

# Business Strategy



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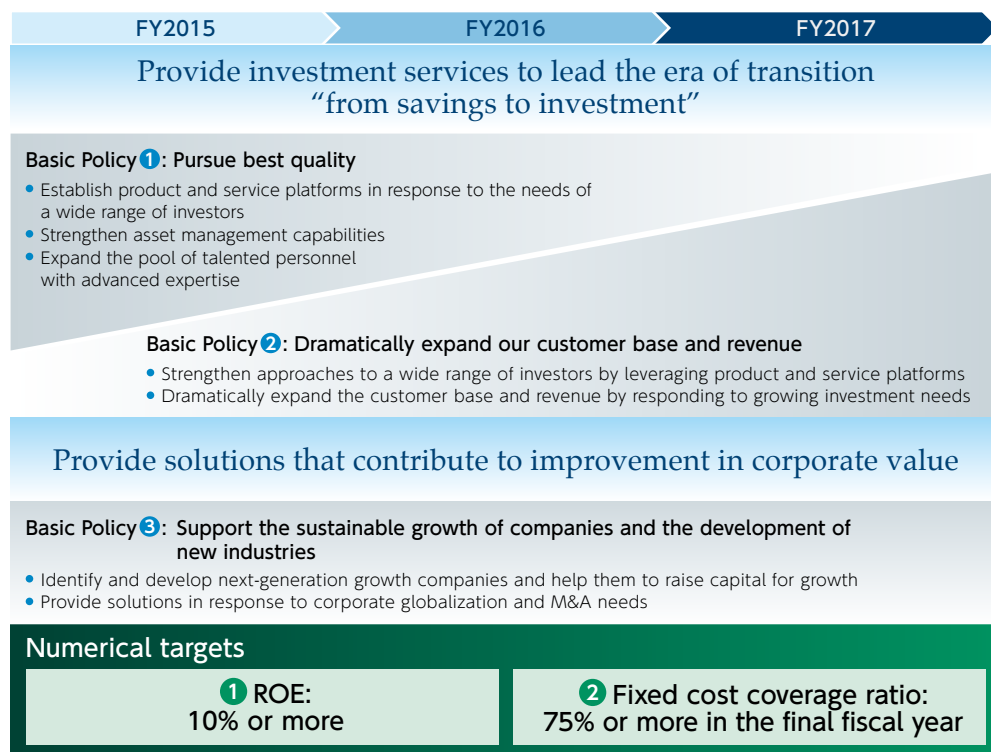
**Takashi Hibino**

President and CEO  
Daiwa Securities Group Inc.

Daiwa Securities Group has stated “leading the development of capital markets in Japan and Asia, and being the customer’s first choice securities group” as its Management Vision for 2020. Based on that Management Vision, we put in place two basic management policies, namely for the Group to leverage the industry’s top quality and dramatically expand its customer base and to achieve sustainable growth by linking Japan to the growth of Asia as a whole. Through these two policies, we are confident in our ability to realize our social mission of “contributing to the development of society and the economy through financial and capital markets.” The first three-year plan toward the achievement of our Management Vision is “Passion for the Best” 2017, which was launched in April 2015.

## Summary of the Medium-Term Management Plan “Passion for the Best” 2017

**In response to the full-fledged start of an era of transition from savings to investment, attract customers with the industry's highest quality, and become their best partner**



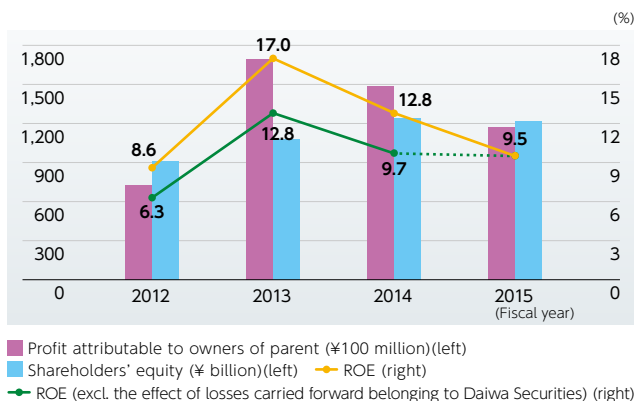
Positive cycle of  
“transition from  
savings to  
investment”  
and  
“improvement of  
corporate value”

## Overview of Medium-Term Management Plan

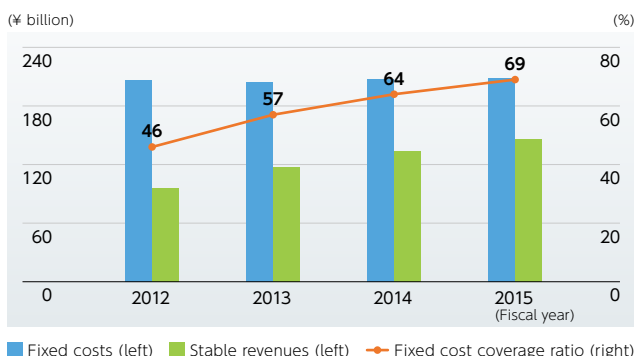
For the Medium-Term Management Plan, we took as our slogan “in response to the full-fledged start of an era of transition from savings to investment, attract customers with the industry's highest quality, and become their best partner.” Toward that stated aim, we have embarked on a range of initiatives to facilitate a positive cycle of transition “from savings to investment” and the improvement of corporate value through the provision of investment services to lead the era of transition “from savings to investment” and to contribute to an improvement in the corporate value of client companies by offering solutions.

In FY2015, the first year of the Medium-Term Management Plan, we set sail amid the rough seas of major changes in economic conditions. When seen over the medium to long term, however, amid the heralding of the era of transition “from savings to investment,” the business opportunities that lay in front of us remained unchanged and thus we made no modifications to the Group's basic policy.

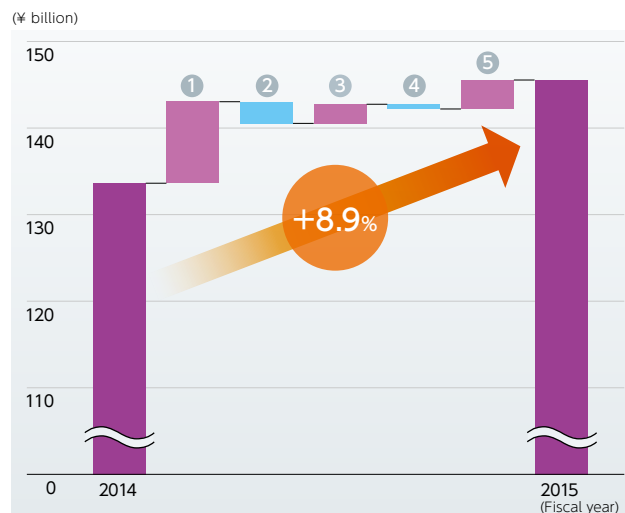
### ROE: 10% or more



### Fixed Cost Coverage Ratio: 75% or more in the final fiscal year (FY2017)



### Factors behind Changes in Stable Revenues\* for FY2015



- ① Wrap-related fees
- ② Agency fees for investment trusts
- ③ Daiwa AM/Daiwa SB management fees
- ④ Daiwa Next Bank profit margins
- ⑤ Others (including real estate AM, interest income on margin transactions, etc.)

\* AM management fees (including investment advisory fees), agency fees, Daiwa Next Bank profit margins, Daiwa Office Investment net operating revenues, Daiwa Real Estate AM management fees, management fees on SMA/Fund Wrap, interest on margin transactions, interest fees on LMS etc.

## Progress of Medium-Term Management Plan

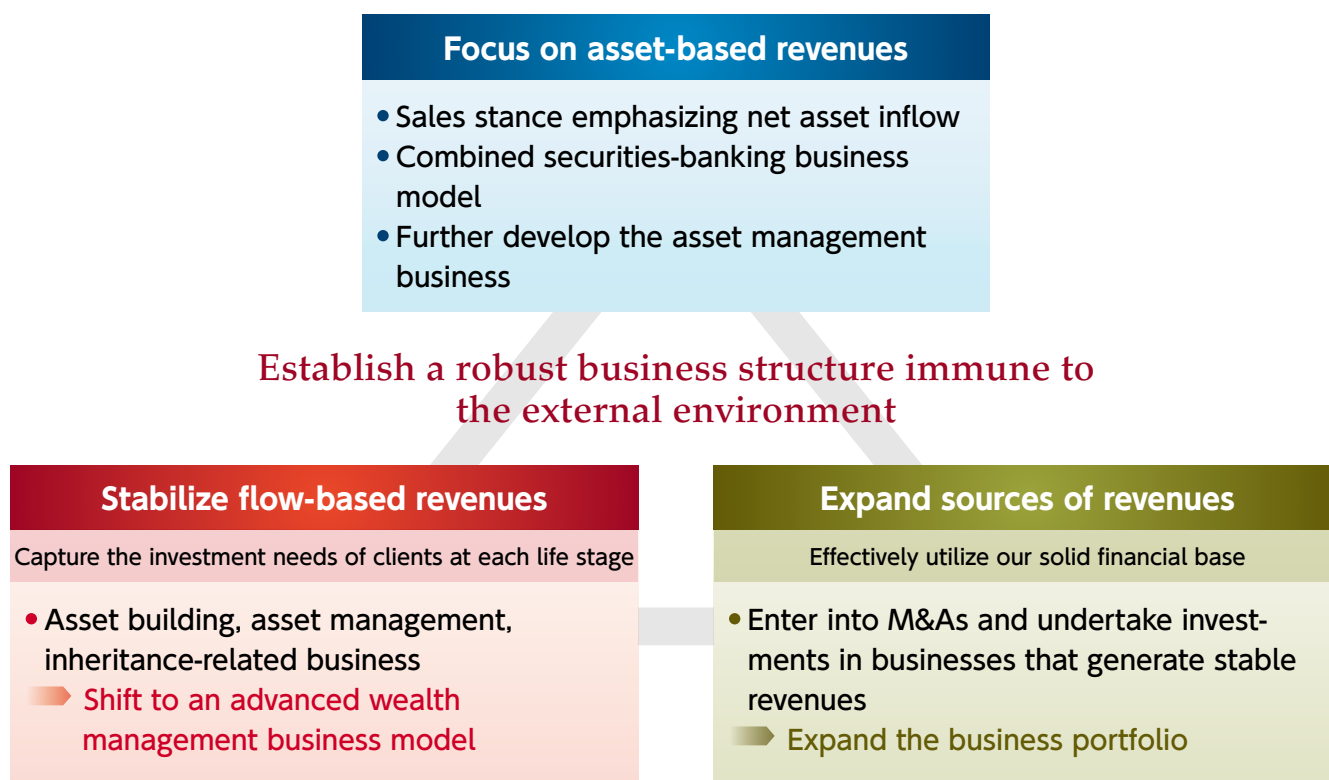
We adopted two numerical targets under our Medium-Term Management Plan: first, ROE of 10% or more; second, a fixed cost coverage ratio of 75% or more in the final year of the plan. In FY2015, the ROE of 9.5% ended up at a slightly lower level. On the other hand, the fixed cost coverage ratio for FY2015 rose to 69%.

Against a backdrop of factors that included expansion in assets under management of wrap accounts, stable revenues increased by approximately 9% year on year. We will be continuing to focus our efforts on expanding stable revenues centered on wrap account services and asset management in the years to come. However, given the current situation, in which the pace of expansion has been slowed down somewhat due to the deterioration of the market environment, we think that it will be necessary to further increase the fixed cost coverage ratio and that, in addition to the initiatives implemented up to now, we will pursue the expansion and diversification of stable revenues by growth investment consistent with the basic policy of the Medium-Term Management Plan.

As regards to fixed costs, centered on investments in systems and employees, a moderate increase is expected going forward, but we will continue disciplined cost management while examining investment effectiveness.

Under harsh market environment conditions, the degree of difficulty in achieving numerical targets is rising, but without changing the target values we will promote a rapid and flexible response to changes in the environment, while steadily promoting initiatives toward achieving the final fiscal year targets.

## Our Targeted Profit Structure



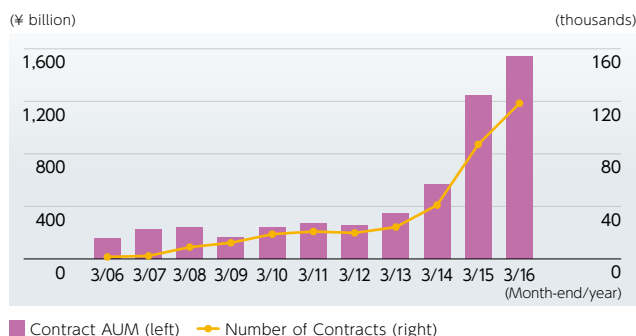
## Management Policy for FY2016

The Group has been working to expand asset-based stable sources of revenue toward establishing a robust business structure more resistant to the external environment. This initiative is designed to bring about stability even at times of deteriorating market conditions so that the Group does not fall into the red.

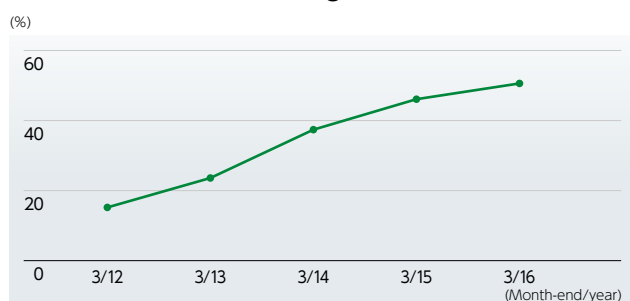
We will step up these efforts in FY2016 and endeavor to stabilize flow-based revenues and expand asset-based stable revenue. We will aim for the stabilization of flow-based revenues that were previously easily affected by market conditions by capturing securities investment needs that are not dependent on the market. This is our ultimate commitment to stabilizing our business as a securities company.

Regardless of short-term market fluctuations, the need for asset building, asset management, and inheritance services through all of a person's life stages are fundamental human needs in a modern society. On the basis of our customers' life stages, we provide a broad selection of products and services. We firmly believe that flow-based revenues will be stabilized by establishing an advanced "wealth management business model."

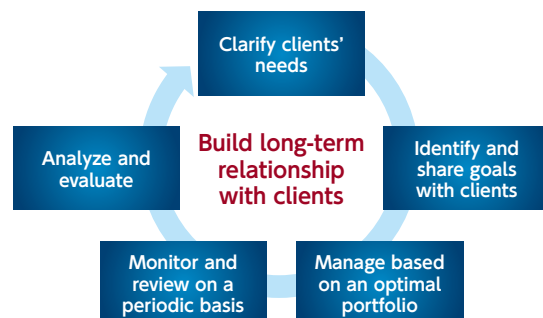
### Contract Wrap Account AUM



### Accumulated Cross-selling Ratio



### Expansion of Wrap Account Services



	Volume Customers	Affluent Volume Customers	High Net Worth Individuals	Ultra-High Net Worth Individuals
Products	Wrap services for the asset forming generation	Fund wrap (Existing services)	Advanced fund wrap	Wrap services for high-net-worth individuals
Needs	Lower cost, Smaller investment size, Online	Financial management tools		Integrate with wealth planning

## Transition to an Advanced Wealth Management Business Model (Retail Division) Wrap Account Services and Combined Securities-Banking Business Model

Underpinned by long-standing relationships of trust with our customers, the sharing of asset management goals and providing the means to realize those goals is the basis of the wealth management business, and the fund wrap is its main service. Focusing our efforts on wrap account services well ahead of other companies, Daiwa had expanded its assets under management of wrap accounts to ¥1.5 trillion as of March 31, 2016.

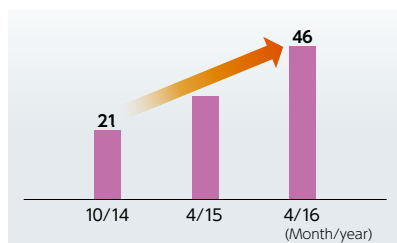
In keeping with expansion in the wrap account services market, the needs of our customers are diversifying and growing more sophisticated. In maintaining its position as the market leader, Daiwa Securities is devising initiatives to broaden its wrap account services toward the realization of its customers' goals. These initiatives include the following: advanced fund wrap services with expanded service functions; wrap services targeting the asset forming generation with low-cost investments, small amount investments and contracts that are completed via the Internet; and wrap services for high-net-worth individuals that comprise advanced services combined with wealth planning services conducted face to face with a specialist.

In addition, amid the development of business that leverages our unique combined securities-banking business model, services such as the Set Plan of Daiwa Fund Wrap and Yen Time Deposit are exceeding an accumulated cross-selling ratio\* of 50% in the fifth year since the opening of Daiwa Next Bank, and the move from savings to investment is being extended further within the Daiwa Group.

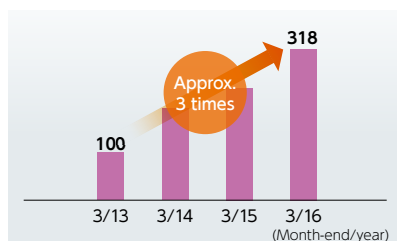
In the years to come, we will enhance our attractive product lineup that enables us to respond to the wide-ranging needs of our customers, promote broader functions toward the building of a high-convenience service platform, and establish an advanced wealth management business model.

\* Accumulated cross-selling ratio: the cumulative total of cross-selling accounts to the cumulative total of newly opened time deposit accounts.  
(Newly opened time deposits: yen-denominated time deposits that have been placed within three months since the opening of time deposit accounts.)

### Number of Sales Branches with Inheritance Consultants

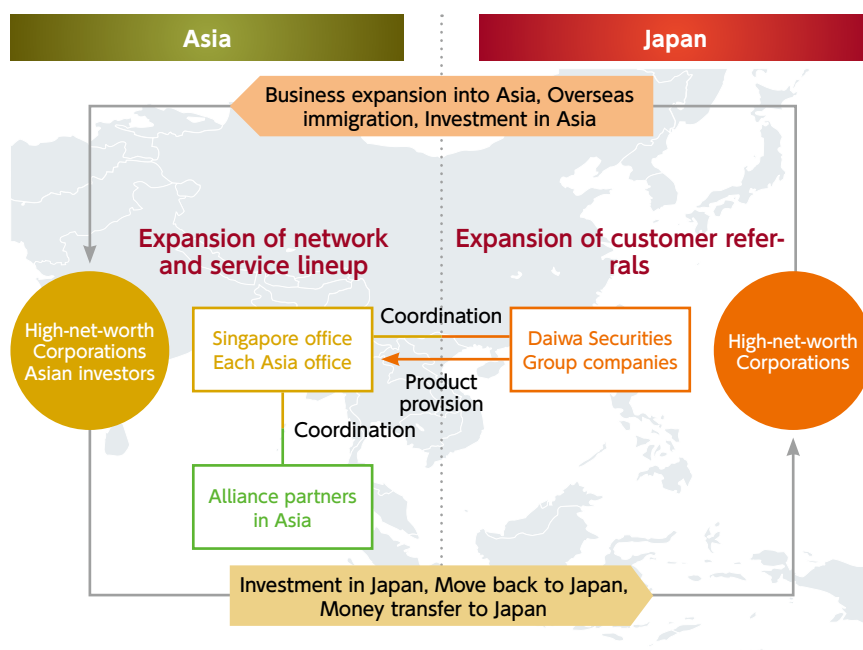


### Cumulative Number of Applications for the Inheritance Total Service



Note: Mar. 2013 results are indexed as a base of 100

### Utilizing Our Global Network (Asia Private Banking Service)



## Transition to an Advanced Wealth Management Business Model (Retail Division) Inheritance Business

We have entered a large inheritance era, during which approximately ¥50 trillion is expected to be inherited across Japan per year. The Group is thus engaging in raising the standards of its staff and solutions to provide ongoing after-care and high-level consulting to more customers than ever before to respond to the investment shift brought about by inheritance that will be gaining pace in the years to come.

As one part of these efforts, we promoted the wider assignment of Inheritance Consultants who have mastered advanced inheritance-related know-how and in April 2016 had a network of 46 branches. The plan is to have increased the number of branches to 100 or more by the end of the final fiscal year of the Medium-Term Management Plan. Also, the cumulative total of applications for our Inheritance Total Services, which support customers' inheritance measures and procedures free of charge, have approximately tripled over the past three years.

In our consulting services for business succession, there is an increasing need for business succession measures for third parties in the absence of successors. In response to this kind of need, Daiwa Securities will further expand its product lineup, including collaboration with outside companies in areas such as M&A and stock ownership succession trusts.

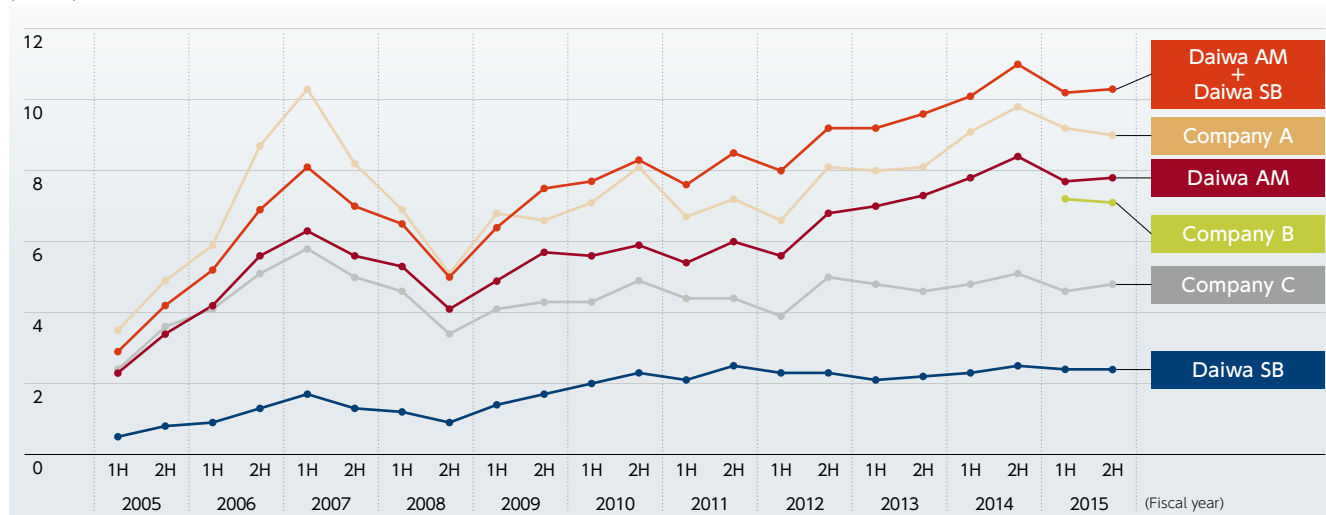
In addition, we are promoting responses to customers' globalizing needs, such as high-net-worth Japanese customers who are relocating overseas and corporations that are expanding their businesses into other Asian countries. In addition to our Asian offices centered on Singapore, we leveraged our network of Asian financial institution alliance partners and started Asia Private Banking Services in response to customer asset management needs, business development needs, and the needs associated with relocation.

Going forward, we will promote initiatives, for example, to increase staff and improve services, and work to enhance our responses to increase awareness of "If it's about Inheritance or Business Succession, Go to Daiwa."



## AUM of Investment Trusts (excluding ETFs) (FY2005–FY2015)

(¥ trillion)



### Improvement of Asset Management Capabilities (Asset Management Division) Stock Investment Trusts

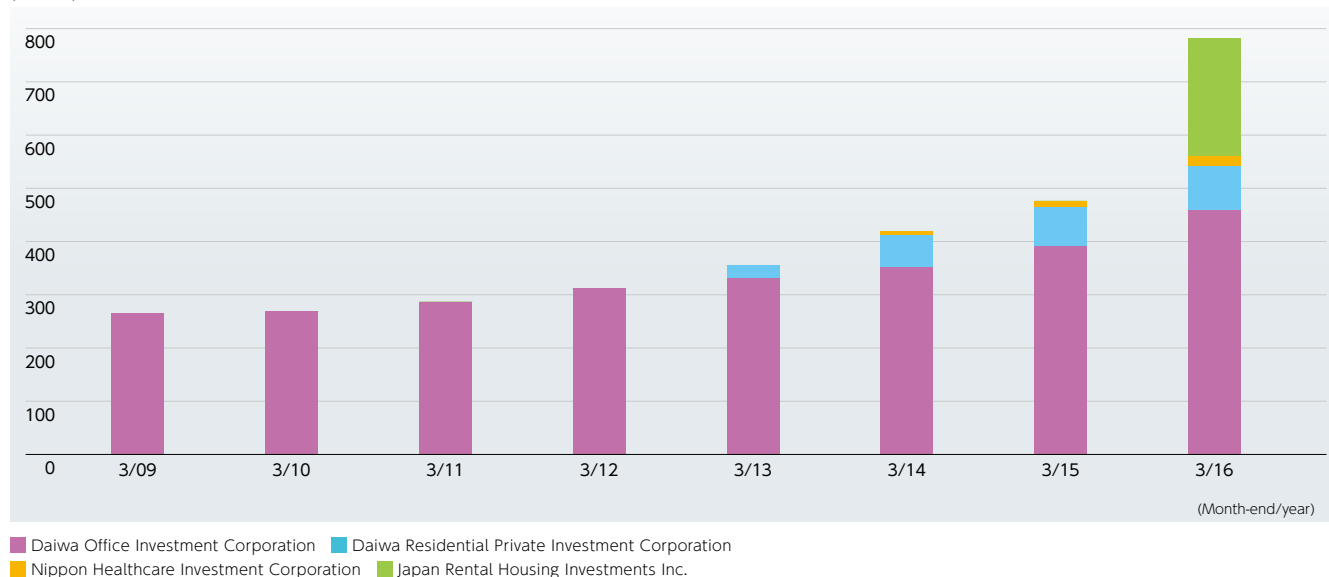
With regard to the asset management business, where we are focusing on the “expansion of asset-based stable revenue,” the total assets under management of publicly offered stock investment trusts of the Group’s two asset management companies (Daiwa Asset Management and Daiwa SB Investments) have decreased in the same way as those of other companies due to underlying market value factors, but the companies are maintaining their largest share in the industry. In addition, the combined net cash inflow from publicly offered stock investment trusts (excluding ETFs) for the two companies in FY2015 was more than ¥1.2 trillion, the highest in the industry.

For the latest initiative, The Boston Company Asset Management, LLC, which is praised for its advanced capabilities in the management of U.S. technology stock, and Daiwa Asset Management newly established their jointly managed Daiwa Global Fintech-Related Share Fund in April 2016. By strategically leveraging overseas management companies, Daiwa Asset Management will enhance its product development capabilities and will work to further increase its balance of assets under management by strengthening its support capabilities with regard to sales channels.



## AUM of the Real Estate Asset Management Business

(¥ billion)



### Improvement of Asset Management Capabilities (Asset Management Division) Real Estate Asset Management Business

In the real estate asset management business, from the perspective of investment for stable revenue base expansion, Mi-Casa Asset Management, the asset management company of J-REIT Japan Rental Housing Investments Inc., was converted into a consolidated subsidiary of the Group in December 2015. As a result, the total assets under management in the real estate management business as of the end of March 2016 totaled more than ¥780 billion.

In addition, as increased demand is anticipated for products that generate stable yields against the backdrop of a negative interest rate policy, we made IDI Infrastructures, a fund management company specializing in the infrastructure field, a subsidiary of our group in January 2016. This reflects our understanding that besides J-REITs, interest in infrastructure funds that are not easily affected by economic trends will grow in the future. Going forward, our policy will be to engage in asset management expansion in the high-growth real estate and infrastructure fields.

## FY2015 League Table

Equities			Debt (excl. family bonds)		
	FY2014	FY2015		FY2014	FY2015
POs	2 <sup>nd</sup>	2 <sup>nd</sup>	Straight bonds	3 <sup>rd</sup>	5 <sup>th</sup>
Domestic CBs	—	4 <sup>th</sup>	Agency bonds	5 <sup>th</sup>	4 <sup>th</sup>
Overseas CBs	2 <sup>nd</sup>	4 <sup>th</sup>	Municipal bonds	1 <sup>st</sup>	1 <sup>st</sup>
IPOs	5 <sup>th</sup>	3 <sup>rd</sup>	Samurai bonds	1 <sup>st</sup>	2 <sup>nd</sup>
REITs	4 <sup>th</sup>	4 <sup>th</sup>	RMBS	4 <sup>th</sup>	4 <sup>th</sup>

Source: Daiwa Securities Co. Ltd. (League table: based on settlement date)

## Provision of Solutions That Contribute to Improvement in Corporate Value (Wholesale Division)

In FY2015, the Wholesale Division's IB\*<sup>1</sup> business held on to its second place in public offerings (POs)\*<sup>2</sup> and improved its position in initial public offerings (IPOs)\*<sup>3</sup> in the league table by gaining symbolic projects, including large-scale equity offerings and global IPOs. Also, we increased our market share of REIT underwriting.

In the case of M&A, the Wholesale Division was able to work on several large-scale, cross-border deals. In addition, the effects of business alliances continue to emerge, such as the conclusion of its first project through cooperation on M&A with the Company's business alliance partner, Affin Hwang Investment Bank in Malaysia.

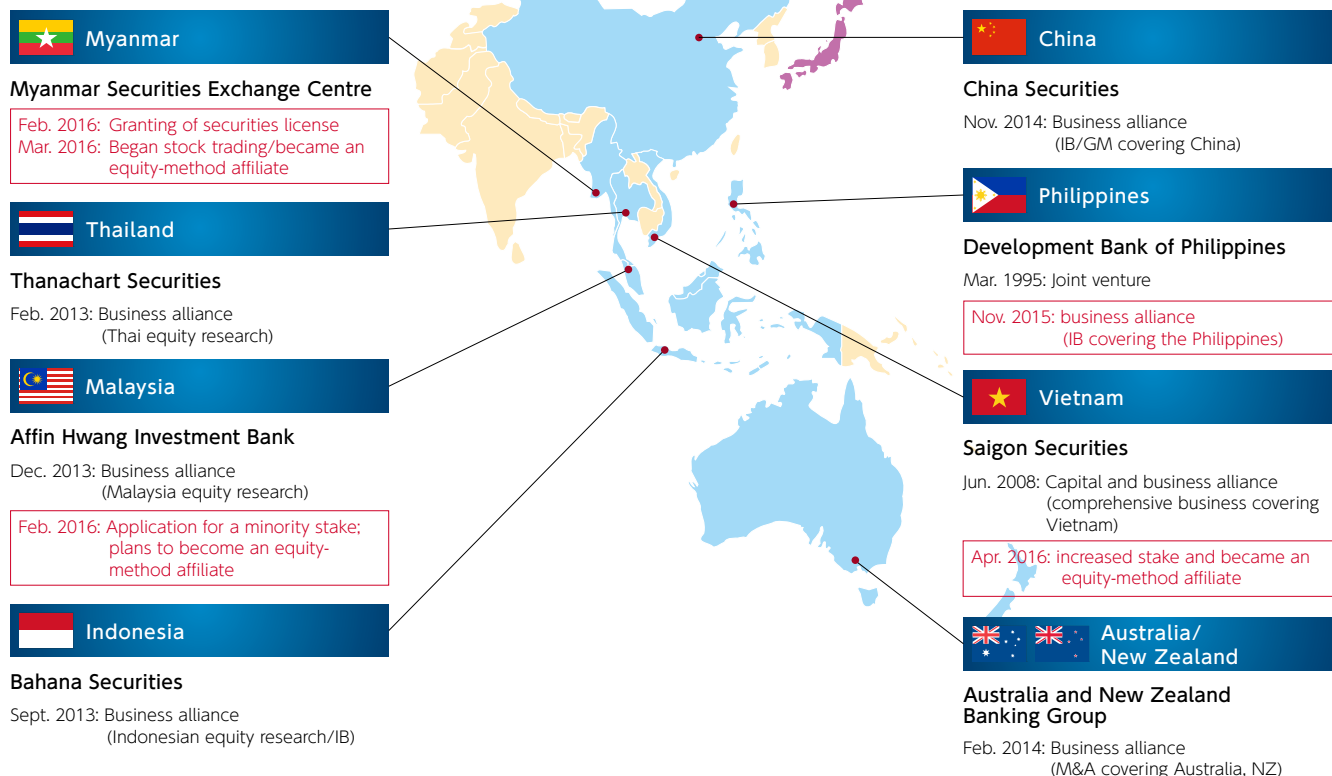
In addition to customer targeting and enhancing service quality, we will raise our presence to contribute to improvements in customer corporate value by providing a wide range of solutions, including M&A proposals through enhanced collaboration with overseas offices such as Daiwa Corporate Advisory (Europe) and Sagent Advisors (United States) and business alliance partners.

\*1 Investment Banking

\*2 PO: public offering - the offer and sale of an issue of securities including stocks and bonds to an unspecified number of investors.

\*3 IPO: initial public offering - the offer and sale of an initial issuance of securities to the general public.

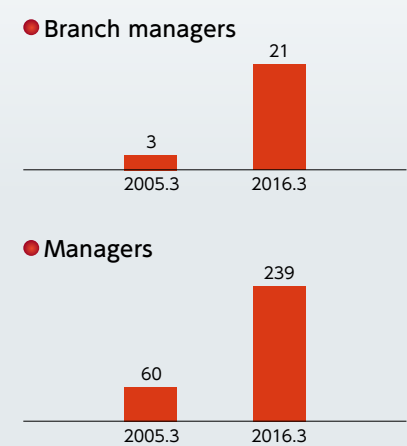
## Enhance the Business Network in Asia



## Overseas Business Alliance Strategy Focusing on Asia

As regards to our overseas alliance strategy, we will undertake constant reviews of such areas as shareholdings in companies, from the perspective of expanding our sources of revenue over the medium to long term in addition to looking to complement services provided in Japan. With regard to Saigon Securities in Vietnam, we converted the company to an equity-method affiliate by increasing our stake from approximately 10% to over 15%. In the case of Affin Hwang Investment Bank in Malaysia, agreement was reached on investment conditions and an application for a minority stake was submitted to the Central Bank of Malaysia in February 2016. These Vietnamese and Malaysian securities companies hold the top share of stockbroking in their respective securities markets. Going forward, we believe in the importance of accelerating the growth of our local alliance partners by supporting their businesses.

## Strengthen Organizational Capabilities

Supporting the Success of Young Employees	Supporting the Success of Female Employees	Supporting the Engagement of Veteran Employees									
<p><b>Enhance the Daiwa Basic Program</b></p> <ul style="list-style-type: none"> <li>● Clarify what needs to be mastered within the first two years after joining the Company.</li> <li>● Strengthen support for acquiring expert knowledge and skills.</li> <li>➤ Establish a base for becoming a securities business professional.</li> </ul>	<p><b>Increase in number of female branch managers and managers (Daiwa Securities)</b></p>  <table border="1"> <thead> <tr> <th>Category</th> <th>2005.3</th> <th>2016.3</th> </tr> </thead> <tbody> <tr> <td>Branch managers</td> <td>3</td> <td>21</td> </tr> <tr> <td>Managers</td> <td>60</td> <td>239</td> </tr> </tbody> </table>	Category	2005.3	2016.3	Branch managers	3	21	Managers	60	239	<p><b>License Certification System –Advanced Skill-building Program–</b></p> <ul style="list-style-type: none"> <li>● Established an incentive system to create a corporate culture in which employees are eager to continue growing as professionals regardless of age.</li> </ul> <p><b>Support system to manage both work and care for the elderly</b></p> <ul style="list-style-type: none"> <li>● Systems modified enabling employees to take family care leave multiple times.</li> <li>● Establish a paid leave system to help employees prepare for family care.</li> <li>➤ Establish an environment that enables employees to work actively without feeling anxious about the future.</li> </ul>
Category	2005.3	2016.3									
Branch managers	3	21									
Managers	60	239									

## HR Strategy

In order for Daiwa Securities Group to provide the industry's highest quality services, and become the customer's first choice securities group, we recognize that our most important management resource is our employees. On this understanding, we work to provide a better work environment that encourages all employees to remain highly motivated while they work, and we provide support especially for young employees, female employees, and veteran employees to take more active roles.

Daiwa Securities Group's personnel endeavors have earned recognition from outside agencies, having been jointly selected for two years in succession as a "Nadeshiko Brand" and "Health and Productivity Company" by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange, Inc. Since both of these selections are for companies that have maintained an average ROE over the preceding three years that exceeds the average level for their industry, we believe that the positive cycle of creating the Group's work environment and its performance were highly evaluated. In FY2016, in conjunction with raising the salary levels of all employees for the third year running, we will undertake increases in child allowance.

In the years ahead, we would like to ensure the execution of our business strategy and, by devising ways to improve employee motivation to improve productivity and customer services.



**Mikita Komatsu**

Senior Executive Managing Director and CFO  
Daiwa Securities Group Inc.

Amid global reforms in financial regulations, Daiwa Securities Group has adopted in stages the Basel III package of comprehensive regulatory reforms since the end of March 2013. Basel III can be broadly divided into regulatory capital and regulatory liquidity. Since FY2015, Daiwa Securities Group has disclosed its leverage ratio within the context of regulatory capital, as well as its liquidity coverage ratio (LCR) for regulatory liquidity. An indicator that complements the capital adequacy ratio that we have been disclosing for quite some time, the leverage ratio encourages financial institutions to refrain from taking on too much leverage, such as by excessively borrowing funds and issuing bonds. As of the end of March 2016, Daiwa Securities Group's leverage ratio was 5.99%, satisfying the Basel III requirement of at least 3%.

As a standard for LCR under Basel III, financial institutions are required to have enough liquidity to be able to continue operations for at least 30 days under very stressful conditions. Daiwa Securities Group performs stress tests on a daily basis and maintains a structure able to continue operations even if the Group were unable to procure uncollateralized funds for an entire year. LCR of at least 100% will be required under Basel III. In FY2015, the average month-end LCR for every quarter that Daiwa Securities Group disclosed surpassed this requirement. Daiwa Securities Group was designated a domestic systemically important bank (D-SIB) by the Financial Services Agency in December 2015. Beginning in 2016, Daiwa Securities Group has allocated capital to its D-SIBs buffer (i.e., additional qualifying capital requirements) in stages.

As of the end of March 2016, Daiwa Securities Group's regulatory capital under Basel III stood at ¥1.1 trillion in total qualifying capital, for a consolidated total capital ratio of 21.2% under Basel III. We believe this represents a healthy financial position that is ready for regulatory tightening in the future.

## Financial Base

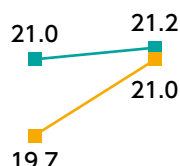
■ Total qualifying capital  
(¥ billion)

■ Consolidated common  
equity Tier 1 (¥ billion)



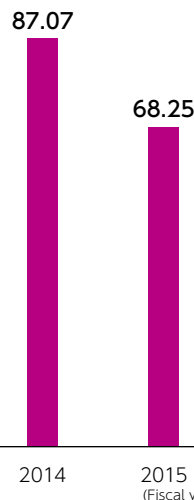
■ Consolidated total  
capital ratio (%)

■ Consolidated total  
capital ratio (%)



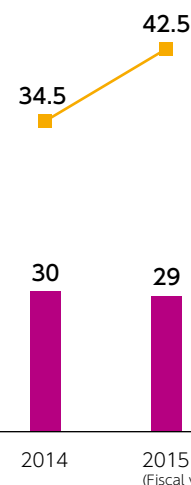
## Per Share Data

■ EPS (¥)



■ Cash dividends  
per share (¥)

■ Payout ratio (%)



Daiwa Securities Group aims to continuously enhance shareholder value, including the distribution of profits to shareholders. We changed our dividend policy in FY2015, raising our targeted dividend payout ratio from approximately 30% to 40%. We accordingly paid a dividend of ¥29 per share, resulting in a dividend payout ratio of 42.5% in FY2015. Daiwa Securities Group implemented a share buyback equivalent to 1.57% of shares outstanding (excluding treasury stock) in a bid to return profits to shareholders by increasing capital efficiency. This decision came after comprehensively taking into account business conditions, our financial situation, regulatory trends, and share price levels.

We intend to maintain an appropriate level of equity capital to ensure the required funds responding to tighter regulations are available for investments in future growth to enhance the business portfolio. It is also necessary to take a rigorous approach to ensuring liquidity, such as by adopting a more conservative stance. Aiming for sustainable growth, Daiwa Securities Group will continue to strike an optimal balance between maintaining financial soundness, improving capital efficiency, and strengthening shareholder returns.

小松 睦太

Mikita Komatsu

Senior Executive Managing Director and CFO  
Daiwa Securities Group Inc.

# Leveraging Top Quality to Lead the Shift from Savings to Investment

—Aiming to Become a Close Partner in Customers' Financial Lives

Daiwa Securities Group aims to be its customers' partner, managing their assets at various life stages. We believe that helping customers realize their life plans is the essence of our new retail business.

This special feature introduces various initiatives the Group is undertaking on the sales front as it engages in the wealth management business.

## *Feedback*

Sending Customer  
Questionnaires



## *Presentation*

Various Types of Seminars  
for Individual Investors



## *Consulting*

Inheritance Consultants and  
Inheritance Planners



## *Development*

Augmenting Investment Trust  
Proposal-Making Skills





# Sending Customer Questionnaires *Feedback*

Twice each year, Daiwa Securities Co. Ltd. sends out customer questionnaires to elicit customers' evaluations and opinions and determine their level of satisfaction. Questionnaire results are shared internally and reflected in its services.

We closely examine areas where customer satisfaction is low and conduct training to improve services. Sharing questionnaire results among branches and within Daiwa Securities enables improvements at the branch and working level. Customer questionnaires enable us to consider and implement improvements at the companywide level and undertake initiatives to enhance customer satisfaction on an ongoing basis.

## Sample Questionnaire Items

- ☒ Intention to invest and save, and people consulted
- ☒ Level of satisfaction with the service of sales staff
- ☒ Level of satisfaction with over-the-counter service
- ☒ Level of satisfaction with branch facilities
- ☒ Level of satisfaction with contact centers
- ☒ Level of satisfaction with online trading services
- ☒ Principal financial institutions used, and reasons for selecting these financial institutions
- ☒ Comprehensive satisfaction level with Daiwa Securities; likelihood of recommending the company to family or friends



## Process for Enhancing Customer Satisfaction



Sample Customer Questionnaires

Mail-based surveys of Daiwa Consulting course customers,  
Internet-based surveys of Daiwa Direct course customers

# Various Types of Seminars for Individual Investors *Presentation*



Daiwa Securities Co. Ltd. conducts a diverse variety of seminars at sales offices throughout Japan and via its website. In addition to providing information on Japanese and overseas markets on an ongoing basis, we provide information under such themes as NISA (Japan's Individual Savings Account) and inheritance.



Materials used in seminars



In FY2015, in addition to conventional seminars we held seminars targeting new investors and expanded our seminar offerings on the Daiwa Fund Wrap service, whose central thrust is wealth-management-based sales. During the year, we held a total of about 26,000 seminars at our head and branch offices throughout Japan. We also provided individual corporate briefings (IR events) through tie-ups with various companies.

Further, we are focusing on online seminars that can be viewed on PCs and mobile devices. In addition to disseminating market information on a daily basis, each month we hold live seminars where viewers can ask lecturers questions in real time. The live seminars are held from 8pm on the third Wednesday of every month, timed so that anyone working can attend them as well. In FY2015, these seminars were viewed by over 30,000 or more people.

## Examples of Seminars Held

Daiwa investment seminar

Daiwa NISA and junior NISA account system seminar

Seminar on Daiwa Fund Wrap services

Live Internet seminar



<http://www.daiwa.jp/seminar/>  
For seminar details, please refer to this website.

# Inheritance Consultants and Inheritance Planners

Daiwa Securities Group's initiatives in the inheritance-related business include increasing the number of Inheritance Consultants, who possess advanced expertise, and Inheritance Planners, who hold the company's internal certification. As of April 2016, Inheritance Consultants were in place at 46 sales branches. By FY2017, the final year of the Medium-Term Business Plan, we plan to expand this number to 100 locations. Furthermore, around 260 people are certified Inheritance Planners.

We conduct regular after-care training to enhance skill levels, ensuring that we are able to continue providing customers with a high level of services and in response to revisions in taxation and other regulations.



After-care training for Inheritance Consultants



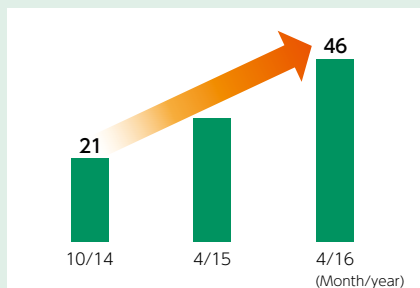
Training for Inheritance Planners



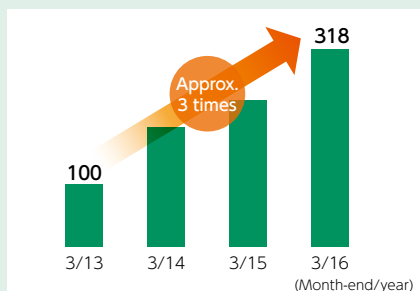
Inheritance Planner certification ceremony

## Inheritance-related Business Activities

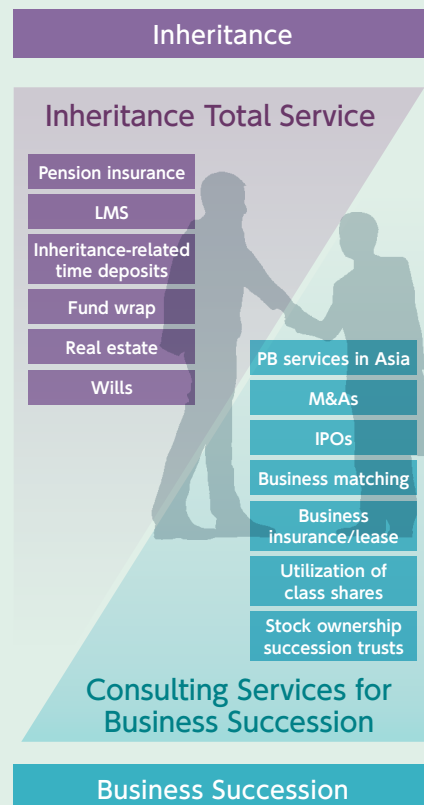
Number of Sales Branches with Inheritance Consultants



Cumulative Number of Applications for the Inheritance Total Service



Note: Mar. 2013 results are indexed as a base of 100



Responding to Business Succession Needs (FY2015)

### April 2015

- Established Business Succession Consulting Team within the Wealth Management Dept.

### June 2015

- Began joint seminars with Nihon M&A Center Inc.
- Placed business succession consultants at all sales branches nationwide

### July 2015

- Began private banking services in Asia

### January 2016

- Began offering stock ownership succession trusts

# Augmenting Investment Trust Proposal-Making Skills—Role-Playing Tournaments

The Group strives to create an environment in which all employees can continue working with high levels of motivation. To this end, we provide consistent support for young employees, female employees and veteran employees. Specifically, to aid young employees in their development, we have expanded the Daiwa Basic Program, a training system that lasts for the first two years of employment.

In addition to this training program, we hold role-playing competitions for young sales staff throughout Japan, in the aim of helping them hone their customer proposal-making skills. Through systematic development, we work to create an environment that renders us stronger as an organization and makes us the customer's first choice securities group.

## Overview of Role-Playing Tournament

### Purpose

Enhance the investment trust proposal-making skills of young sales staff and accelerate the speed of their growth

### Target

Sales staff in their first and second years



Semi-finals under way



In the final round

### ► STEP 3

In the final tournament, the semifinals and finals are held, and the first prize and several outstanding performance awards are determined.

3

Final round of the tournament

### ► STEP 2

Qualifiers are held for each regional group.

2

Group qualifiers

### ► STEP 1

Depending on the number of young sales staff, one to three new graduate sales staff from each branch are selected.

1

Selection of branch representatives





## Branch Visits by Top Management

### Visit to Usui Branch of Daiwa Securities Co. Ltd.

Daiwa Securities Co. Ltd. proactively creates opportunities for mutual dialogue between top management, including the chairman and president, and employees.



Daiwa Securities Co. Ltd. proactively creates opportunities for direct dialogue between the company's executives, including the chairman and president, and employees, thereby fostering the sense of working as a team throughout the Group and enhancing employee motivation. Specifically, in addition to communicating their messages via department manager meetings, internal corporate newsletters and internal broadcasts, executives physically visit branches throughout Japan.

In May 2016, President Hibino visited the Usui Branch and explained to branch employees that the objective of the negative interest rate policy was to achieve a portfolio rebalancing toward risk assets, and that this was a boon to the company, which handles a variety of products and services. He explained that the stock market being in a difficult phase offered an opportunity to provide top-quality consulting to customers. To achieve this, his encouraging message continued, it was important to continue studying and honing individual skills at every level.

The employees at the Usui Branch commented that the president himself communicated the management policy and felt that this was a valuable opportunity to express their opinions and to ask questions directly to the president. They noted that the visit encouraged them to improve themselves in response to various customer needs.

#### Usui Branch, Daiwa Securities Co. Ltd.

1-28-8, Oji-dai, Sakura-shi, Chiba 285-0837, Japan

☎ (81)-43-462-1009



## Strategies by Division

All divisions and Group companies in Japan and overseas work in concert to further strengthen collaboration in an effort to become the customer's first choice securities group.

### Retail Division

### Wholesale Division

### Asset Management Division



**Seiji Nakata**

Deputy President and COO  
Head of Retail  
Daiwa Securities Group Inc.



**Shinya Nishio**

Deputy President  
Head of Wholesale  
Daiwa Securities Group Inc.



**Nobuyuki Iwamoto**

Deputy President  
Head of Asset Management  
Daiwa Securities Group Inc.

# Retail Division

The Retail Division offers customers two courses of service to match differing investment needs, allowing Daiwa Securities to deliver a full lineup of products and services to customers. The Daiwa Consulting course offers hands-on service including high-value-added proposals and investment advice from sales staff, while the Daiwa Direct course offers superior flexibility and access to Daiwa services through the Internet, or contact centers.

## FY2015 Highlights

- Because of initiatives to expand client assets by promoting sales of fund wrap services and stock investment trusts with the aim of expanding stable sources of revenues, AUM in wrap accounts increased to about ¥1.5 trillion as of March 31, 2016,
- In the growing inheritance services market, we focused efforts on increasing the number of applications for Inheritance Total Service while making improvements in both personnel and services.

## Action Plan for FY2016

- 1 Provide consulting services befitting of a "best partner"
- 2 Expand the stable revenue base by developing and spreading competitive wrap account services and investment trusts
- 3 Further develop the combined securities-banking business model
- 4 Strengthen responses to the inheritance business
- 5 Acquire a new client base centered on inbound-type clients
- 6 Improve sales support functions through the use of AI\* and big data

\* Artificial Intelligence

## Initiatives and Performance in FY2015

In the Retail Division, Daiwa Securities Group concentrated its efforts on expanding client assets through sales of fund wrap services and stock investment trusts in a bid to expand sources of revenues, while enhancing inheritance support services.

As with FY2014, the division has continued to work on increasing the balance of client assets in Daiwa Fund Wrap, which allows customers to diversify their investment portfolios, in accordance with their individual investment plans, through a mixture of exclusive investment trusts. As a result, the balance of assets under management in wrap accounts\* expanded to about ¥1.5 trillion as of March 31, 2016.

In inheritance support services, we made enhancements on both the personnel and service fronts in order to provide highly specialized consulting services to clients with an even finer level of detail in accordance with their demands. On the personnel front, we optimized the assignment of Inheritance Consultants with advanced knowledge of inheritance-related matters, and on the service front, we focused efforts on increasing the number of applications for Inheritance Total Service that offers complete support for inheritance strategies and inheritance procedures.

As a banking agent for Daiwa Next Bank, Ltd. (balance of customer deposits as of March 31, 2016: circa ¥3.1 trillion), Daiwa Securities offers

yen-denominated and foreign currency-denominated deposit accounts, giving clients greater convenience and the ability to earn better interest rates on deposits via the Daiwa Securities branch office network. In March 2016, with the aim of improving convenience for foreign currency deposit accounts, Daiwa Securities Group began to offer the Daiwa Smart Deposit prepaid card, which can be used in more than 210 countries and regions, and the Foreign Currency Delivery Service that delivers foreign currency to the homes of customers.

In October 2015, Daiwa Securities merged with Daiwa Pension Consulting Co., Ltd. to enhance its life planning support services and management as well as its administration services for defined-benefit pensions. The latter are growing in importance as a means of accumulating assets for old age amid reforms to the national social security system due to declining birthrates and an increasing number of retirees.

To hasten the movement of funds from savings to investments and to expand its client base, Daiwa Securities Group proactively worked to increase the number of account holders in Japan's individual savings account (NISA) system, which began in January 2014, and the Junior NISA accounts that became available in January 2016.

\* Customers conclude discretionary investment management contracts with Daiwa Securities, under which the account managers at Daiwa Securities make portfolio decisions, place buy and sell orders, and manage the contracted assets on behalf of the customer in return for a management fee calculated on the basis of the total account balance.

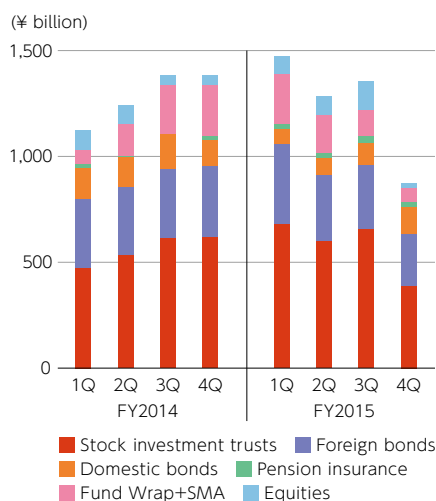


## Operational Data

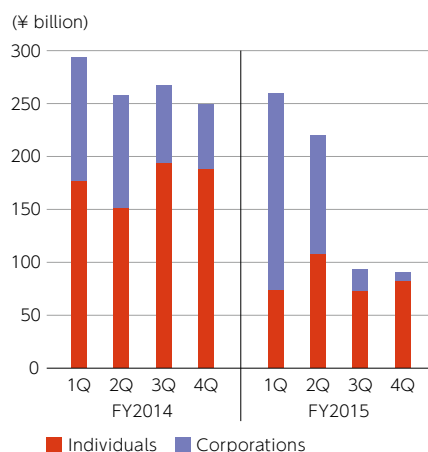
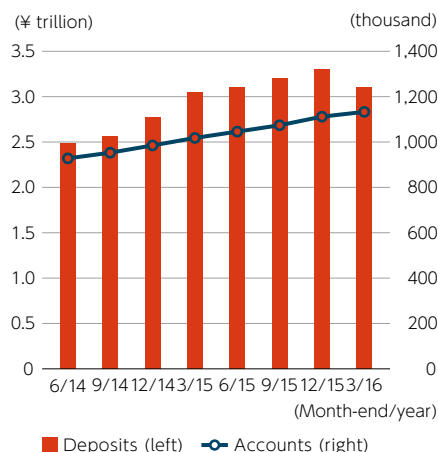
	Billions of yen (Except as otherwise specified)		
	FY2013	FY2014	FY2015
<b>Daiwa Securities</b>			
Customer assets*	48,471	54,678	51,000
Equities	26,971	32,574	30,119
Bonds	13,012	12,248	11,854
Investment trusts	7,326	8,590	7,764
Others	1,161	1,265	1,262
Sales of core products (Retail division)			
Stock investment trusts	2,428	2,236	2,317
Foreign bonds and others	1,469	1,306	1,243
Net inflow of retail assets (Retail division)	522	1,067	662
Individuals	255	707	335
Unlisted corporations, etc.	266	359	327
Cash Management Service (CMS) accounts* (thousands)	3,603	3,719	3,821
Online trading accounts* (thousands)	2,753	2,904	3,040

\* As of the end of each fiscal year

## Sales and Distribution Amount by Product Category (Daiwa Securities)



## Net Inflow of Assets (Daiwa Securities' Retail Division)

[Reference]  
Balance of Deposits and Number of Accounts at Daiwa Next Bank

## Empowering Women in the Retail Division

### Daiwa Securities' Kunitachi Branch

Daiwa Securities Group has systems that support employees as they experience various life events and has put in place a work environment conducive for those seeking a good balance between work and family life, such as female employees who are married and have children. Male employees can also take advantage of child support leave, and an increasing number of both male and female employees have chosen to strike a balance between their work and child-rearing responsibilities.

Daiwa Securities Group fairly evaluates the work performance of employees without regard to their gender. I was able to become a branch manager, having had the opportunity to experience the joys and satisfaction of being a salesperson. As the number of women in management positions has increased, female employees who are recent college graduates have many role models to look up to as they explore their career paths and make every effort to do their best at work.



**Kaori Matsushita**  
Kunitachi Branch Manager  
Daiwa Securities Co. Ltd.

# Wholesale Division

The Wholesale Division covers the Global Markets and Global Investment Banking operations. Under the Global Markets business, the division provides sales and trading services of equities, bonds, foreign exchange and derivative products to customers, mainly institutional investors and corporations, while providing financial products to the Retail Division. For the Global Investment Banking operations, the division offers underwriting services for equities and bonds, IPOs, and M&A advisory services.

## FY2015 Highlights

- Earnings in Global Markets operations remained steady as a result of tight-knit collaboration between the Retail Division and Wholesale Division to provide clients with products that addressed their needs in a timely manner.
- Collaboration among Group companies led to our involvement in many M&A deals both inside and outside Japan, including Mitsubishi Electric Corporation's acquisition of DeLclima S.p.A. in Italy.

## Action Plan for FY2016

- 1 Improve capabilities to supply products that accurately respond to customer needs
- 2 Promote a global strategy focused on Asia
- 3 Identify and develop next-generation growth companies and help them to raise capital for growth
- 4 Provide solutions in response to corporate globalization and M&A needs
- 5 Expand products and services under the new negative interest rate environment

## Initiatives and Performance in FY2015

In the Global Markets business, earnings were stable amid brisk activity on equity markets in the first half of FY2015, as we provided clients with products that addressed their needs in a timely manner, while coordinating efforts between the Retail and Wholesale divisions. Although global securities and financial markets have been quite volatile since August 2015, by taking flexible investment positions that precisely tracked changes in market conditions, we have been able to maintain steady trading revenues since FY2014.

In the Global Investment Banking business, Daiwa Securities managed major underwriting deals for Japanese companies, acting as the domestic joint lead manager for the IPOs\*<sup>1</sup> of the three companies in the Japan Post Group, the sole global coordinator\*<sup>2</sup> for a large-scale global equity offering by Rakuten, Inc., as well as the joint global coordinator for the global IPO of Dexerials Corporation. For overseas companies, Daiwa Securities acted as the joint global coordinator for the global IPO of Mirae Asset Life Insurance Co., Ltd. in South Korea.

In M&A advisory services, Daiwa Securities and Group company Daiwa Corporate Advisory in Europe collaborated to act as advisors to Mitsubishi Electric Corporation for its acquisition of DeLclima S.p.A. in Italy and participated in many other M&A deals with other Group companies.

To improve its presence in overseas markets likely to grow, Daiwa Securities agreed to invest in Affin Hwang Investment Bank Berhad of Malaysia in FY2015.

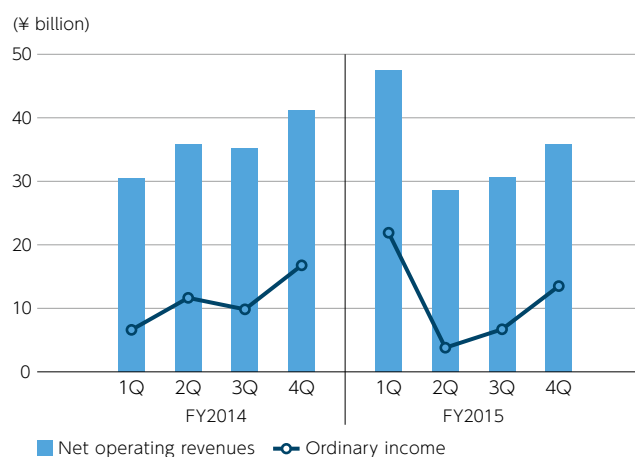
\*1 IPO (Initial Public Offering): The offer and sale of an initial issuance of securities to the general public.

\*2 The global coordinator is the lead manager that oversees all activities related to the primary and secondary offering of shares around the world.

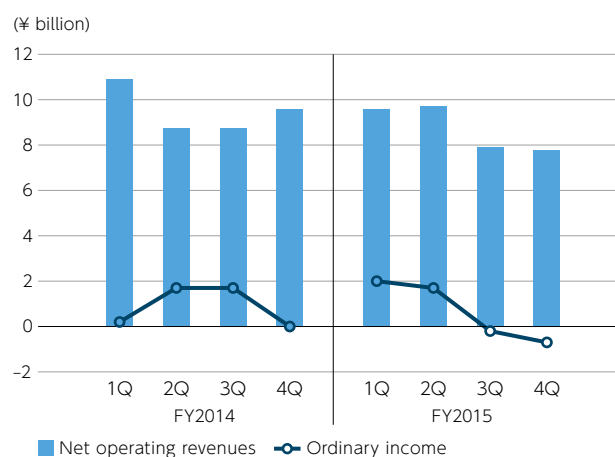
## Major Lead-Managed Deals and Publicly Announced M&A Advisory Activities in FY2015 (Including Participation as a Joint Bookrunner)

Primary and secondary equity offerings	Rakuten, Inc.	Global PO	¥189.8 billion
	Sony Corporation	Global PO	¥314.7 billion
	Sony Corporation	Domestic CB	¥120 billion (joint lead manager)
IPO	Three Japan Post Group companies	Global IPO	¥1,436.2 billion (total for three companies)
	Dexerials Corporation	Global IPO	¥86.5 billion
	Mirae Asset Life Insurance Co., Ltd. (South Korea)	Global IPO	340.5 billion Korean won
Bond	Softbank Group	Retail bond	Total of two issues: ¥470 billion
	Mitsui Sumitomo Insurance Co., Ltd.	SB (subordinated)	Total of two issues: total ¥150 billion
M&A	<ul style="list-style-type: none"> <li>■ Mitsubishi Electric Corporation's acquisition of DeLclima S.p.A.</li> <li>■ Merger between MITSUMI ELECTRIC CO., LTD. and MINEBEA CO., LTD.</li> <li>■ Sale by Brahim's Holdings (Malaysia) of its subsidiary</li> <li>■ Business alliance between SG HOLDINGS CO., LTD. and Hitachi Transport System, Ltd.</li> </ul>		

### Quarterly Earnings Trends Global Markets



### Global Investment Banking



## Empowering Women in the Wholesale Division

### Daiwa Capital Markets Australia Limited

When I was appointed to the position of the president of Daiwa Securities Capital Markets Australia Limited in October 2015, local business partners were surprised at first that a female employee in her 30s was put in charge of this local company. Daiwa Securities Group has taken a unique approach to training human resources, giving young employees opportunities to demonstrate their abilities.

Japan's Abenomics and promotion of women in the workplace have garnered attention overseas. I believe I must strive to live up to these expectations by taking advantage of this opportunity to be president of an overseas base. This is my third post overseas, and I have learned the importance of looking at Japan from the outside. I hope to take this valuable experience and use it for the benefit of our clients and the Group.



**Keiko Namba**

President  
Daiwa Capital Markets Australia Limited

# Asset Management Division

The Daiwa Securities Group's Asset Management Division consists mainly of the following companies: Daiwa Asset Management Co. Ltd. focuses on the establishment and management of investment trusts mainly for individual investors; Daiwa SB Investments Ltd. (an equity-method affiliate) has an established history of results and reliability in providing investment advisory services to pension funds and other institutional investors; and Daiwa Real Estate Asset Management Co. Ltd. manages assets for J-REITs, including Daiwa Office Investment Corporation (an equity-method affiliate).

## FY2015 Highlights

- At Daiwa Asset Management there was a net inflow of ¥1.4 trillion into its publicly offered stock investment trusts in FY2015.
- Daiwa Real Estate Asset Management's AUM in J-REITs expanded to circa ¥560 billion as of March 31, 2016.

## Action Plan for FY2016

- 1 Strengthen and improve management ability, and pursue excellence in performance
- 2 Develop products suitable for expanding the investor base and long-term asset building
- 3 Enhance products that meet customers' needs and strengthen support capabilities
- 4 Further execute and enforce fiduciary duty
- 5 Further strengthen the real estate asset management business

## Initiatives and Performance in FY2015

### Investment Trusts and Investment Advisory Services

Daiwa Asset Management and Daiwa SB Investments marketed products through a network of diverse distribution channels and strengthened their asset management capabilities to expand the balance of assets under management.

Daiwa Asset Management attracted a net inflow of ¥464.9 billion, mainly into exclusive Daiwa Fund Wrap funds through sales of publicly offered stock investment trusts (excluding ETFs) via Daiwa Securities.

Bank-related sales channels attracted a net inflow of ¥170.1 billion with firm sales of "Daiwa US-REIT Open." Daiwa Asset Management's publicly offered stock investment trusts brought in new cash flow of ¥1.4 trillion in FY2015, expanding assets under management to ¥10.8 trillion by the end of FY2015.

Daiwa SB Investments focused efforts on improving investment advisory skills for pension funds in Japan and overseas. The company's investment trust business, meanwhile, continued to see favorable demand for its series of "Preferred Securities Funds" that target investments in preferred securities, sold mainly through regional banks. The balance of net assets in this series totaled ¥320.6 billion at the end of FY2015.

### Real Estate Asset Management

Daiwa Office Investment Corporation, which is managed by Daiwa Real Estate Asset Management, conducted its first global public offering in June 2015 since changing sponsors in July 2009. Attracting demand from investors in Japan and overseas, the offering was oversubscribed. In February 2016, Daiwa Office Investment Corporation went on an investor relations roadshow in North America to deepen understanding of that REIT among its overseas institutional investors, which have increased in number.

In January 2014, Daiwa Real Estate Asset Management launched Nippon Healthcare Investment Corporation, Japan's first REIT specializing in healthcare facilities. Listed on the REIT section of the Tokyo Stock Exchange on November 5, 2014, Nippon Healthcare Investment Corporation conducted a primary and secondary offering in November 2015, and used these funds to acquire four properties for a total of ¥2.55 billion.

Daiwa Residential Private Investment Corporation, a private REIT, raised funds in September 2015 to acquire a property for about ¥2.8 billion, and again in March 2016 to acquire two properties for ¥2.9 billion. In total, for the three aforementioned REITs, Daiwa Real Estate

Asset Management's balance of assets under management expanded to roughly ¥560 billion as of March 31, 2016, as a result of continued property acquisitions.

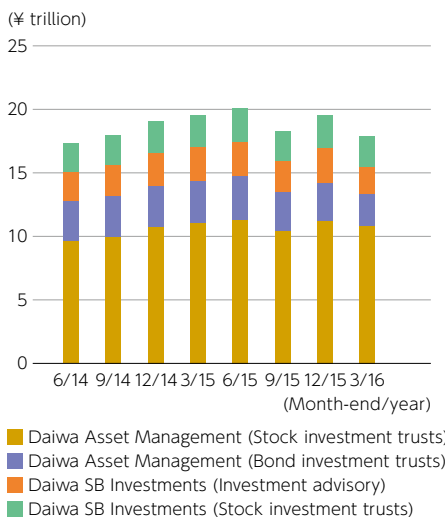
Moreover, Daiwa Real Estate Asset Management is involved in renewable energy power generation facilities (solar power) and logistics facilities.

In December 2015, Daiwa Securities Group acquired an additional stake in Mi-Casa Asset Management Inc., the asset management company of Japan Rental

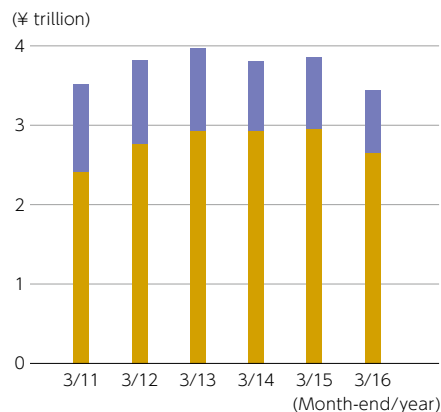
Housing Investments Inc., a listed REIT that specializes in housing, and turned it into a subsidiary.

As of March 31, 2016, Mi-Casa Asset Management Inc. had about ¥220 billion in assets under management. Combined with Daiwa Real Estate Asset Management, the balance of assets under management in the real estate asset management business expanded to approximately ¥780 billion.

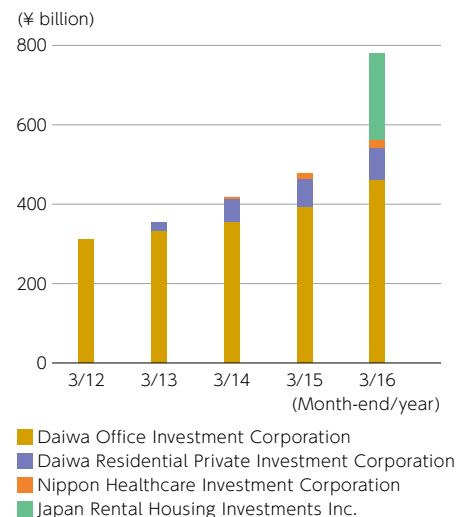
**Balance of Major Assets under Management at the Asset Management Division**



**Balance of Publicly Offered Stock Investment Trusts Sold through Bank-Related Sales Channels**



**Assets under Management of Real Estate AM Business**



## Empowering Women in the Asset Management Division

### Fund Promotion Department, Daiwa Asset Management Co. Ltd.

There are currently 26 female presenters in the Fund Promotion Department who specialize in supporting sales companies by giving more than 2,500 presentations every year. More specifically, these presenters work as lecturers at investor seminars sponsored by the sales companies, and as trainers for the employees of these sales companies. Employees who undergo training range from management class to sales novices, so the presenters come up with detailed lesson plans tailored to the skill levels of the trainees.

Most of the presenters are women who have marketing experience in the financial industry and are extremely knowledgeable on the global economy and market trends. The presenters do their best every day to pass on knowledge about financial products and market conditions in an easy-to-understand format, while furthering an understanding of the importance of investing.



Executive Presenter Sachie Akimoto (left)  
Executive Presenter Yuko Suzuki (right)  
Fund Promotion Department,  
Daiwa Asset Management Co. Ltd.



# Investment Division

The Investment Division of the Daiwa Securities Group encompasses primarily two companies: Daiwa Corporate Investment Co., Ltd., which makes investments through investment funds raised from third-party investors; and Daiwa PI Partners Co. Ltd., which uses the Group's own capital to make direct investments. Both companies invest in a wide range of targets, such as venture investments, domestic and overseas private equity investments, corporate loan investments, and energy investments.

## Action Plan for FY2016

- 1 Secure returns by strengthening investment ability
- 2 Execute investments linked to Group businesses through the utilization of principal funds
- 3 Support the sustained growth of companies and development of new industries through the provision of growth funds, etc.

## Initiatives and Performance in FY2015

### Daiwa Corporate Investment Co., Ltd.

In January 2016, Daiwa Corporate Investment established S.U.F. L.P. (with a total capital commitment of ¥1.0 billion) for the purpose of providing risk money to newly founded companies which aim to create new technologies and markets, and enhancing the corporate value of its portfolio. Daiwa Corporate Investment began supporting early-stage companies including startup companies with this establishment, and is providing a lineup of investment funds which target companies in all development stages along with other investment funds managed by Group companies.

Daiwa Corporate Investment promoted its investment activities by identifying and making investments in promising startup companies in various industrial sectors. Daiwa Corporate Investment looked toward maximizing capital gains from investments of its existing portfolio, and sought to secure capital gains through IPOs, etc. During FY2015, three portfolio companies have gone public in Japan.

Daiwa Corporate Investment nurtures new industries and enhances the corporate value of its portfolio by establishing investments funds, providing risk money and providing hands-on support to startup companies with a strong potential for growth. Daiwa Corporate Investment creates and activates new technologies and markets through its venture capital investments, and contributes to the sustainable development of society.

### Daiwa PI Partners Co. Ltd.

Daiwa PI Partners conducts private debt and equity investments targeting corporations both in Japan and overseas, particularly in Asia. It also invests in alternative energy-related businesses.

Private debt investments focus mainly on purchasing loan portfolios from regional banks and other financial institutions, while at the same time collecting existing loans in its own portfolio. This business also offers a variety of finance schemes, including the provision of loans secured by the investment units of J-REITs.

Daiwa PI Partners made private equity investments in three companies in Japan, including a new electrical power producer and supplier (PPS) and a silicon waste liquid recycling company in Taiwan.

Alternative energy-related investments include two large-scale solar power generation facilities that supply electric power, one in Ofunato City, Iwate Prefecture, and the other in Iwamizawa City, Hokkaido. As a new endeavor, Daiwa PI Partners invested in a biomass power generation project via a capital tie-up with Green Thermal Co., Ltd. and launched construction on the project in FY2016 in Yonezawa City, Yamagata Prefecture.

Daiwa PI Partners leverages the Daiwa Securities Group's network to support the sustainable growth of companies and the development of new industries by supplying growth capital, etc.

# Other

The Daiwa Securities Group's "Other" businesses include research and consulting activities, information systems and other support functions, which are overseen by the Daiwa Institute of Research Group, and banking operations, which are overseen by Daiwa Next Bank.

## Daiwa Institute of Research Group

### Action Plan for FY2016

- 1 Increase synergies by strengthening coordination with Group companies
- 2 Actively disseminate information centered on the economy, finance and the environment
- 3 Strengthen consulting capabilities in Japan and Asia
- 4 Provide highly competitive IT that contributes to customers' businesses

### Initiatives and Performance in FY2015

As part of its research operations, the Daiwa Institute of Research Ltd. (DIR) contributes toward raising the profile and enhancing the reputation of Daiwa Securities Group. Providing policy advice to the councils and committees of government agencies, DIR co-sponsors seminars with overseas research institutions and releases timely information about economic trends in Japan and overseas through a wide range of channels, including TV

programs, seminars, and publications. With regard to the consulting business, DIR focuses efforts on projects related to the Corporate Governance Code in Japan and, overseas, offers a diverse range of services, including project assistance for public institutions in Myanmar and other Asian countries.

The DIR Group's IT systems business has increased cost efficiency through ongoing efforts to expand offshore IT usage while participating in large-scale government-related IT system projects such as the integration of financial income taxation schemes. In Myanmar, DIR, the Myanma Economic Bank, and Japan Exchange Group, Inc. jointly established the Yangon Stock Exchange, which began trading operations on a securities exchange system developed by DIR. In March 2016, Dalian Hi-Think Computer Technology, Corp. (DHC) acquired a 74.9% stake in DIR XunHe Business Innovation (Hong Kong) Limited, which had been a wholly owned subsidiary of Daiwa Institute of Research Business Innovation Ltd. While strengthening ties with DHC, the IT systems business will focus efforts on further improving quality and productivity in offshore development.

## Daiwa Next Bank

### Action Plan for FY2016

- 1 Expand new customer segments
- 2 Promote customer transactions by strengthening securities-banking coordination (strengthen foreign currency-related businesses)
- 3 Strengthen ALM\* (pursue appropriate ALM under a negative interest rate environment)
- 4 Strengthen each management system

\* Asset Liability Management

### Initiatives and Performance in FY2015

Daiwa Next Bank's mission is to build the momentum "from savings to investment" by serving as the gateway that connects financial assets held by individuals, more than half of which are savings, to securities investment. In cooperation with Daiwa Securities, which serves as a

banking agent, Daiwa Next Bank introduced many promotional offers in FY2015, as it did in FY2014. At the end of FY2015, the bank established 1.13 million accounts, and the balance of total deposits (including CDs) reached ¥3.1 trillion.

In March 2016, Daiwa Next Bank began offering the overseas prepaid card Daiwa Smart Deposit and the Foreign Currency Delivery Service to enhance convenience for foreign currency account holders. Daiwa Next Bank will continuously improve the attractiveness of its foreign currency deposit products while strengthening its partnership with Daiwa Securities.

Daiwa Next Bank does not have any ATMs or branch offices, nor does it issue cash cards or passbooks. This low overhead operation helps to save operating costs, which allows the bank to offer customers more attractive interest rates.

\* For details on the number of deposit accounts and the total account balance, please refer to page 39.



# Myanmar's First Stock Exchange Opens

## Yangon Stock Exchange (YSX) Opens for Business

In Myanmar, where Daiwa Securities Group has supported the development of its capital market for many years, the nation's first stock exchange, the Yangon Stock Exchange, opened in December 2015, and trading began in March 2016.

In 1996, Daiwa Securities Group established the Myanmar Securities Exchange Centre Co., Ltd. (MSEC) as a joint venture between Daiwa Institute of Research and the Myanma Economic Bank, which is under the jurisdiction of the Myanmar Ministry of Finance. At the time, MSEC was the only approved securities company that engaged in securities operations under Myanmar's Special Company Act. Over the next 20 years, Daiwa Securities Group supported the formation of capital markets in Myanmar.

In 2012, the Central Bank of Myanmar, the Tokyo Stock Exchange (the predecessor to Japan Exchange Group) and Daiwa Institute of Research concluded a memorandum of understanding to "work jointly to establish a securities exchange and lend support to capital market development efforts," reinforcing support for the development of a genuine capital market in Myanmar. In 2014, the Financial Services Agency of Japan agreed to provide financial technology support to the Myanmar Ministry of Finance, laying the groundwork for cooperation between the government and the private sector. In December 2014, the Myanma Economic Bank, Japan Exchange Group and Daiwa Institute of Research held a signing ceremony for their agreement on the Yangon Stock Exchange, and officially opened the exchange in December 2015.

In October 2015, MSEC was notified by the Securities and Exchange Commission of Myanmar that it would receive a securities license as soon as administrative procedures were completed, and officially obtained its securities license on February 26, 2016. The first listing on the exchange was real estate company First Myanmar Investment Co., Ltd. (FMI), on March 25, 2016, marking the commencement of trading. The Yangon Stock Exchange plans to increase the number of listed companies in due course.

There are global expectations that the economy of Myanmar and its capital markets will develop at a faster pace. Along with the Japan Exchange Group, Daiwa Securities Group will continue to contribute to the development of capital markets in Myanmar by offering more enhanced financial services going forward.



### History of Yangon Stock Exchange

#### May 1996

Myanmar Securities Exchange Centre Co., Ltd. (MSEC) established as a joint venture between Daiwa Institute of Research and Myanma Economic Bank

#### May 2012

The Central Bank of Myanmar, the Tokyo Stock Exchange (the predecessor to Japan Exchange Group) and Daiwa Institute of Research conclude a memorandum of understanding to "work jointly to establish a securities exchange and lend support to capital market development efforts"

#### August 2012

The Policy Research Institute of the Ministry of Finance and the Central Bank of Myanmar reach an agreement on technical cooperation to develop capital markets

#### July 2013

Myanmar Securities and Exchange Act passed

#### January 2014

Financial Services Agency agrees to provide financial technical support to the Myanmar Ministry of Finance

#### August 2014

Securities and Exchange Commission of Myanmar inaugurated

#### December 2014

Signing ceremony for Yangon Stock Exchange Joint-Venture Co. Ltd.

#### December 2015

Yangon Stock Exchange opens  
MSEC obtains securities license

#### March 2016

Trading commences on Yangon Stock Exchange



Yangon Stock Exchange opening ceremony



President Takashi Hibino (left) and Dr. Maung Maung Thein (then Vice Minister of Finance) (right) give speeches



Dr. Maung Maung Thein (then Vice Minister of Finance) (left) with FMI Chairman Serge Pun (right)