10,577 billion, turning downward.

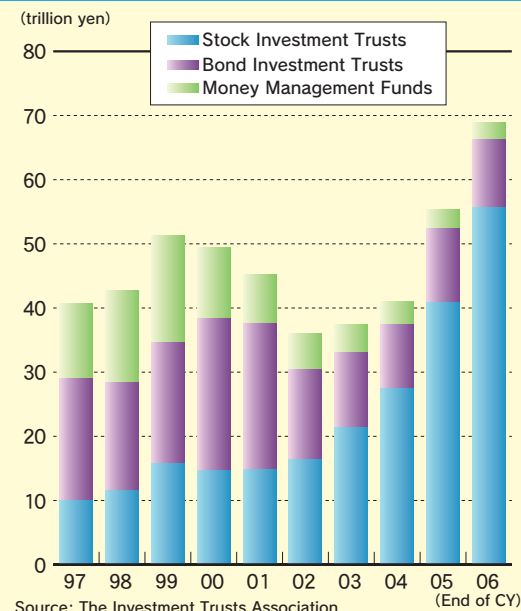
Net assets of MMFs decreased ¥327 billion to ¥2,693 billion from the end of the previous year, and have been decreasing annually since 2000. This trend implies that investors have preferred stock investment trusts with relatively high risk during the stock market recovery period.

#### Net Assets Held in Investment Trusts



Source: The Investment Trusts Association

#### Net Assets Held in Publicly Offered Contractual-type Securities Investment Trusts

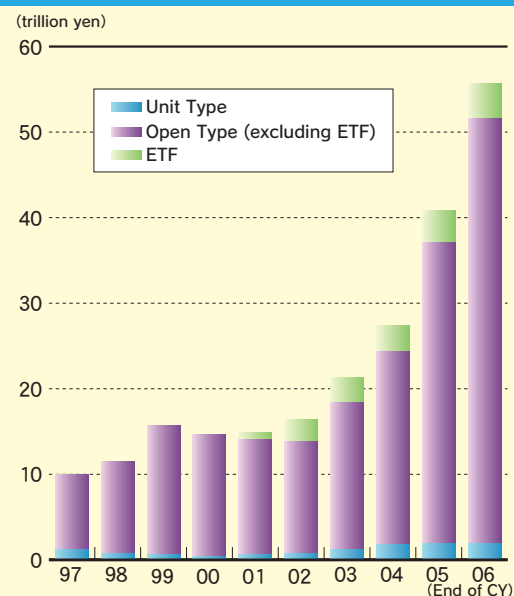


Source: The Investment Trusts Association

Among publicly offered contractual-type stock investment trusts, unit-type trusts had net assets of ¥1,875 billion, decreasing ¥70 billion from the previous year.

On the other hand, net assets held in open type trusts and ETFs grew steadily. Net assets held in open type trusts excluding ETFs hit a record high of ¥49,666 billion. And since their introduction in 2001, ETFs have steadily expanded net assets, which rose to ¥4,117 billion in the year under review.

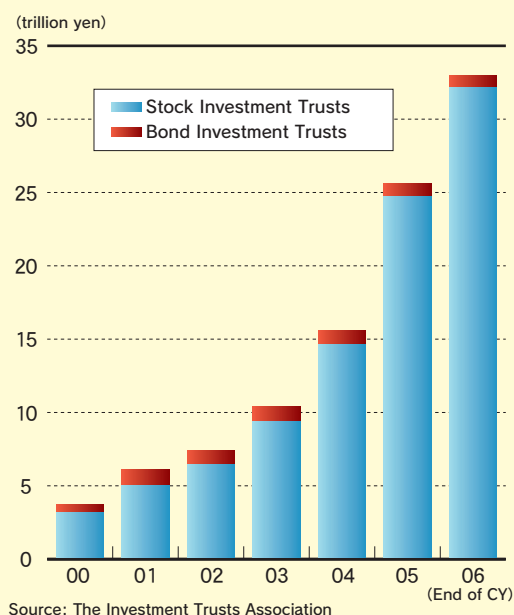
### Net Assets Held in Publicly Offered Contractual-type Stock Investment Trusts



Demand for private placement investment trusts is rising mainly among those small and medium-sized financial institutions that have faced fund management difficulties. This demand has arisen because the flexible product design can meet the requirements of these financial institutions. Furthermore, private placement investment trusts are invested in by variable annuities and funds of funds.

Among private placement contractual-type investment trusts, net assets of stock investment trusts amounted to ¥32,187 billion, increasing by ¥7,463 billion yen from the end of the previous year. On the other hand, net assets of bond investment trusts decreased by ¥119 billion, to ¥800 billion.

### Net Assets Held in Private Placement Contractual-type Investment Trusts

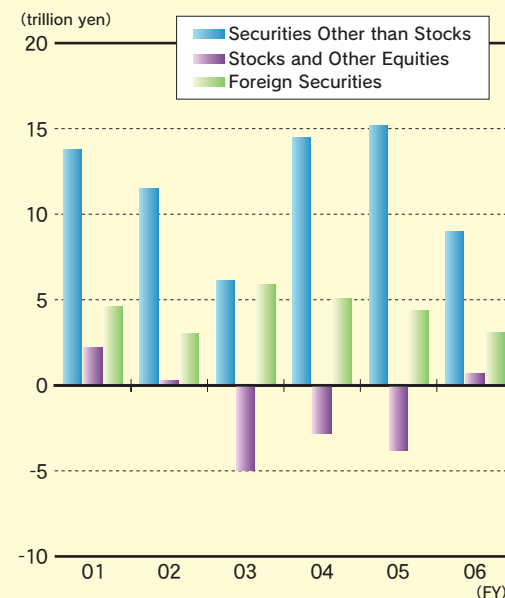


## 5) Investor Trends

Among institutional investors, life and non-life insurance companies and pension funds increased their investments in all types of securities including stocks and other equities, foreign securities, and those other than stocks.

It was especially remarkable that stocks and other equities turned upward to ¥0.7 trillion in fiscal 2006 reversing their downward trend for 3 consecutive fiscal years since fiscal 2003.

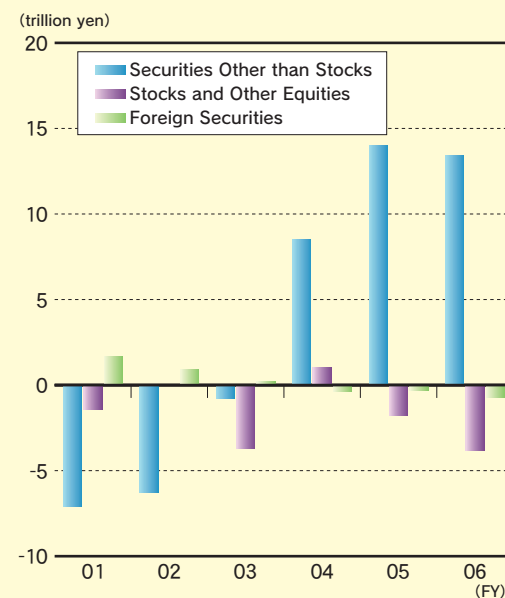
### Investments by Institutional Investors (Insurance Companies and Pension Funds)



Looking at individual investor trends, funds invested in stocks and other equities have continued to decline since fiscal 2005. And funds invested in foreign securities have continued to decline since fiscal 2004.

On the other hand, funds invested in securities other than stocks such as JGBs and investment trusts, have been increasing significantly since fiscal 2004.

### Investments by Individual Investors (Household)

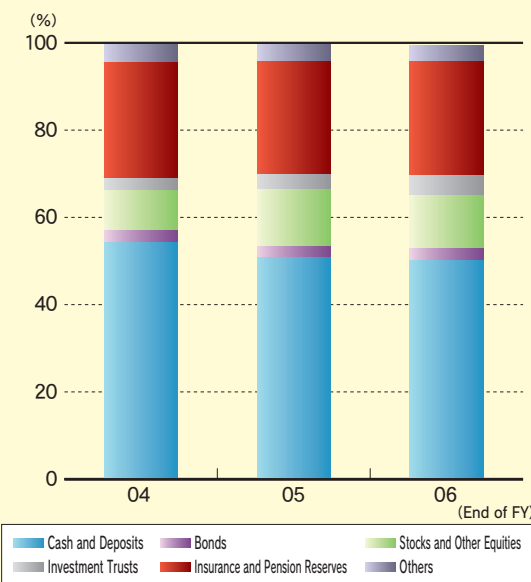


Household financial assets at the end of March 2007 increased by ¥15.7 trillion, to ¥1,536 trillion, reaching the highest level ever.

Although cash and deposits decreased by ¥450 billion under pressure from ultra-low interest rates, the category still accounted for the majority of total assets.

On the other hand, despite the decrease in stocks and other equities, it could be said that the shift from savings to investment continued steadily due to the fact that other risk products such as bonds and investment trusts increased.

### Composition of Household Financial Assets



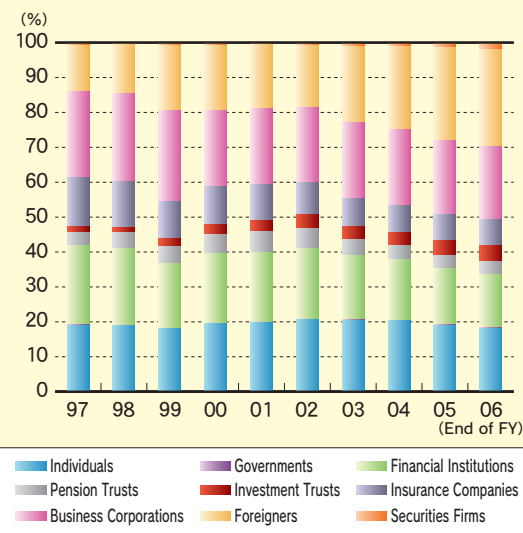
Note: "Bonds" include trust beneficiary rights.  
Source: Bank of Japan

According to the stockholding survey by stock exchanges, total investment assets held in all sectors as of the end of March 2007 amounted to ¥568.6 trillion, decreasing by ¥5.9 trillion year on year.

The number of individual stockholders reached a record high of 39.3 million, expanding by 1.2 million. However, the proportion and total amount of stockholdings by individual investors declined by 1.0 percentage points and ¥6.6 trillion, to 18.1% and ¥102.8 trillion respectively.

On the other hand, the proportion of stockholdings by foreigners marked a record high of 28%, increasing by 1.3 percentage points.

### Stockholdings by Type of Investors (Market Value Basis)

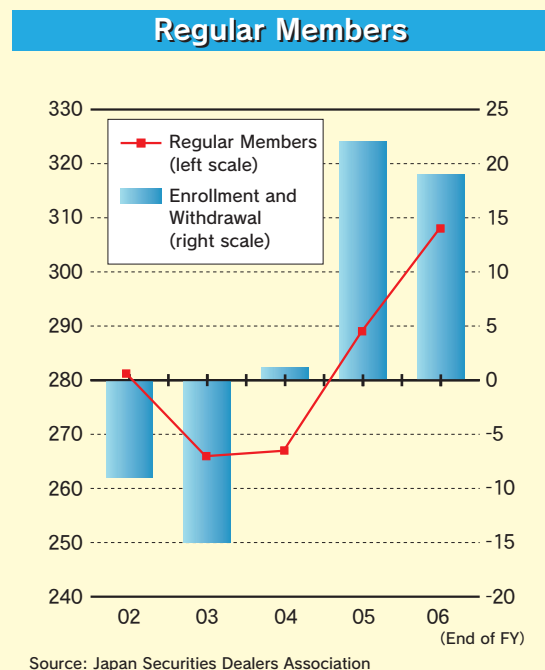


Notes: 1. "Governments" include central and regional governments.  
2. "Financial Institutions" do not include "Pension Trusts," "Investment Trusts" and "Insurance Companies".  
3. Figures cover all exchange-listed stocks excluding foreign stocks.  
Source: Tokyo Stock Exchange

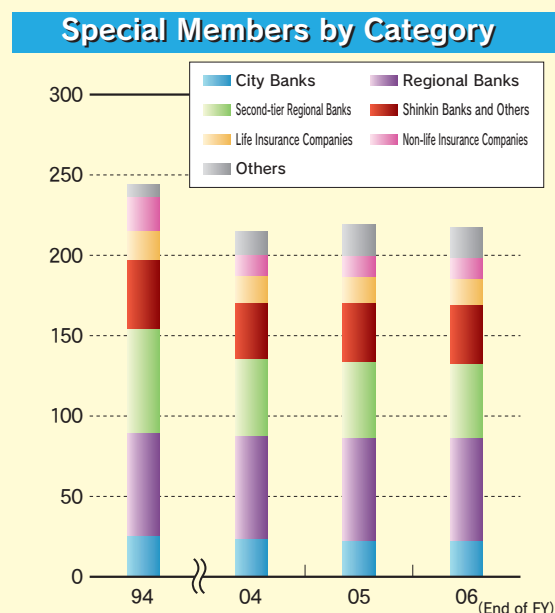
# Member Firms

## 1) Number of Member Firms

The number of regular members (securities firms) as of the end of March 2007 was 308, increasing by 19 from the year before mainly due to newcomers such as online securities firms and securities firms that specialized in sales of investment trusts of affiliated companies.



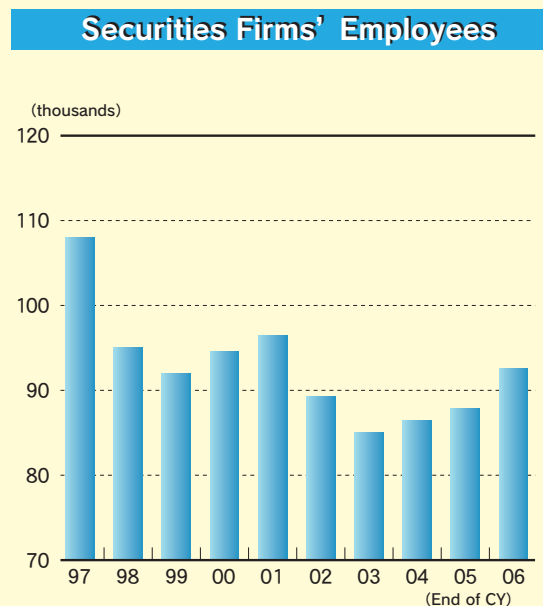
The number of special members as of the end of March 2007 was 217, decreasing by 2 from the previous year. A breakdown by categories shows 6 city banks (unchanged), 14 trust banks (unchanged), 64 regional banks (unchanged), 46 second-tier regional banks (decreased by 1), 36 shinkin banks (unchanged), 16 life insurance companies (unchanged), 13 non-life insurance companies (unchanged) and others.



Notes: 1. Data for 1994 is as of April 1, 1994, when special members enrolled in JSDA.  
 2. "City Banks" include city banks, long-term credit banks and trust banks.  
 Source: Japan Securities Dealers Association

## 2) Securities Firms' Employees

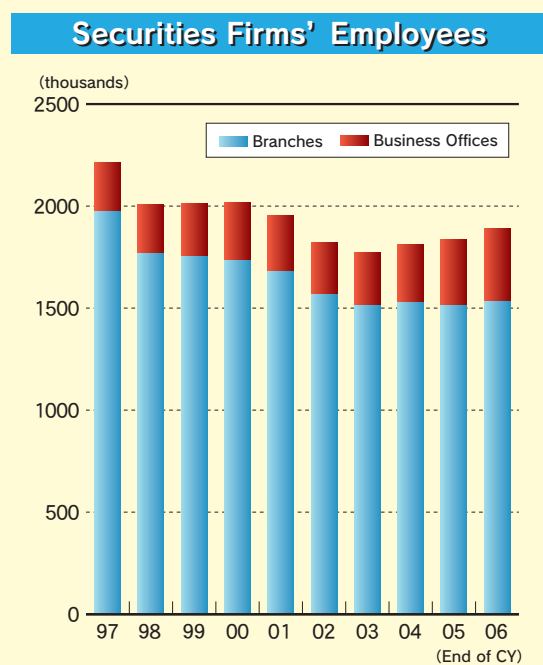
The number of employees at the end of December 2006 was approximately 92,000, rising by about 4,700 from the year before.



Source: Japan Securities Dealers Association

## 3) Securities Firms' Domestic Offices

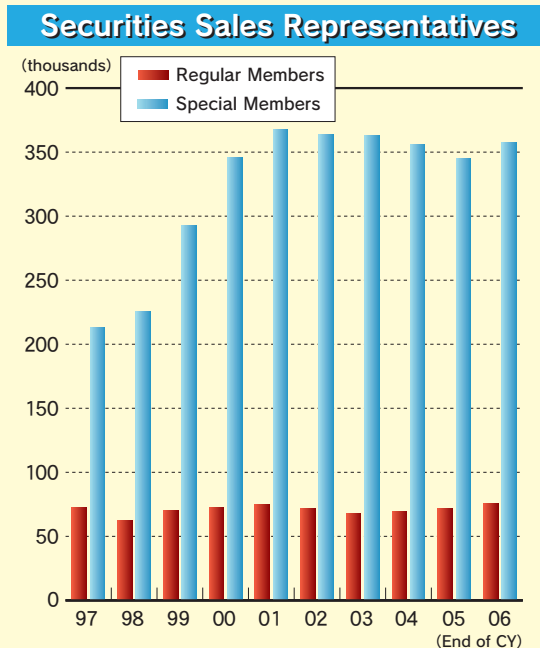
The number of securities firms' domestic branches as of the end of March 2007 was 1,534 increasing by 1.3% from the previous fiscal year. The number of business offices was 372, rising by 14.8%. The number of domestic offices excluding head offices was 1,906, rising by 3.6% from the fiscal year before.



Source: Japan Securities Dealers Association

#### 4) Securities Sales Representatives

The number of securities sales representatives as of the end of December 2006 was approximately 433,000, an increase of about 16,000 year on year. The number of securities sales representatives belonging to securities firms was 76,000, increasing by roughly 4,000 from the year before. The number of securities sales representatives belonging to registered financial institutions was 357,000, rising by about 12,000 from the year before.

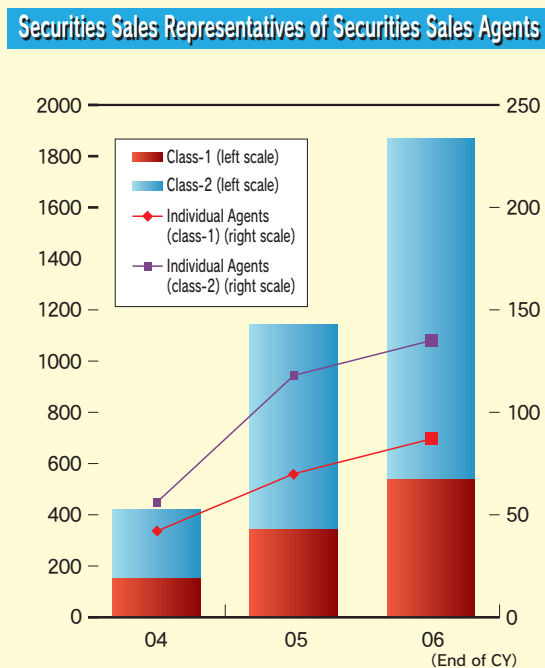


Source: Japan Securities Dealers Association

#### 5) Securities Sales Representatives of Securities Sales Agents

The number of securities sales representatives of securities sales agents at the end of December 2006 was 1,870, rising by 63.4% from the previous year. Among them, class-1 securities sales representatives numbered 536, or 28.6%. The remainder, 1,334 or 71.4%, represented class-2 securities sales representatives.

Among the 1,870 securities sales representatives, 222 were individual securities sales agents. The breakdown includes 87 class-1 securities sales representatives and 135 class-2 securities sales representatives.



Source: Japan Securities Dealers Association

# Performance of Securities Industry

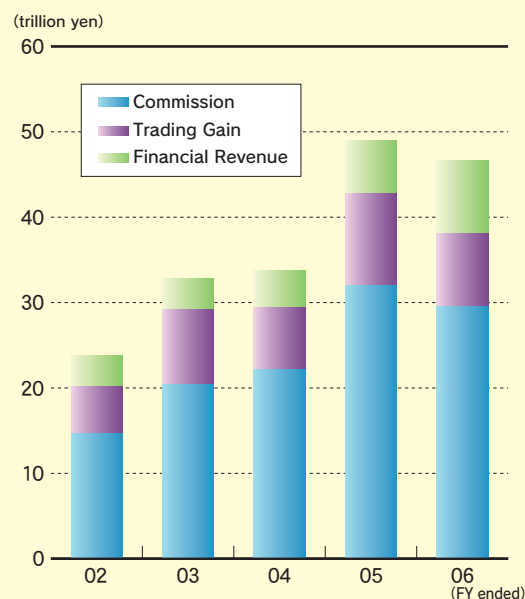
## 1) Operating Revenues of Member Securities Firms

Looking at the overall performance of the industry (303 securities firms\*) during the fiscal year 2006 ended March 2007, the industry recorded total operating revenues of ¥4,686 billion, decreasing by 4.6% from the previous year due to the lower level of commissions and trading gain in light of the stagnation in the stock market.

Among operating revenues, commissions decreased by 7.5% to ¥2,957 billion and trading gain decreased by 20.5% to ¥857 billion. On the other hand, financial revenues advanced 36.3% to ¥848 billion due to the increase of interest income from securities lending and margin transactions.

\* Of a total of 307 securities firms at the end of March 2007, 4 domestic securities firms were excluded that were pre-startup operation or under business suspension.

### Operating Revenues of Member Securities Firms

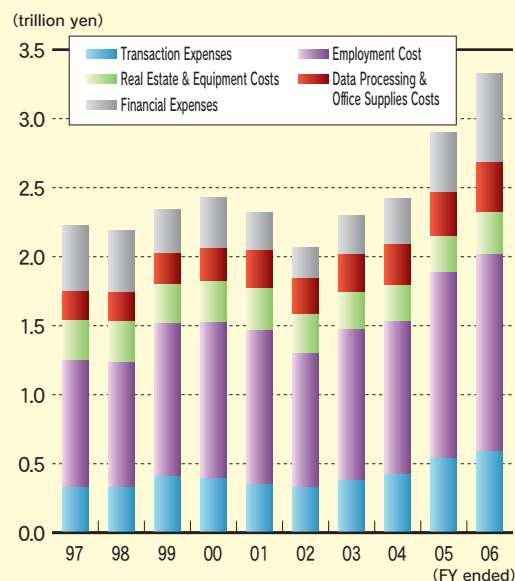


Note: Securities firms that were not in business as of the end of March in each year are excluded.  
Source: Japan Securities Dealers Association

## 2) Operating Expenses of Member Securities Firms

Operating expenses for the fiscal year 2006 ended March 2007 increased by 14.2%, to ¥3,690 billion. Among operating expenses, transaction expenses rose by 9.3% to ¥587 billion, employment cost by 6.4% to ¥1,431 billion, real estate and equipment expenses by 13.2% to ¥300 billion and data processing and office supplies expenses by 16.1% to ¥366 billion. These selling and general administrative costs, jumped by 8.9% to ¥3,043 billion. Financial expenses were ¥647 billion, up 48.3%, also rising significantly.

### Operating Costs of Member Securities Firms



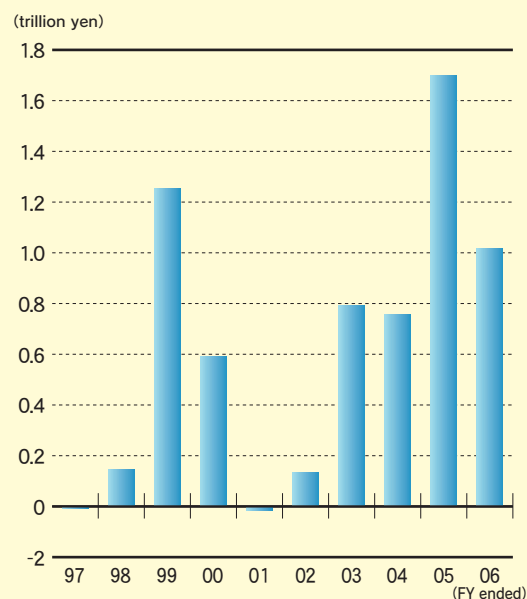
Note: Securities firms that were not in business as of the end of March in each year are excluded.  
Source: Japan Securities Dealers Association



### 3) Current Profits/ Losses of Member Securities Firms

Current profits of the fiscal year 2006 ended March 2007 substantially decreased by 40.3%, to ¥1,016 billion.

#### Current Profits/Losses of Member Securities Firms

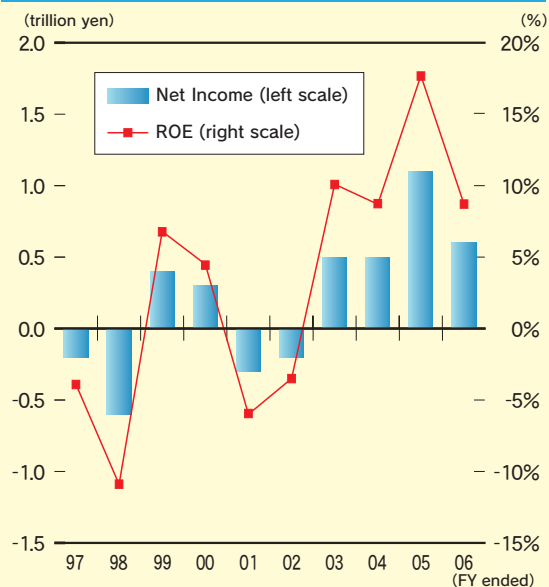


Note: Securities firms that were not in business as of the end of March in each year are excluded.  
Source: Japan Securities Dealers Association

### 4) Net Income/ Loss and ROE of Member Securities Firms

Net income for the fiscal year 2006 ended March 2007 drastically decreased by 48.2%, to ¥588 billion. Return on equity (ROE) was 8.7%, a substantial worsening of 9% points compared with the previous fiscal year's 17.7%.

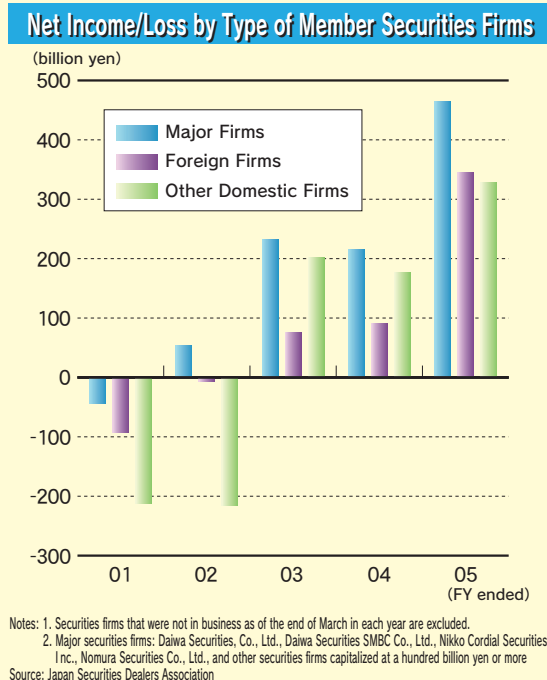
#### Net Income/Loss and ROE of Member Securities Firms



Notes: 1. Securities firms that were not in business as of the end of March in each year are excluded.  
2. ROE is after-tax profits divided by average stockholders equity.  
Source: Japan Securities Dealers Association

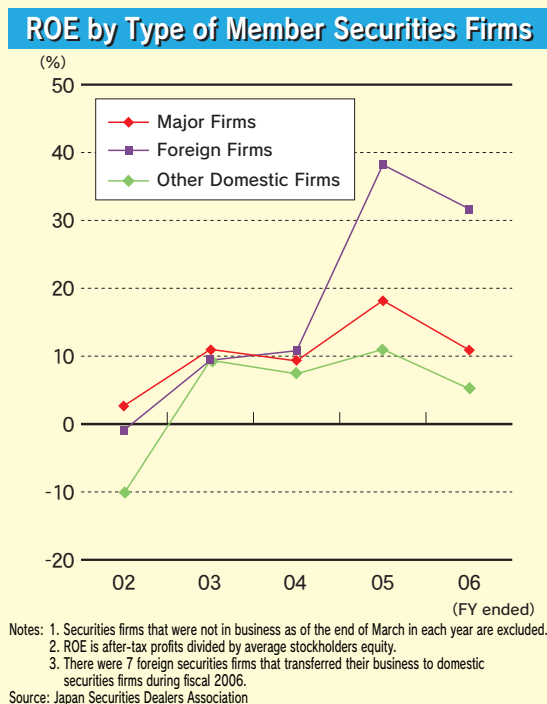
## 5) Net Income/ Loss by Type of Member Securities Firms

Looking at net income by category of firms for the fiscal year 2006 ended March 2007, each category recorded substantial declines compared with the previous year's income: a 28.2% decrease to ¥333 billion in major securities firms, a 79.2% decrease to ¥72 billion in foreign securities firms and a 44.0% decrease to ¥184 billion in the rest of domestic securities firms.



## 6) ROE by Type of Member Securities Firms

Looking at ROE by category of firms for the fiscal year 2006 ended March 2007, each category recorded substantially negative ROE compared with the previous year: a 7.3 percentage point decrease to 10.9% in major securities firms, a 6.5 percentage point decrease to 31.7% in foreign securities firms and a 5.8 percentage point decrease to 5.2% in the rest of domestic securities firms.



# Statistical Data

## Securities Market in 2006

### 1) Economic Trend

#### ● Real GDP Growth Rate

(%)

Quarterly		Real GDP Growth Rate (Year-on-year comparison)	Private Demand	Public Demand	Net Exports
2001	1Q	2.0	3.0	2.5	-0.8
	2Q	1.0	2.5	0.4	-1.0
	3Q	-0.3	0.8	0.4	-1.0
	4Q	-1.8	-2.1	1.1	-0.5
2002	1Q	-1.9	-3.2	0.2	0.3
	2Q	-0.2	-1.7	0.9	0.9
	3Q	1.5	0.7	1.1	0.7
	4Q	1.7	1.2	-0.3	0.9
2003	1Q	1.3	1.5	-1.0	0.5
	2Q	1.3	1.2	-0.2	0.4
	3Q	1.1	0.8	-1.3	0.8
	4Q	1.9	1.9	-1.8	0.9
2004	1Q	4.2	3.7	1.1	1.2
	2Q	3.2	3.2	-1.5	1.2
	3Q	2.9	3.3	-1.3	0.7
	4Q	0.8	1.0	-1.1	0.3
2005	1Q	1.0	2.1	-2.1	-0.1
	2Q	1.8	2.4	-0.1	0.0
	3Q	2.1	1.9	2.1	0.2
	4Q	2.7	2.2	0.5	0.9
2006	1Q	3.0	3.0	-0.9	0.9
	2Q	2.1	2.2	-0.7	0.6
	3Q	1.4	1.4	-2.7	1.0
	4Q	2.2	2.5	-1.1	0.6
2007	1Q	2.5	2.5	-1.0	0.8
	2Q	2.3	1.8	-0.3	1.0

Source: Cabinet Office

### ● Corporate Profits (all industries, all scale of businesses)

FY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Current Profits (trillion yen)	28	21	27	36	28	31	36	45	52	54
Current Profit to Sales Ratio (%)	1.9	1.5	1.9	2.5	2.1	2.3	2.7	3.1	3.4	3.5

Source: Ministry of Finance

### ● Consumer Price and Corporate Goods Price Indices

(%)

CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Consumer Price Index (excluding fresh food)	1.7	0.4	0.0	-0.5	-0.8	-0.9	-0.3	-0.1	-0.1	0.1	-0.3
Corporate Goods Price Index (final consumer goods)	0.5	-0.6	-1.4	-1.3	-1.4	-1.9	-1.6	-0.7	-0.1	0.7	0.3

Note: Figures are annual average except for 2007, which includes only up until June and is seasonally adjusted.

Source: Ministry of Internal Affairs and Communications, Bank of Japan

### ● Employment Conditions

CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Unemployment Rate (%)	3.4	4.1	4.7	4.7	5.0	5.4	5.3	4.7	4.4	4.1	3.9
Job-offers to Seekers Ratio (Ratio(Times))	0.72	0.53	0.48	0.59	0.59	0.54	0.64	0.83	0.95	1.06	1.04

Note: Data is annual average except for 2007, which includes only up until June and is seasonally adjusted.

Source: Ministry of Internal Affairs and Communications, Ministry of Health, Labour and Welfare

## 2) Stock Market

### ● Daily Average Stock Trading Value of TSE (1st Section) and Jasdaq

(billion yen)

CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
TSE 1st Section	434.3	388.6	726.6	978.3	812.3	775.8	971.0	1,316.7	1,874.0	2,598.0
Jasdaq Securities Exchange	10.8	6.2	49.7	46.0	20.3	14.9	25.9	51.1	79.7	93.9

Note: Figures for Jasdaq Securities Exchange before 2004 come from the previous Jasdaq Market. Figures for Jasdaq Market in 2004 were only for the period from January 1 to December 12.

Source: Tokyo Stock Exchange, Jasdaq Securities Exchange

## Equity Financing by Corporations

(billion yen)

CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Offerings	173	333	527	690	1,235	194	642	929	754	1,620
Rights Offerings	74	0	0	10	32	–	2	11	4	3
Private Placements and Others	607	1,209	9,531	1,223	838	1,558	2,801	2,113	2,435	1,165
Total	854	1,543	10,059	1,924	2,106	1,753	3,446	3,054	3,193	2,788

Notes: 1. Private placements and others include preferred stocks and private placements.

2. "–" indicates nil.

3. Total figures of domestic stock exchanges.

4. Figures for Jasdaq Securities Exchange before 2004 come from the previous Jasdaq Market. Figures for Jasdaq Market in 2004 were only for the period from January 1 to December 12.

Source: Tokyo Stock Exchange, Japan Securities Dealers Association

## Newly Listed Companies and IPO Amounts

CY	2001	2002	2003	2004	2005	2006
Number of Newly Listed Companies	169	124	121	171	157	181
IPO Amounts (billion yen)	368	147	347	421	402	594

Notes: 1. IPOs include offerings by foreign companies that are listed in Japan.

2. Total figures of domestic stock exchanges

3. Figures for Jasdaq Securities Exchange before 2004 come from the previous Jasdaq Market. Figures for Jasdaq Market in 2004 were only for the period from January 1 to December 12.

Source: Japan Securities Dealers Association

## 3) Bond Market

### OTC Bond Trading (Including Repos)

(trillion yen)

CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total	3,385.7	2,606.7	3,836.7	4,061.1	4,058.0	3,665.9	5,110.2	6,481.4	6,758.2	9,153.0
JGBs	3,242.1	2,497.2	3,734.1	3,898.0	3,863.4	3,429.8	4,836.1	6,178.6	6,428.0	8,881.7
Short-term JGBs	2,089.5	1,421.4	2,606.9	2,621.9	2,243.2	1,489.9	1,933.6	2,179.2	1,817.5	1,872.1
Super-long-term, Long-term, Mid-term JGBs	1,206.4	1,075.6	1,127.0	1,275.8	1,619.9	1,939.6	2,902.2	3,999.1	4,610.5	7,009.5
Others	89.8	109.7	102.8	163.4	194.9	236.4	274.4	303.1	330.2	271.3

Note: "Short-term JGBs" are the total of financial bills and treasury bills.

Source: Japan Securities Dealers Association

## Debt Financing by Corporations

(billion yen)

CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Straight Corporate Bonds	6,526	12,784	7,498	8,276	8,609	7,736	7,728	5,879	7,088	6,858
Convertible-type Bonds with Subscription Rights	270	246	592	357	300	427	72	561	889	1,424
Bonds with Subscription Rights	—	—	—	—	—	—	—	—	—	—
Total	6,796	13,030	8,090	8,633	8,909	8,163	7,800	6,440	7,977	8,282

Notes: 1. "Straight Corporate Bonds" include "Asset Backed Bonds".

2. "—" indicates nil.

3. Following the revision of the Commercial Code in 2002, "Convertible Bonds" were renamed "Convertible-type Bonds with Subscription Rights".

Source: Japan Securities Dealers Association

## Amount of Bond Issuance

(billion yen)

CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
JGBs	67,824	84,804	102,050	105,996	133,970	147,831	154,686	175,268	186,155	175,684
Municipal Bonds	1,852	1,722	1,998	2,200	2,299	2,582	4,264	5,251	6,152	6,031
Gov.-guaranteed Bonds	2,939	2,270	2,966	4,854	4,815	4,216	6,476	8,243	7,821	4,434
FILP Agency Bonds	—	—	—	—	546	2,408	2,457	3,188	4,187	4,493
Straight Corporate Bonds	6,526	12,784	7,498	8,276	8,609	7,736	7,728	5,879	7,088	6,858
Others	38,658	30,848	30,355	27,237	24,176	17,013	15,749	15,460	15,760	13,425
Total	117,799	132,428	144,867	148,563	173,869	181,786	191,360	213,289	227,163	210,925

## Composition of Bond Issuance

(%)

CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
JGBs	57.6	64.0	70.4	71.3	77.1	81.3	80.8	82.2	81.9	83.3
Municipal Bonds	1.6	1.3	1.4	1.5	1.3	1.4	2.2	2.5	2.7	2.9
Gov.-guaranteed Bonds	2.5	1.7	2.0	3.3	2.8	2.3	3.4	3.9	3.4	2.1
FILP Agency Bonds	—	—	—	—	0.3	1.3	1.3	1.5	1.8	2.1
Straight Corporate Bonds	5.5	9.7	5.2	5.6	5.0	4.3	4.0	2.8	3.1	3.3
Others	32.8	23.3	21.0	18.3	13.9	9.4	8.2	7.2	6.9	6.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes: 1. Excluding private placement municipal bonds

2. "Straight Corporate Bonds" include "Asset Backed Bonds".

Source: Japan Securities Dealers Association

## 4) Investment Trusts

### ● Net Assets Held in Investment Trusts

(billion yen)

End of CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Publicly Offered Investment Trusts	40,649	42,739	51,353	49,399	45,280	36,016	37,435	40,996	55,347	68,927
Real-estate Investment Trusts	—	—	—	—	236	441	766	1,246	2,050	3,153
Private Placement Investment Trusts	—	—	1,544	3,693	6,106	7,381	10,384	15,596	25,643	32,987
Total	40,649	42,739	52,897	53,092	51,622	43,838	48,585	57,838	83,040	105,067

Source: The Investment Trusts Association

### ● Net Assets Held in Publicly Offered Contractual-type Securities Investment Trusts

(billion yen)

End of CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Stock Investment Trusts	9,986	11,496	15,696	14,610	14,905	16,372	21,339	27,435	40,828	55,657
Bond Investment Trusts	19,099	16,963	18,866	23,817	22,652	14,121	11,746	9,955	11,498	10,576
Money Management Funds	11,563	14,279	16,790	10,971	7,722	5,521	4,350	3,606	3,020	2,693
Total	40,649	42,739	51,353	49,399	45,280	36,016	37,435	40,996	55,347	68,927

Source: The Investment Trusts Association

### ● Net Assets Held in Publicly Offered Contractual-type Stock Investment Trusts

(billion yen)

End of CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Unit Type	1,222	740	573	373	617	697	1,161	1,799	1,945	1,875
Open Type (excluding ETF)	8,763	10,755	15,122	14,236	13,398	13,165	17,216	22,522	35,180	49,665
ETF	—	—	—	—	889	2,509	2,962	3,113	3,703	4,116
Total	9,986	11,496	15,696	14,610	14,905	16,372	21,339	27,435	40,828	55,657

Source: The Investment Trusts Association

### ● Net Assets Held Private Placement Contractual-type Investment Trusts

(billion yen)

End of CY	2000	2001	2002	2003	2004	2005	2006
Stock Investment Trusts	3,185	5,040	6,469	9,388	14,646	24,723	32,186
Bond Investment Trusts	507	1,066	911	995	949	919	800
Total	3,693	6,107	7,381	10,384	15,596	25,643	32,987

Source: The Investment Trusts Association

## 5) Investor Trends

### ● Investments by Institutional Investors (Insurance Companies and Pension Funds) (trillion yen)

FY	2001	2002	2003	2004	2005	2006
Securities other than Stocks	13.8	11.5	6.1	14.5	15.2	9.0
Stocks and Other Equities	2.2	0.3	-5.0	-2.8	-3.8	0.7
Foreign Securities	4.6	3.0	5.9	5.1	4.4	3.1

Source: Bank of Japan

### ● Investments by Individual Investors (Household) (trillion yen)

FY	2001	2002	2003	2004	2005	2006
Securities other than Stocks	-7.1	-6.3	-0.8	8.5	14.0	13.4
Stocks and Other Equities	-1.4	0.0	-3.2	1.0	-1.8	-3.8
Foreign Securities	1.7	0.9	0.2	-0.4	-0.3	-0.7

Source: Bank of Japan

### ● Household Financial Assets (trillion yen)

End of FY	2004	2005	2006
Cash and Deposits	775.5	770.3	769.9
Bonds	37.3	40.4	43.3
Stocks and Other Equities	132.1	195.9	187.5
Investment Trusts	38.0	55.0	68.4
Insurance and Pension Reserves	383.1	392.1	401.9
Others	56.6	58.8	56.2
Total	1,429.5	1,520.5	1,536.2

Source: Bank of Japan



## ● Composition of Household Financial Assets

(%)

End of FY	2004	2005	2006
Cash and Deposits	54.3	50.7	50.1
Bonds	2.6	2.7	2.8
Stocks and Other Equities	9.2	12.9	12.2
Investment Trusts	2.7	3.6	4.5
Insurance and Pension Reserves	26.8	25.8	26.2
Others	4.0	3.9	3.7
Total	100.0	100.0	100.0

Note: "Bonds" include trust beneficiary rights.

Source: Bank of Japan

## ● Stockholdings by Type of Investors (Market Value Basis)

(trillion yen)

End of FY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Individuals	58.5	62.4	82.9	68.9	61.0	48.6	75.5	78.1	109.4	102.8
Governments	0.6	0.6	0.5	0.5	0.5	0.5	0.7	0.7	0.9	1.8
Financial Institutions	69.6	72.5	85.8	70.5	61.7	47.5	67.5	66.7	93.1	87.0
Pension Trusts	11.8	15.6	23.1	19.6	18.6	13.6	16.5	15.2	20.7	20.0
Investment Trusts	4.9	4.4	10.2	9.8	10.3	9.3	13.6	14.8	25.0	26.4
Insurance Companies	43.4	43.1	49.2	38.5	31.6	21.9	29.5	29.2	42.3	43.2
Business Corporations	75.9	83.5	120.1	77.4	67.5	50.7	80.4	84.5	121.4	117.5
Foreigners	41.1	46.5	85.9	66.5	56.7	41.8	80.6	91.5	153.5	159.2
Securities Firms	2.0	1.8	3.8	2.5	2.1	2.0	4.4	4.4	7.9	10.2
Total	308.0	330.8	461.9	354.7	310.5	236.4	369.2	385.6	574.5	568.6

Source: Tokyo Stock Exchange

## ● Stockholdings by Type of Investors (Market Value Basis)

(%)

End of FY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Individuals	19.0	18.9	18.0	19.4	19.7	20.6	20.5	20.3	19.1	18.1
Governments	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Financial Institutions	22.6	21.9	18.6	19.9	19.9	20.1	18.3	17.3	16.2	15.3
Pension Trusts	3.8	4.7	5.0	5.5	6.0	5.8	4.5	4.0	3.6	3.5
Investment Trusts	1.6	1.4	2.2	2.8	3.3	4.0	3.7	3.9	4.4	4.6
Insurance Companies	14.1	13.1	10.7	10.9	10.2	9.2	8.0	7.6	7.4	7.6
Business Corporations	24.6	25.2	26.0	21.8	21.8	21.5	21.8	21.9	21.1	20.7
Foreigners	13.4	14.1	18.6	18.8	18.3	17.7	21.8	23.7	26.7	28.0
Securities Firms	0.7	0.6	0.8	0.7	0.7	0.9	1.2	1.2	1.4	1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes: 1. "Governments" include central and regional governments.

2. "Financial Institutions" do not include "Pension Trusts", "Investment Trusts", "Insurance Companies".

3. Figures cover all exchange-listed stocks excluding foreign stocks.

Source: Tokyo Stock Exchange

## Member Firms

### ● Regular Members

End of FY	2002	2003	2004	2005	2006
Regular Members	281	266	267	289	308
Enrollment and Withdrawal	-9	-15	1	22	19

Source: Japan Securities Dealers Association

### ● Number of Special Members by Category

End of FY	1994	2004	2005	2006
City Banks	11	7	6	6
Long-term Credit Banks	3	2	2	2
Trust Banks	11	14	14	14
Government-affiliated Financial Institutions	2	2	2	2
Regional Banks	64	64	64	64
Second-tier Regional Banks	65	48	47	46
Shinkin Banks	42	34	36	36
Shinkin Central Bank	1	1	1	1
Life Insurance Companies	18	17	16	16
Non-life Insurance Companies	21	13	13	13
Money Market Brokerage Companies	6	3	3	3
Foreign Banks	0	5	9	8
Securities Finance Companies	0	1	1	1
Credit Cooperatives	0	0	2	2
Other Banks	0	4	2	2
Public Corporation	0	0	1	1
Total	244	215	219	217

Notes: 1. Figures for 1994 are as of April 1, when special members enrolled in JSDA.

2. Before March 31 2005, "Other Banks" included foreign trust banking companies.

Source: Japan Securities Dealers Association

### ● Number of Securities Firms' Employees

(thousands)

End of CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Employees	108.0	95.1	92.0	94.7	96.6	89.2	85.0	86.4	87.9	92.6

Source: Japan Securities Dealers Association

### ● Number of Securities Firms' Domestic Offices

End of FY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Branches	1,973	1,768	1,753	1,731	1,680	1,565	1,511	1,529	1,514	1,534
Business Offices	243	238	258	285	273	257	263	281	324	372

Source: Japan Securities Dealers Association

## ● Number of Securities Sales Representatives

(thousands)

End of CY	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Regular Members	72.5	62.6	69.8	72.8	75.1	72.0	67.5	69.2	71.9	76.0
Special Members	213.1	225.7	292.8	345.6	367.4	363.4	362.9	356.3	345.3	357.5

Source: Japan Securities Dealers Association

## ● Number of Securities Sales Representatives of Securities Sales Agents

End of CY	2004	2005	2006
Class-1	153	341	536
Individual Securities Sales Agents	42	70	87
Class-2	266	803	1,334
Individual Securities Sales Agents	56	118	135

Source: Japan Securities Dealers Association

# Performance of Securities Industry

## ● Operating Revenues of Member Securities Firms

(billion yen)

FY ended	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Operating Revenue	2,523.3	2,579.1	3,795.6	3,213.2	2,505.7	2,386.8	3,294.2	3,388.7	4,911.5	4,686.4
Commission	1,617.8	1,585.3	2,791.2	2,018.5	1,669.0	1,469.2	2,046.2	2,221.8	3,195.5	2,956.7
Trading Gain	429.6	552.0	680.6	771.3	401.1	549.9	871.8	723.3	1,078.0	856.7
Financial Revenue	475.5	441.0	323.1	423.4	433.6	362.3	369.0	434.5	622.3	847.9

Note: Securities firms that were not in business as of the end of March in each year are excluded.

Source: Japan Securities Dealers Association

## ● Operating Costs of Member Securities Firms

(billion yen)

FY ended	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Selling, General and Administrative Expenses	2,062.1	1,967.1	2,209.5	2,265.0	2,266.7	2,040.3	2,221.0	2,319.9	2,793.9	3,689.9
Transaction Expenses	328.1	325.1	406.6	390.8	352.2	328.0	379.4	422.8	536.5	586.5
Employment Cost	921.3	911.8	1,110.0	1,135.8	1,116.2	972.8	1,096.7	1,105.9	1,345.6	1,431.0
Real Estate & Equipment Costs	290.9	292.2	284.5	294.0	302.4	278.5	266.4	262.2	265.7	299.9
Data Processing & Office Supplies Costs	204.9	208.7	224.4	239.2	272.7	263.7	270.4	295.4	314.8	365.7
Financial Expenses	478.7	455.2	318.3	370.2	273.4	223.6	285.6	335.0	436.1	646.6

Note: Securities firms that were not in business as of the end of March in each year are excluded.

Source: Japan Securities Dealers Association

## ● Current Profits/Losses of Member Securities Firms

(billion yen)

FY ended	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Current Profits/Losses	-9.5	144.8	1,254.0	589.3	-17.3	135.7	793.2	758.3	1,699.8	1,015.6

Note: Securities firms that were not in business as of the end of March in each year are excluded.

Source: Japan Securities Dealers Association

## ● Net Income/Loss and ROE of Member Securities Firms

FY ended	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Net Income/Loss (billion yen)	-215.3	-572.6	392.0	287.2	-348.9	-169.8	508.3	483.4	1,136.3	588.2
ROE (%)	-3.9	-10.9	6.8	4.5	-6.0	-3.5	10.1	8.7	17.7	8.7

Notes: 1. Securities firms that were not in business as of the end of March in each year are excluded.

2. ROE is after-tax profits divided by average stockholders equity.

Source: Japan Securities Dealers Association

## ● Net Income/Loss by Type of Member Securities Firms

(billion yen)

FY ended	2002	2003	2004	2005	2006
Major Firms	53.0	231.7	214.8	463.8	332.8
Foreign Firms	-7.6	75.3	91.5	344.2	71.7
Other Domestic Firms	-215.3	201.1	177.0	328.2	183.6

Notes: 1. Securities firms that were not in business as of the end of March in each year are excluded.

2. There were 7 foreign securities firms that transferred their business to domestic securities firms during fiscal 2006.

Source: Japan Securities Dealers Association

## ● ROE by Type of Member Securities Firms

(%)

FY ended	2002	2003	2004	2005	2006
Major Firms	2.7	11.0	9.3	18.2	10.9
Foreign Firms	-0.9	9.4	10.8	38.2	31.7
Other Domestic Firms	-10.2	9.4	7.4	11.0	5.2

Notes: 1. Firms that were not in business as of the end of March in each year are excluded.

2. ROE is after-tax profits divided by average stockholders equity.

3. There were 7 foreign securities firms that transferred their business to domestic securities firms during fiscal 2006.

Source: Japan Securities Dealers Association

---

## **Japan Securities Dealers Association**

5-8, Nihonbashi Kayabacho 1-chome, Chuo-ku,  
Tokyo 103-0025 Japan  
<http://www.jsda.or.jp/html/eigo/index.html>

---

