

Implementation Status of Dispute Resolution Business in FY 2014

Non-Profit Organization
Financial Instruments Mediation Assistance Center
(FINMAC)

1. Trend of Dispute Resolution Business Carried Out by FINMAC

(1) Accepted Cases of Mediation, Complaint, and Consultation

Among the total number of cases of claims accepted by FINMAC in FY 2014, the number of “Mediation” was down by 49 from the year earlier to 110, that of “Complaint” was down by 346 to 629, and that of “Consultation” was up by 1,659 to 9,065 cases.

(Unit: Case)

	Mediation	Complaint	Consultation
FY 2014	110	629	9,065
FY 2013	159	975	7,406
FY 2012	334	1,152	6,136

(2) Breakdown by Type of Business Operators

When we look at the number of accepted cases by type of business operators in the relevant FY, the number of “Consultation” increased and the numbers of “Mediation” and “Complaint” decreased in cases involving “Self-Regulatory Organizations Affiliate Business Operators,” and the numbers of “Complaint” and “Consultation” decreased in cases involving “Specified Business Operators” compared with the previous FY.

(Unit: Case)

	Mediation		Complaint		Consultation	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Self-Regulatory Organizations Affiliate Business Operators	109	159	624	963	7,892	5,683
Specified Business Operators	1	0	5	11	26	222
Others	0	0	0	1	1,147	1,501
Total	110	159	629	975	9,065	7,406

(Notes)

“Self-Regulatory Organizations Affiliate Business Operators” mean members of self-regulatory organizations (five associations) to which the business is entrusted.

“Specified Business Operators” means Type II Financial Instruments Business Operators, etc. who have individually registered to use FINMAC.

“Others” mean business operators that are not classified into any type (in the case of financial instruments and services not handled by FINMAC).

(3) Breakdown by Self-Regulatory Organizations Affiliate Business Operators

Among the number of accepted cases by each “Self-Regulatory Organizations Affiliate Business Operators” in the relevant FY, the number of “Consultation” concerning the business of members of all the five associations increased compared with the previous FY. On the other hand, the numbers of “Mediation” and “Complaint” concerning the business of members of the “Japan Securities Dealers Association,” the “Financial Futures Association of Japan,” and the “Type II Financial Instruments Firms Association” decreased compared with the previous FY. The numbers of “Complaint” concerning the business of members of the “Japan Investment Advisers Association” and the “Investment Trusts Association, Japan” decreased.

(Unit: Case)

	Mediation		Complaint		Consultation	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Japan Securities Dealers Association	101	128	544	*843	7,092	5,161
Financial Futures Association of Japan	7	29	63	*94	615	382
Japan Investment Advisers Association	1	0	17	21	133	122
Investment Trusts Association, Japan	0	0	0	3	48	15
Type II Financial Instruments Firms Association	0	2	0	2	4	3
Total	109	159	624	963	7,892	5,683

(Note)

Figures with “*” mean revised ones; the same shall apply hereinafter.

(4) Breakdown by Type of Business

Among the number of accepted cases by type of business in the relevant FY, the numbers of “Consultation” concerning “Type I Financial Instruments Business,” “Investment Management Business,” and “Registered Financial Institution Business” increased compared with the previous FY. On the other hand, the numbers of “Consultation” concerning “Type II Financial Instruments Business” and “Investment Advisory and Agency Business” decreased. The numbers of “Mediation” and “Complaint” concerning “Type I Financial Instruments Business,” “Type II Financial Instruments Business,” and “Registered Financial Institution Business” were also down.

(Unit: Case)

	Mediation		Complaint		Consultation	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Type I Financial Instruments Business	101	116	580	861	7,048	5,165
Type II Financial Instruments Business	1	2	5	13	47	508
Investment Management Business	0	0	6	4	79	30
Investment Advisory and Agency Business	1	0	11	20	98	112
Registered Financial Institution Business	7	41	27	75	613	377
Other Business			0	2	1,180	1,214
Total	110	159	629	975	9,065	7,406

(Note) “Other business” means a business related to instruments and services that are not handled by FINMAC.

(5) Breakdown by Financial Instruments and Services

When we look at the number of accepted cases by type of financial instruments and services in the relevant FY, the numbers of “Consultation” about “Stocks,” “Investment Trusts,” “Derivatives,” and “Investment Management” increased compared with the previous FY. On the other hand, the numbers of “Consultation” about “Bonds” and “Type II Financial Instruments” decreased. The numbers of “Complaint” about “Investment Management” and “Mediation” about “Stocks” were slightly up.

(Unit: Case)

	Mediation		Complaint		Consultation	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Stocks	45	40	257	424	3,578	2,835
Bonds	25	32	103	158	672	814
Investment Trusts	22	42	150	208	1,591	1,246
Derivatives	16	41	88	130	702	546
Securities-Related	2	0	12	24	40	103
Financial Futures, etc.	7	29	63	*93	620	411
CFD	6	0	12	5	35	23
Others	1	12	1	*8	7	9
Type II Financial Instruments	1	2	5	13	47	533
Investment Management	0	0	7	1	33	14
Investment Advisory	0	0	0	0	0	0
Others	1	2	19	41	2,442	1,418
Total	110	159	629	975	9,065	7,406

(Notes)

- (i) “Derivatives (Financial Futures, etc.)” include currency options, interest rate and foreign exchange futures, foreign exchange margin trading (FX), etc.
- (ii) “Derivatives (Others)” include interest rate and foreign exchange swaps, weather derivatives, etc.

- (iii) “Type II Financial Instruments” include beneficial interests of a trust, interests in collective investment scheme, commodity funds, etc.
- (iv) “Others” include cases that are not relevant to the types of financial instruments or services (e.g. those related to trading accounts, those related to paperwork, those related to complaints, etc. against the company’s response and person in-charge).

2. Status of Mediation, Complaint, and Consultation

(1) Status of Mediation

The number of newly claimed cases of “Mediation” in the relevant FY was down by 49 cases (-30.8%) to 110 cases from the previous FY. We guess that this is due to a favorable stock market and trend of yen’s depreciation, which means that the number of cases that could generate losses was small.

The number of concluded cases was down by 110 (-50.5%) to 108 cases on a year-on-year basis.

The number of pending cases was 25 cases, up by 2 cases compared with the previous FY.

(Unit: Case)

Mediation		FY 2014	FY 2013
Number of Newly Claimed Cases		110	159
Number of Concluded Cases		108	218
	Settlement	59	140
	Unresolved	41	51
	Withdrawal	8	27
Number of Pending Cases at the End of the Current FY		25	23

1) Number of Claim Cases by Category

When we look at the number of claim cases by category in the relevant FY, the number of “Disputes concerning Solicitation” continued to be the highest at 87 cases, which had also been the highest in the previous FY. The next was “Disputes concerning Sale and Purchase Transactions,” which was 20 cases. In the composition ratio, the number of “Dispute concerning Solicitation” was up by 6.1 points to 79.1% on a year-on-year basis. On the other hand the number of “Dispute concerning Sale and Purchase Transactions” was down by 5.1 points to 18.2%.

(Unit: Case, %)

		Solicitation	Sale and Purchase Transactions	Paperwork	Investment Management	Investment Advisory	Others	Total
FY 2014	Number of Cases	87	20	1	0	1	1	110
	(Composition Ratio)	79.1	18.2	0.9	—	0.9	0.9	100
FY 2013	Number of Cases	116	37	3	0	0	3	159
	(Composition Ratio)	73.0	23.3	1.9	—	—	1.9	100

(Notes) Claim cases are classified into the followings depending on what a customer claims:

“Disputes concerning Solicitation” mean disputes related to violation of the duty of explanation, violation of the suitability principle, misleading solicitation, etc.

“Disputes concerning Sale and Purchase Transactions” mean disputes related to a claim about transactions without permission, execution error of sale and purchase transactions, etc.

“Disputes concerning Paperwork” mean disputes related to errors or delay of paperwork, procedures for deposits and withdrawals, etc.

“Disputes concerning Investment Management” mean disputes related to the discretionary investment/fund management, investment trust management business, etc.

“Disputes concerning Investment Advisory” mean disputes related to services, etc. that give advice on

investment decisions.

“Other Disputes” mean disputes that are not classified into any category.

2) Breakdown by Category

In the breakdown (composition ratio) by category in the relevant FY, the ratio of “Disputes regarding Violation of the Suitability Principle” was up by 6.8 points compared with the previous FY to 34.5%, which was the highest. Next is “Disputes regarding Violation of the Duty of Explanation,” which was 28.2% (down by 4.5 points Y/Y).

<Main Disputes concerning Solicitation> (Unit: Case, %)

	FY 2014	FY 2013
Disputes regarding Violation of the Suitability Principle	38 (34.5)	44 (27.7)
Dispute regarding Violation of the Duty of Explanation	31 (28.2)	52 (32.7)
Disputes regarding False Information	8 (7.3)	10 (6.3)

<Main Disputes concerning Sale and Purchase Transactions> (Unit: Case, %)

	FY 2014	FY 2013
Disputes concerning Execution Error of Sale and Purchase Transactions	5 (4.5)	10 (6.3)
Disputes regarding Transactions without Permission	3 (2.7)	9 (5.7)
Disputes regarding Excessive Purchase and Sale	3 (2.7)	5 (3.1)

<Main Disputes concerning Paperwork> (Unit: Case, %)

	FY 2014	FY 2013
Disputes regarding Paperwork Error	1 (0.9)	3 (1.9)

(Note) The percentage shown in parentheses is the percentage against the total number of mediation cases in each FY.

3) Number of Claim Cases by Financial Instruments and Services

Among the total number of claim cases by financial instruments and services in the relevant FY, the number of claims about “Stocks” was the highest at 45 cases, followed by claims about “Bonds” at 25 cases and Investment Trusts at 22 cases. In the composition ratio, the ratio of “Stocks” was up by 15.7 points to 40.9% and that of “Bonds” was up by 2.6 points to 22.7% compared with the previous year. On the other hand, the ratio of “Investment Trusts” was down by 6.4 points to 20% and that of “Financial Futures, etc. (such as currency options)” also declined by 11.8 points to 6.4% on a year-on-year basis.

(Unit: Case, %)

	FY 2014		FY 2013	
	Number of Cases	Composition Ratio	Number of Cases	Composition Ratio
Stocks	45	40.9	40	25.2
Bonds	25	22.7	32	20.1
Investment Trusts	22	20.0	42	26.4
Derivatives	16	14.5	41	25.7
Securities-Related	2	1.8	0	—
Financial Futures, etc.	7	6.4	29	18.2
CFD	6	5.5	0	—
Others	1	0.9	12	7.5
Type II Financial Instruments	1	0.9	2	1.3
Investment Management	0	—	0	—
Investment Advisory	0	—	0	—
Others	1	0.9	2	1.3
Total	110	100	159	100

4) Number of Claim Cases by Type of Business

Among the claim cases by type of business in the relevant FY, the number of claim cases about “Securities Companies” was the highest at 100 cases. In the composition ratio, the number of claim cases about “Financial Futures, etc. (such as currency options)” related to “Registered Financial Institutions” was down from the year earlier, which resulted in a decreasing ratio of “Registered Financial Institutions,” and the relative increase in the ratio of “Securities Companies.”

(Unit: Case, %)

		Securities Companies	Registered Financial Institutions	FX Operators	Securities Intermediary Business Operator	Others	Total
FY 2014	Number of Cases	100	7	1	0	2	110
	(Composition Ratio)	90.9	6.4	0.9	—	1.8	100
FY 2013	Number of Cases	116	41	1	0	1	159
	(Composition Ratio)	73.0	25.8	0.6	—	0.6	100

(Note) “Others” mean investment advisory companies and other business operators who conduct FX business, etc.

5) Breakdown by Individuals and Corporations

In the breakdown by the number of cases concerning “Individual” and “Corporation” in the relevant FY, the ratio of claim cases of “Individual” was 94 cases. In the composition ratio, the ratio of claim cases about “Financial Futures, etc. (such as currency options)” decreased compared with the previous FY. As a result, the ratio of “Corporation” was down and that of “Individual” relatively increased.

(Unit: Case, %)

		Individual		Corporation
		Male	Female	
FY 2014	Number of Cases	42	52	16
	(Composition Ratio)	38.2	47.3	14.5
FY 2013	Number of Cases	64	47	48
	(Composition Ratio)	40.3	29.6	30.2

6) Breakdown by Region

(Unit: Case, %)

		Hokkaido	Tohoku	Tokyo	Nagoya	Hokuriku	Osaka	Chugoku	Shikoku
FY 2014	Number of Cases	1	1	50	16	2	27	7	1
	(Composition Ratio)	0.9	0.0	45.5	14.5	1.8	24.5	6.4	0.9
FY 2013	Number of Cases	0	5	72	15	2	40	2	7
	(Composition Ratio)	—	3.1	45.3	9.4	1.3	25.2	1.3	4.4

		Kyushu	Others
FY 2014	Number of Cases	5	0
	(Composition Ratio)	4.5	—
FY 2013	Number of Cases	16	0
	(Composition Ratio)	10.1	—

(2) Status of Complaint

The number of newly accepted complaints in the relevant FY was 629 cases, down by 346 cases (-35.5%) compared with the previous FY. The reason for such decrease was the same as that for newly claimed mediation cases.

The number of concluded cases was down by 366 cases (-36.1%) to 646 cases compared with the previous FY.

(Unit: Case)

	FY 2014	FY 2013
Number of Newly Accepted Cases	629	975
Number of Concluded Cases	646	*1,012
Number of Pending Cases at the End of the Relevant FY	30	*47

1) Number of Claim Cases by Category

Among the number of claim cases by category in the relevant FY, the numbers of “Complaints concerning Solicitation” and “Complaints concerning Sale and Purchase Transactions” are the same and the largest at 229 cases. The next was “Complaints concerning Paperwork,” which was 112 cases. In the composition ratio, the ratio of “Complaints concerning Solicitation” was up by 2.8 points and that of “Complaints concerning Sale and Purchase Transactions” was down by 5.4 points to 36.4% compared with the previous FY.

(Unit: Case, %)

		Solicitation	Sale and Purchase Transactions	Paperwork	Investment Management	Investment Advisory	Others	Total
FY 2014	Number of Cases	229	229	112	2	8	49	629
	(Composition Ratio)	36.4	36.4	17.8	0.3	1.3	7.8	100
FY 2013	Number of Cases	328	408	152	1	12	74	975
	(Composition Ratio)	33.6	41.8	15.6	0.1	1.2	7.6	100

(Notes) Claim cases are classified into the following depending on what a customer claims:

“Complaints concerning Solicitation” mean complaints related to violation of the duty of explanation, violation of the suitability principle, misleading solicitation, etc.

“Complaints concerning Sale and Purchase Transactions” mean complaints related to a claim about transactions without permission, execution error of sale and purchase transactions, etc.

“Complaints concerning Paperwork” mean complaints related to errors or delay of paperwork, procedures for deposits and withdrawals, etc.

“Complaints concerning Investment Management” mean complaints related to the discretionary investment/fund management and investment trust management business, etc.

“Complaints concerning Investment Advisory” mean complaints related to services, etc. that give advice on investment decisions.

“Other Complaints” mean complaints that are not classified into any category.

2) Breakdown by Category

When we look at the breakdown (composition ratio) by category in the relevant FY, the ratio of “General Complaints regarding Sale and Purchase” was the highest at 18.1% (down by 0.1 points), that of “Complaints regarding the Duty of Explanation at the Time of Solicitation” was 13.7% (up by 0.3 points), and that of “Complaints

regarding Suitability” was 8.7% (up by 2.1 points) compared with the previous year.

<Main Complaints concerning Solicitation> (Unit: Case, %)

	FY 2014	FY 2013
Complaints regarding the Duty of Explanation at the Time of Solicitation	86 (13.7)	131 (13.4)
Complaints regarding Suitability	55 (8.7)	64 (6.6)
Complaints regarding Misleading Solicitation	31 (4.9)	39 (4.0)

<Main Complaints concerning Sale and Purchase Transactions> (Unit: Case, %)

	FY 2014	FY 2013
General Complaints regarding Sale and Purchase	114 (18.1)	177 (18.2)
Complaints regarding Transactions without Permission	53 (8.4)	85 (8.7)
Complaints regarding Dealer Initiative	28 (4.5)	33 (3.4)

(Notes)

“General Complaints regarding Sale and Purchase” mean complaints that are classified into “Complaints concerning Sales and Purchase Transactions” but are not classified into any of “Complaints regarding Transactions without Permission,” “Complaints regarding Dealer Initiative,” “Complaints regarding Execution Error of Sale and Purchase Transactions,” and “Complaints regarding System Failure.”

<Main Complaints concerning Paperwork> (Unit: Case, %)

	FY 2014	FY 2013
Complaints regarding Deposit and Withdrawal of Money, and Incoming and Outgoing Transfer of Funds	38 (6.0)	42 (4.3)
Complaints regarding Opening or Transfer of Accounts	24 (3.8)	21 (2.2)
Complaints regarding Securities Taxation	15 (2.4)	11 (1.1)

<Main Complaints concerning Investment Advisory> (Unit: Case, %)

	FY 2014	FY 2013
Complaints regarding Advisory Agreement	6 (1.0)	9 (0.9)
Complaints regarding Advice	1 (0.2)	3 (0.3)

<Main Complaints concerning Other Cases> (Unit: Case, %)

	FY 2014	FY 2013
Complaints regarding Dissatisfaction about the Company	43 (6.8)	63 (6.5)
Complaints regarding Fraud and Embezzlement	4 (0.6)	6 (0.6)
Complaints concerning IPOs	2 (0.3)	0 (-)

(Note) The percentage shown in parentheses is the percentage against the total number of complaints cases in each FY

3) Number of Claim Cases by Financial Instruments and Services

Among the number of claim cases by financial instruments and services in the relevant FY, the number of claims about “Stocks” continued to be the highest, at 257 cases, followed by the claims about “Investment Trusts” at 150 cases and “Bonds” at 103 cases. In the composition ratio, the ratio of “Stocks” was down by 2.6 points to 40.9%, that of “Investment Trusts” was up by 2.5 points to 23.8%, and that of “Bonds” increased by 0.2 points to 16.4% compared with the previous FY.

(Unit: Case, %)

	FY 2014		FY 2013	
	Number of Cases	Composition Ratio	Number of Cases	Composition Ratio
Stocks	257	40.9	424	43.5
Bonds	103	16.4	158	16.2
Investment Trusts	150	23.8	208	21.3
Derivatives	88	14.0	130	13.4
Securities-Related	12	1.9	24	2.5
Financial Futures, etc.	63	10.0	*93	*9.5
CFD	12	1.9	5	0.5
Others	1	0.2	*8	*0.8
Type II Financial Instruments	5	0.8	13	1.3
Investment Management	7	1.1	1	0.1
Investment Advisory	0	—	0	—
Others	19	3.0	41	4.2
Total	629	100	975	100

4) Number of Claim Cases by Type of Business

Among the claim cases by type of business in the relevant FY, the number of claims about “Securities Companies” was the highest, at 566 cases. When we look at the composition ratio, as the ratios of “Registered Financial Institutions,” “FX Operators,” and “Others” decreased compared with the previous FY, the ratio of “Securities Companies” was relatively up.

(Unit: Case, %)

		Securities Companies	Registered Financial Institutions	FX Operators	Securities Intermediary Business Operator	Others	Total
FY 2014	Number of Cases	566	28	16	0	19	629
	(Composition Ratio)	90.0	4.5	2.5	—	3.0	100
FY 2013	Number of Cases	829	77	*28	0	*41	975
	(Composition Ratio)	85.0	7.9	*2.9	—	*4.2	100

(Note) “Others” mean investment advisory companies and other business operators who conduct FX business, etc.

5) Breakdown by Individuals and Corporations

When we look at the number of cases concerning “Individual” and “Corporation” in the relevant FY, the number of cases of “Individual” was larger at 610 cases. As the

number of cases concerning “Financial Futures, etc. (such as currency options)” decreased on a year-on-year basis, the ratio of “Corporation” was down and that of “Individual” was relatively up.

(Unit: Case, %)

		Individual		Corporation
		Male	Female	
FY2014	Number of Cases	355	255	19
	(Composition Ratio)	56.4	40.5	3.0
FY2013	Number of Cases	575	340	60
	(Composition Ratio)	59.0	34.9	6.2

6) Breakdown by Region

(Unit: Case, %)

		Hokkaido	Tohoku	Tokyo	Nagoya	Hokuriku	Osaka	Chugoku	Shikoku
FY 2014	Number of Cases	12	17	344	88	4	87	13	16
	(Composition Ratio)	1.9	2.7	54.7	14.0	0.6	13.8	2.1	2.5
FY 2013	Number of Cases	25	22	547	134	7	141	14	22
	(Composition Ratio)	2.6	2.3	56.1	13.7	0.7	14.5	1.4	2.3

		Kyushu	Others
FY 2014	Number of Cases	48	0
	(Composition Ratio)	7.6	—
FY 2013	Number of Cases	62	1
	(Composition Ratio)	6.4	0.1

(Note) “Others” mean complaints cases for which initiation location cannot be identified (i.e. through a mobile phone).

(Reference)

We received the following complaints in the relevant FY:

- a. A customer was frequently received solicitation sale and purchase of foreign stocks without receiving a full explanation of associated risks.
- b. A customer traded stocks of emerging market many times as recommended by a sales representative, and incurred a loss as a result.
- c. As a customer bought an investment trust with monthly distribution based on the misunderstanding that its principal was secured and it could provide stable income on a regular basis, the customer incurred a loss.
- d. A customer received solicitation of purchase of EB bond without receiving a full explanation of associated risks and incurred a loss as a result.
- e. Although a customer requested redemption on a foreign currency basis for a foreign currency-denominated bond, a sales representative forgot about it and redeemed it in yen. As a result, the customer incurred a loss.
- f. A customer requested a sales representative to notify him/her when the assessment value of an investment trust it held declined below a certain level, but the customer did not receive such notice.

(3) Status of Consultation

The number of accepted cases of consultation in the relevant FY was 9,065 cases, up by 1,659 (22.4%) compared with the previous FY. The above results are due to the increase of consultations regarding laws, regulations, and practices on financial instruments trading such as the system of pre-contract document delivery and questions about product features.

(Unit: Case)

	FY 2014	FY 2013
Number of Newly Accepted Cases	9,065	7,406

(Note) Consultation includes inquiries, opinions, requests, questions on how to handle an issue, consultations by a person other than an account holder (such as relatives, acquaintances, consumer affairs centers, etc.) and consultation of issues that are not covered by FINMAC.

1) Number of Consultation Cases by Category

Among the consultation cases by category in the relevant FY, the number of “Consultations regarding Laws, Regulations, and Practices on Financial Instruments Trading” remained the largest at 4,164 cases compared with the previous year. Next was “Others” at 1,473 cases followed by “Consultations on Paperwork” at 1,442 cases. When we look at the composition ratio, the ratio of “Consultations regarding Laws, Regulations, and Practices on Financial Instruments Trading” was up by 9.4 points to 45.9%, and that of “Consultations regarding Paperwork” increased to 15.9%, up by 7.1 points compared with the previous FY. On the other hand, the ratios of “Others,” “Consultations regarding Sale and Purchase Transactions,” and “Consultations regarding Solicitation” were down by 10 points to 16.2%, 2.1 points to 14.5%, and 4.3 points to 6.7%, respectively, compared with the previous FY.

(Unit: Case, %)

		Laws, Regulations, and Practices on Financial Instruments, etc.	Solicitation	Sale and Purchase Transactions	Paperwork	Investment Management	Investment Advisory	Others	Total
FY 2014	Number of Cases	4,164	610	1,311	1,442	12	53	1,473	9,065
	(Composition Ratio)	45.9	6.7	14.5	15.9	0.1	0.6	16.2	100
FY 2013	Number of Cases	2,703	814	1,228	649	2	66	1,944	7,406
	(Composition Ratio)	36.5	11.0	16.6	8.8	0.0	0.9	26.2	100

(Notes)

“Consultations regarding Laws, Regulations, and Practices on Financial Instruments Trading” mean questions and comments on general laws, regulations, and practices on financial instruments trading, statutory books, account opening, a mediation system, etc.

“Consultations regarding Solicitation” mean questions and comments on the duty of explanation at the time of solicitation and the suitability principle, etc.

“Consultations regarding Sale and Purchase Transactions” mean questions and comments on sale and purchase transactions.

“Consultations regarding Paperwork” mean questions and comments on paperwork, procedures for

deposits and withdrawals, etc.

“Consultations regarding Investment Management” mean questions and comments on the discretionary investment/fund management and investment trust management business, etc.

“Consultations regarding Investment Advisory” mean questions and comments on services, etc. that give advice regarding investment decisions.

“Others” means questions and comments that are not classified into any category. Consultations about unlisted stocks, etc. (including bonds and funds) are classified into “Others.”

2) Breakdown by Category

Among the breakdown (composition ratio) by category in the relevant FY, in comparison with the previous FY, the ratio of “Consultations regarding the Operation of FINMAC” was the highest at 13.7%, up by 5.1%, followed by “General Consultations regarding Sale and Purchase” which was up by 1.1 points to 10.0% and that of “Consultation regarding Opening, Transfer, etc. of Accounts” which was up by 5.9 points to 8.7%. While the ratio of “Consultation regarding Securities Companies” increased by 5.1 points to 7.7% and that of “Consultations regarding Laws, Regulations, and Practices on Financial Instruments Trading” was up by 1.5% to 7.4% on a year-on-year basis, the ratio of “Consultations regarding the Duty of Explanation at the Time of Solicitation” was down by 2.1 points to 2.6%, that of “Consultations on How to Respond to Aggressive Solicitation” decreased by 0.9 points to 1.7%, and that of “Consultations regarding Dealer Initiative” was also down by 0.7 points to 1.4%.

<Main Questions and Comments concerning “Consultations regarding Laws, Regulations, and Practices on Financial Instruments Trading, etc.”>

(Unit: Case, %)

	FY 2014	FY 2013
Consultations regarding the Operation of FINMAC	1,240 (13.7)	640 (8.6)
Consultation regarding Securities Companies (including inquiries to a contact window)	700 (7.7)	191 (2.6)
Consultations regarding Laws, Regulations, and Practices on Financial Instruments Trading	671 (7.4)	436 (5.9)

<Main Questions and Comments concerning “Consultations regarding Solicitation”>

(Unit: Case, %)

	FY 2014	FY 2013
Consultations regarding the Duty of Explanation at the Time of Solicitation	239 (2.6)	349 (4.7)
Consultations on How to Respond to Aggressive Solicitation	154 (1.7)	194 (2.6)
Consultations regarding Suitability	125 (1.4)	141 (1.9)

<Main Questions and Comments concerning “Consultations regarding Sale and Purchase Transactions”>

(Unit: Case, %)

	FY 2014	FY 2013
General Consultations on Sale and Purchase	903 (10.0)	662 (8.9)
Consultations on How to Respond to Dealer Initiative	131 (1.4)	152 (2.1)

Consultations regarding Laws, Regulations, and Practices on Financial Instruments Trading	109 (1.2)	100 (1.4)
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<Main Questions and Comments concerning “Consultations regarding Paperwork”>

(Unit: Case, %)

	FY 2014	FY 2013
Consultations regarding Opening, Transfer, etc. of Accounts	792 (8.7)	205 (2.8)
Consultations regarding Deposit and Withdrawal of Money, and Incoming and Outgoing Transfer of Funds	246 (2.7)	169 (2.3)
Consultations regarding Securities Companies	114 (1.3)	20 (0.3)

<Main Questions and Comments concerning “Others” >

(Unit: Case, %)

	FY 2014	FY 2013
General Consultations on Services Provided by Financial Instruments Business Operators	567 (6.3)	537 (7.3)
Consultations regarding Other Industry	563 (6.2)	512 (6.9)
Consultations on Unlisted Stocks	154 (1.7)	205 (2.8)

(Note)

- (i) The percentage shown in parentheses is the percentage against the total number of consultation cases in each fiscal year.
- (ii) “Consultations regarding the Operation of FINMAC” mean questions and comments on the FINMAC business such as mediation system provided by FINMAC and what kind of issues FINAC can handle.

(Reference)

We received the following comments and questions:

- a. As I received a pre-contract document, I want to know what this document is.
- b. I would like to know how to get the net assets value per share of the investment trust.
- c. I would like to start a foreign exchange margin transaction. Would you please advise what points I should be careful about?
- d. Although I promised to buy a structured bond due to its high interest rate, I am now concerned about its risk. Before paying the price, can I cancel a purchase order?
- e. I have persistently received solicitations from a sales representative. Would you let me know how to respond to it?
- f. (A question by a daughter of an account holder) – My old mother lives alone and may have dementia. Can I ask to execute a transaction on my mother’ account through me?

3) Number of Consultation Cases by Financial Instruments and Services

Among the number of cases by financial instruments and services in the relevant FY, the number of consultations about “Stocks” was the highest at 3,578 cases; the ratio was up by 1.2 points to 39.5% compared with the previous FY. Next was consultation about “Others,” whose number was 2,442 cases, up by 7.8 points to 26.9% on a year-on-year basis. The number of consultations about “Investment Trusts” was 1,591 cases, that for “Derivatives” was 702 cases, and that for “Bonds” was 672 cases, whose composition ratios were 17.6% (up by 0.8 points Y/Y), 7.7% (down by 0.3 points Y/Y), and 7.4% (down by 3.6 points Y/Y), respectively.

(Unit: Case, %)

	FY 2014		FY 2013	
	Number of Cases	Composition Ratio	Number of Cases	Composition Ratio
Stocks	3,578	39.5	2,835	38.3
Bonds	672	7.4	814	11.0
Investment Trusts	1,591	17.6	1,246	16.8
Derivatives	702	7.7	546	7.4
Securities-Related	40	0.4	103	1.4
Financial Futures, etc.	620	6.8	411	5.5
CFD	35	0.4	23	0.3
Others	7	0.1	9	0.1
Type II Financial Instruments	47	0.5	533	7.2
Investment Management	33	0.4	14	0.2
Investment Advisory	0	—	0	—
Others	2,442	26.9	1,418	19.1
Total	9,065	100	7,406	100

4) Number of Consultation Cases by Type of Business

Among the number of consultation cases by type of business, the number of consultations about “Securities Companies” was the highest at 6,869 cases, whose composition ratio was up by 8.2 points to 75.8% compared with the previous FY. The ratios of “Registered Financial Institutions” and “FX Operators” were also up by 2.3 points to 8.2% and up by 0.1% point to 2.2%, respectively. Additionally, the ratio of “Others” decreased by 10.5 points compared with the previous year to 13.8%.

(Unit: Case, %)

		Securities Companies	Registered Financial Institutions	FX Operators	Securities Intermediary Business Operator	Others	Total
FY 2014	Number of Cases	6,869	741	200	4	1,251	9,065
	(Composition Ratio)	75.8	8.2	2.2	0.0	13.8	100
FY 2013	Number of Cases	5,009	437	153	11	1,796	7,406
	(Composition Ratio)	67.6	5.9	2.1	0.1	24.3	100

(Note)

“Others” mean investment advisory companies and other business operators who conduct FX operations. It also includes Financial Instruments Business Operators whose registration has expired.

5) Breakdown by Individuals and Corporations

When we look at the number of cases concerning “Individual” and “Corporation” in the relevant FY, the number of cases of “Individual” was 8,720, larger than the cases initiated by “Corporation.” The composition ratio of “Corporation” decreased and that of “Individual” relatively increased.

(Unit: Case, %)

		Individual		Corporation
		Male	Female	
FY 2014	Number of Cases	4,980	3,740	345
	(Composition Ratio)	54.9	41.3	3.8
FY 2013	Number of Cases	4,080	2,932	394
	(Composition Ratio)	55.1	39.6	5.3

6) Breakdown by Region

(Unit: Case, %)

		Hokkaido	Tohoku	Tokyo	Nagoya	Hokuriku	Osaka	Chugoku	Shikoku
FY 2014	Number of Cases	184	238	3,238	894	107	1,075	248	158
	(Composition Ratio)	2.0	2.6	35.7	9.9	1.2	11.9	2.7	1.7
FY 2013	Number of Cases	174	180	3,055	785	51	1,062	104	141
	(Composition Ratio)	2.3	2.4	41.3	10.6	0.7	14.3	1.4	1.9

		Kyushu	Others
FY 2014	Number of Cases	506	2,417
	(Composition Ratio)	5.6	26.7
FY 2013	Number of Cases	373	1,481
	(Composition Ratio)	5.0	20.0

(Note) “Others” mean consultation cases for which initiation location cannot be identified (i.e. through a mobile phone).