1. ‘Abenomics’ and QE by BoJ

‘Abenomics’
New Government formed by PM Shinzo Abe and his LDP after victory of LH election in December 2012. A new economic policy mix called ‘Abenomics’ has goals of:

1. Reversing the persistent shrinking of economy under prolonged deflation
2. Increasing employment and income by adopting a three-pronged strategy consisting of
   - Bold monetary policy
   - Flexible fiscal policy, and
   - Growth Strategy that promotes private investment

Monetary Easing by BoJ
New BoJ Governor Haruhiko Kuroda strengthened policy coordination with the government and strongly commits to overcome deflation and to achieve sustainable economic growth.

1. Introduction of ‘Price Stability Target’ of 2% (YoY basis) in January 2013.
2. ‘New dimension in monetary easing’: unlimited quantitative and qualitative easing, since April 2013.
## 2. Economy

### Major Economic Indicators

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>CY2011</th>
<th>CY2012</th>
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<td>1-3</td>
<td>4-6</td>
<td>7-9</td>
<td>10-12</td>
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<tr>
<td>GDP</td>
<td>1.2</td>
<td>-0.2</td>
<td>-0.9</td>
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<td>Domestic Demand</td>
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<td>(Contribution Ratio)</td>
<td>1.1</td>
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<tr>
<td>Private Demand</td>
<td>0.6</td>
<td>-0.2</td>
<td>-0.6</td>
<td>0.1</td>
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<tr>
<td>(Contribution Ratio)</td>
<td>0.5</td>
<td>-0.2</td>
<td>-0.5</td>
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<tr>
<td>Private Consumption</td>
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<td>0.0</td>
<td>-0.2</td>
<td>0.3</td>
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<tr>
<td>Private Residential Investment</td>
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<tr>
<td>Private Non-Resi. Investment</td>
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<td>Public Demand</td>
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<tr>
<td>(Contribution Ratio)</td>
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<td>0.2</td>
<td>0.3</td>
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<tr>
<td>Government Consumption</td>
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<tr>
<td>Public Investment</td>
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<td>0.2</td>
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<tr>
<td>Net Exports of Goods &amp; Services (Contribution Ratio)</td>
<td>0.1</td>
<td>-0.2</td>
<td>-0.7</td>
<td>-0.1</td>
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<tr>
<td>Exports of Goods &amp; Services</td>
<td>0.4</td>
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<td>-0.4</td>
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<tr>
<td>Imports of Goods &amp; Services</td>
<td>-0.3</td>
<td>-0.2</td>
<td>0.0</td>
<td>0.3</td>
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3. Stock Market (1)

Stock Prices: US, Europe and Japan
2. Stock Market (2)

Stock Prices: Taiwan, Mainland China, India and Japan

[Graph showing stock prices for Taiwan, Mainland China, India, and Japan over time]
3. Stock Market (3)

Nikkei 225 Stock Average and JPY/USD Exchange Rate

- Nikkei 225
- JPY/US$
Securities Firms’ Performance (FY ended Mar. 2013):

- Operating revenue up 17.0% (¥ 3,171.5bil)

Breakdown:
  Commission ↑ 9.7% (¥ 1,792.7 bil)
  Trading gain ↑ 40.8% (¥ 895.9 bil)
  Financial Revenues ↑ 8.3% (¥ 440.3 bil)

- Net income: ¥ 455.8 bil

- 74% of all the Japanese securities firms recorded profit.
5. Major Topics (1)

1) FIEA Revision (June 2013)

- Amendment Act of the Financial Instruments and Exchange Act (FIEA) was passed the Diet. Major revisions are:

(1) Establishment of Orderly Resolution Regime for Financial Institutions

(2) Measures to Prevent Recurrence of Insider Trading Cases

(3) Revision of Asset Management Regulations

JSDA also revised the related self-regulatory rules along with the FIEA revision

2) Other Areas of Deliberation (FSA Financial System Council)

1  Facilitating risk money funding by Emerging & Growth Companies
   - Crowd Funding / Local Funding Scheme
     (JSDA is reviewing its Green Sheet system in line with the deliberation)

2  Encouraging IPOs

3  Facilitating funding by Listed Companies

4  Others
5. Major Topics (2)

3) Financial and Securities Taxation

- Termination of preferential tax rate on securities (end of 2013)
  Current 10% tax rate on dividends and capital gains will be back to 20%.

- Introduction of ‘NISA’ (January 2014~)
  A tax exemption scheme for small amount investment by individuals,
  modeled after the ISA (Individuals Savings Account) in the UK.

4) Merger of TSE and OSE (January 2013~)

- OSE cash stock market was combined into TSE stock market in July.
  TSE derivatives markets scheduled to be folded into the OSE market.
6. JSDA’s International Activities

JSDA Actively Engage in International Activities.

Just a few examples:

- Participated in IOSCO SROCC Meeting in September

- Hold ASF Tokyo Round Table during November 25 to 30, giving opportunities to the participants to discuss securities regulation and regulatory systems

- Conducting overseas promotion of Japanese securities market
  -- The 6th “Japan Securities Summit” to be held in New York (March 2014)
  -- Promotion video and leaflet

- Plans to host IOSCO SROCC events in April 2014.