

8. Operations of Self-Regulatory Organizations to Ensure Fair Trading

1) Roles of self-regulatory organizations

Self-regulatory organizations (The Japan Securities Dealers Association, stock exchanges, Financial Futures Association of Japan and the Tokyo International Financial Futures Exchange) are supposed to do their utmost in order to increase investor confidence in markets and member brokerage entities by establishing norms of conduct and having member brokerages observe such norms. Such efforts on the part of SROs are likely to increase the interest of brokerages in the long run. With the rapid advancement of financial system reforms, legally backed roles of SROs have become increasingly important, and the public has placed high expectations on SROs strengthening their operations. The SESC has been in close contact with SROs and has exchanged information with them.

2) Activities of self-regulatory organizations

In fiscal 2002, from April 2002 to March 2003, the Japan Securities Dealers Association inspected operations at 109 of its regular members (88 Japanese securities companies and 21 foreign securities companies) and 75 special members (53 banks, 12 shinkin banks, 9 insurance companies and 1 short-term money house).

In the year under review, the Tokyo Stock Exchange inspected 44 members, and the Osaka Securities Exchange, 17 members.

The Financial Futures Association of Japan and the Tokyo International Financial Futures Exchange also conducted inspections of their members in the year.