

Japan's Country Report

Japan Securities Dealers Association



1. Japanese Economy

Major Economic Indicators

(%)

	2009				2010		CY 2009	CY 2010
	1-3	4-6	7-9	10-12	1-3	4-6		
GDP	-4.4	2.5	-0.3	1.0	1.1	0.1	-1.2	-5.2
Domestic Demand	-3.6	0.4	-0.5	0.4	0.5	-0.2	-1.3	-4.0
Private Demand	-	-0.1	-0.6	0.4	0.6	-0.1	-1.4	-5.8
Private Consumption	-1.4	1.3	0.6	0.7	0.5	0.0	-0.7	-1.0
Private Residential Investm	-7.2	-9.6	-7.2	-2.9	0.3	-0.3	-8.1	-14.2
Private Non-Resi. Investm	-9.0	-4.8	-1.8	1.5	0.6	0.5	0.1	-19.2
Public Demand	-	1.8	-0.3	0.3	0.3	-0.5	-1.2	2.4
Government Consumption	0.6	0.2	0.1	0.7	0.6	0.2	0.3	1.5
Public Investment	3.2	9.5	-1.8	-1.3	-1.2	-3.4	-8.5	7.4
Exports of Goods & Services	-24.9	10.4	8.5	5.7	7.0	5.9	1.6	-23.9
Imports of Goods & Services	-17.5	-5.0	6.3	1.5	3.0	4.3	1.0	-16.7
GDP Deflator (year-to-year)	0.0	-1.9	-0.3	-0.6	0.3	-1.0	-0.8	-0.9

Source: Cabinet Office

2. Composition of Household Financial Assets

	FY2007	FY2008	FY2009	FY2009 (Amount) (¥ trillion)
Financial Assets of Household	1,464.50	1,410.40	1,452.7	1,452.7
Currency and deposits	52.90%	55.80%	54.9%	798.2
Bonds	2.70%	2.80%	2.7%	39.2
Trust beneficiary rights	0.30%	0.20%	0.2%	2.9
Investment trusts	4.30%	3.30%	3.8%	54.6
Shares & Other Equities	8.20%	5.60%	7.1%	102.5
Insurance and pension reserves	27.50%	28.20%	27.0%	392.7
Overseas Portfolio Investment	0.60%	0.40%	0.6%	9.3
Others	3.50%	3.60%	3.7%	53.1

Source: Bank of Japan

3. Stock Market in Japan (1)

Nikkei 225 Stock Average



3. Stock Market in Japan (2)

Market Share & Trading Balance by Types of Investors

Year	Member Account	Individuals	Foreigners	Investment Trusts	Business Cos.	Life & Non-life	City BK & Regional BK	Trust BK	Other Financial Institutions
Market Share									
2007	26.4%	19.1%	44.8%	1.9%	1.3%	0.2%	0.1%	5.0%	0.1%
2008	26.7%	16.7%	46.4%	1.9%	1.0%	0.2%	0.1%	5.0%	0.1%
2009	26.5%	<u>21.5%</u>	<u>39.0%</u>	2.4%	1.2%	0.3%	0.1%	5.7%	0.1%
Net Selling (-)/Buying (+) (¥billion)									
2007	-1,617	-3,229	5,423	-545	1,556	68	-211	-1,683	32
2008	-3,537	982	-3,708	301	1,632	-328	-36	-4,502	-193
2009	-1,987	-866	1,777	76	-184	-418	-277	1,440	-184

Source: TSE Monthly Statistics Report

4. Bond Market in Japan (1)

(trillion yen)

Year	Issuing Amount				Trading Volume (face value)		
	Public Debt Securities (JGB)	Corporate Bonds	Non-Resident Issues (Yen-denominated)	Total	JGB	Others	Total
2007	155.1(140.4)	9.2	2.2	176.4	11,890	206	12,096
2008	140.5(125.7)	9.2	2.3	159.2	11,118	169	11,288
2009	162.6(<u>145.6</u>)	11.6	1.3	<u>180.0</u>	8,458	105	8,563

Source: Japan Securities Dealers Association

4. Bond Market in Japan (2)

Simple Yield of Newly Issued 10-year JGB



5. Legislative and Regulatory Reforms(1)

n Establishing Systems for Financial and Capital Markets

- Improving the stability and transparency of the settlement of OTC derivative transactions
- Introduction of consolidated regulation and supervision of securities companies etc.
- Regulation of unsolicited offer for overall derivative transactions
- Strengthening regulations of major Hedge fund regulation
- Ensuring investor protection and fair trade

5. Legislative and Regulatory Reforms (2)

- n Establishing and Reviewing JSDA Self-Regulations
 - “ Establishing and implementing rules concerning securities-related CFD
 - “ Establishing and implementing rules concerning the management system for corporate related information by JSDA members

6. Industry Topics in 2009 and 2010

n JSDA Activities

- Deliberations on measures to vitalize the corporate bond market
- Holding Japan Securities Summit in Singapore
- Taking measures to prevent investors from becoming victims of unlisted stock frauds

n Issues related to Stock Exchanges

- Tokyo Stock Exchange (TSE) started up TSE Arrows.
- TSE Group and the Tokyo Commodity Exchange established joint stock company to prepare for setting up an emissions trading exchange.
- TSE started deliberations on extension of trading hours.
- Osaka Securities Exchange extended evening session trading hours for stock index futures and options.
- Chi-X launched proprietary trading system in Japanese Equity Market.

JSDA Current Task

- n Enhancing and maintaining the credibility of securities market including financial products and services, market intermediaries and relevant systems.
 - JSDA plans to establish Study Group for deliberations on possible measures
 - Study Group will consist of investors, market intermediaries, stock exchanges and knowledgeable persons.



Thank you!