

6. Gathering of Information from the General Public

Information supplied by the general public reflects the actual voice of market participants. Such information often becomes useful, as it leads the SESC to begin inspections, surveillance of dubious transactions, and to launch investigation into criminal offenses.

Based on this idea, the SESC has strengthened its system of gathering information from the general public by, for example, calling for information through government-sponsored PR activities and at lectures that the SESC sponsors. In addition, a “link” to the SESC’s Web page has become available on a larger number of Internet sites operated by other organizations.

In order to collect information from as many as general investors as possible, the SESC uses a variety of media, including telephone, mail, the Internet and personal visits.

The items of information supplied by the general public, including investors, numbered 3,217 in the 2003 SESC year, up from the previous year and the highest since the establishment of the SESC in 1992.

Of the total, a number of items of information supplied via the Internet continued to rise, surpassing 2,000 for the first time. The total breaks down into 2,061 via the Internet, 616 via telephone, 287 via letters and documents, 75 via personal visits and 178 via reports from the FSA and Local Finance Bureaus. The items of information supplied via the Internet and telephone together accounted for more than 80% of the total.

The 3,217 cases comprised 2,015 on specific stocks, 655 on marketing methods and practices by securities companies and the remaining 547 on opinions on other matters.

Of the 2,015 cases on specific stocks, the largest 787 cases were about the spreading of rumors on stock markets, accounting for one-fourth of the total 3,217 cases of information supplied. Many such rumors started with the posting of information on Internet bulletin boards. Reflecting the widespread use of the Internet, some investors disseminated groundless information and investment judgments on particular stocks. Under such circumstances, we received more information on such problematic conducts than ever.

The second-largest 680 cases were about the manipulation of stock prices, representing more than 20% of the total 3,217 cases of information supplied. This indicated that general investors paid much attention to price trends in stock markets.

Relatively conspicuous among the information on marketing methods and practices by securities companies were complaints about trading made without customers’ prior consent, solicitations with decisive predictions and improper solicitation, apparently done by taking advantage of customers’ lack of knowledge. A large number of complaints were also reported on other marketing methods and practices by securities companies.

Number of information items received

	July 1999-June 2000	July 2000-June 2001	July 2001-June 2002	July 2002-June 2003	July 2003-June 2004
Internet	359	606	1,282	1,804	2,061
Telephone	198	390	408	749	616
Mail	156	205	291	290	287
Personal visits	19	64	58	50	75
Forwarded from local Finance Bureaus	57	91	142	163	178
Total	789	1,356	2,181	3,056	3,217

(Note) Receipt of information via Internet started in April 1999.

Breakdown of information received

	July 1999 -June 2000	July 2000 -June 2001	July 2001 -June 2002	July 2002 -June 2003	July 2003 -June 2004
Information on specifics	385	671	1,208	1,848	2,015
Suspected stock-price manipulation	162	317	601	759	680
Suspected spreading of rumors	68	124	294	576	787
Suspected insider trading	90	122	195	271	282
Submission of false securities reports	21	28	48	73	67
Profit guarantees, compensation of investment losses	15	8	9	13	18
Subscription without submission	18	57	42	29	34
Others	11	15	19	127	147
Marketing methods and practices by securities companies	200	356	498	573	655
Trading without customers' consent	16	35	65	88	66
Solicitations with decisive predictions	7	35	49	30	27
Improper solicitations to take advantage of customers' lack of knowledge	21	17	13	29	31
Conclusion of discretionary-account contracts	6	49	27	15	22
Large-volume recommendation sale	3	5	1	6	3
Others	147	215	343	405	506
Other opinions	204	329	475	635	547
Total	789	1,356	2,181	3,056	3,217