

The 24th SAAJ Annual Conference

Opening Remarks

by

Kazutoshi Inano, Chairman of SAAJ

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As Chairman of SAAJ, I would like to thank all SAAJ members and guests who are here today.

SAAJ holds an annual conference every October to propagate the role of investment analysts to the public, encourage members to pursue continuing education, and to deepen exchange among members.

As you know, the world economy plunged into a serious financial crisis after the Lehman shock in September last year and which is said to be the worst in a century. It seems the worst scenario has been avoided thanks to tenacious efforts made by each country, but it remains a difficult task for the world, including Japan, to fully recover.

Bearing this in mind, SAAJ chose “To Overcome the Financial and Economic Crises” as the main theme. To make the conference more fruitful, it was expanded from half a day to a full day. In the morning session, two prominent speakers gave profound and very useful presentations regarding asset management in the current economic climate. The afternoon session offers more top-notch speakers followed by panel discussions.

Taking this opportunity, allow me to talk about SAAJ current situation and future plans. First, changes in the board were approved at the 20th August Extraordinary General Meeting followed by a Council Meeting. As already reported, I was newly appointed SAAJ Chairman, and Mr. Akiyoshi Oba and Mr. Tomio Arai were appointed Deputy Chairmen. The number of board members has been reduced from 40 to 26, in line with the reform of public interest corporations coming into force during the term of the new directors. The new board will make every effort to provide better services to members and to also promote the further development of the capital market. To this end I hope for your continuing support and cooperation.

Second, let me report on the membership. SAAJ now has approximately 23,700 members including 23,200 individual members and 510 corporate and associate members.

Unfortunately, however, reflecting the severe financial and economic situation, the number of correspondence course students is only growing at a sluggish pace and the growth tempo of membership is falling. There is no quick solution to improve the situation, but SAAJ has been making various promotion efforts challenging finance institutions and corporate executives to deepen their understanding of the role of investment analysts and their significance in the broad investment community. In other words, the key is to enhance the CMA brand. To this end, we consider it indispensable to expand the role of CMAs. In line with such recognition, SAAJ is pursuing various avenues, such as strengthening cooperation with universities by sponsoring lectures.

Third, it is essential that SAAJ enrich its educational programs. As you might know, CMA Level II correspondence courses were completely revamped last year. The new content is practical, interdisciplinary, and candidate friendly, but it is still true that some candidates find it difficult to study on their own. To remedy this, SAAJ is offering a classroom course aimed at helping CMA candidates and others become familiar with basic tools for quantitative analysis as well as the necessary mathematics. Moreover, we are planning to introduce a “Basic Portfolio Theory Course” in February and other ideas are in the pipeline. Also, we have been offering private banking seminars since 2007 covering asset management for high net-worth individuals. We believe this program will be not only well received by the public, but also useful in expanding the role of CMAs.

Fourth, we think it important to improve member services. In these tumultuous times, continuing education is more and more important. SAAJ holds more than 80 seminars and presentations every year and provides members with summaries on its website and also by mail. From next year we will newly implement the “SAAJ International Seminar” which will replace the joint seminars with CFA Institute, now discontinued after 21 years as per CFA Institute’s request. Our new seminar will offer much content in cooperation with European and Asian federations and associations of investment analysts.

Starting with this Annual Conference, we will newly offer a web-cast service for presentations so that members can enjoy and experience events whenever they want. As regards the Securities Analysts Journal, our editing team makes every effort to

enhance the content of articles, so as to attract as wide a readership. From the November issue, it will include articles relating to not only academic subjects and investment analysis, but also the economy and industry. For your reference, you can already view and download the Journal from the SAAJ website. Please take full advantage of these new services.

Another important issue for SAAJ is to improve services to members living outside Tokyo. To this end we have been trying to offer more seminars in local areas. From last year, to encourage members to study and communicate with each other, we initiated a “Regional Communication Network” system. A Kyushu Regional Communication Network has already been organized and members are actively holding study meetings, and a Tokai Regional Communication Network will start up in the near future. The thinking behind the web-cast service for presentations and Regional Communication Network is because we wish to reach members in remote areas.

Presentations by listed companies now total over 1,000 times annually, and since 2007, these are not only open to CMA members but also individual investors, a move which has been well received.

On the IT front, from March, our new core computer system became operational. SAAJ members can now easily apply to join seminars and company presentations, and update registered information such as address, e-mail address, etc. via the Internet. As I mentioned, the web-cast service is only available to Web members. For your convenience and for us to provide an efficient service, I would urge you to register for our new web system as soon as possible.

Fifth, SAAJ has various committees and study groups regarding topics relating to investment analysts. After incorporating members’ opinions through these committees/study groups, we actively disseminate our comments. Especially, our Corporate Accounting Committee has submitted many comments and opinions based on the viewpoints of investment analysts to domestic, foreign, and international bodies. The content of these drafts is available on our website.

Of note is that we are proactive in making known our opinions on Global Investment Performance Standards which are scheduled to be revised in 2010.

Then, in the area of corporate disclosure, we have “Corporate Disclosure Awards”, not to mention “SAAJ Journal Prizes” for prestigious articles. Kindly note there will be an award ceremony today from 5 pm.

Last, I would like to say a few words about the restructuring of public interest corporations and SAAJ's 50th anniversary. A new law governing public interest corporations became effective in December last year with five-year transitional measures. SAAJ has formed a working group and is studying whether it should remain a 'public interest corporation' or become an 'incorporated association', as well as considering the articles of incorporation and rules. After learning members' opinions, we will make known our position.

In the meantime, October 2012 will be SAAJ's 50th anniversary. Being such a historic milestone, there will be a special 50th anniversary conference and the publication of the history of SAAJ in a book. Not only that, but we will positively review the role of SAAJ. I would like to reiterate that all new projects and ideas I have mentioned will be at the forefront in the coming years.

People tend to be pessimistic and negative when times are tough but I am rather positive and dare to use the word 'dream'. We all have dreams in the capital market, for it is the place where not only corporations but also investors realize their dreams. I strongly hope that Japan's capital market will develop to the stage where more and more can see their dreams come true. There is no doubt that investment analysts play an important role in this endeavor. As leaders of the capital market and corporate evaluation, I expect our CMA members to comply with the rules of professional ethics and conduct and to continuously brush up their professional knowledge and skills. I would like to share my dream for the development of Japan's capital market. I would like to share pride as professionals. To this end, I pledge that SAAJ will make continuous efforts.

Last, but not the least, I would like to thank Mr. Kobayashi, Chairman of the Annual Conference Committee, and all committee members who have made such a great contribution to planning and organizing this annual conference.

Thank you.