

MITA SECURITIES CO., LTD.

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Annual Report **2016**
Corporate Profile **2017**

MITA SECURITIES CO., LTD.

MESSAGE FROM THE PRESIDENT & CEO

We remain committed to full disclosure of our information in order to strengthen the relationship and trust with our clients and business partners. We produced this Annual Report 2016/ Corporate Profile 2017 to inform you of our business results, financial status, and business summary.



During the preceding fiscal year, UK decided to leave the European Union following the June referendum vote, and Mr. Donald Trump won the US presidential election in November. These incidents were surely huge surprises. The stock prices fell and JPY appreciated in the stock market and the foreign exchange market respectively due to Brexit, and these were followed by rises in the stock price and JPY depreciation after the Mr. Trump’s victory in autumn. The Japanese market was kept swayed by these external factors. Moreover, FRB raised its key interest rate in March for the first time in one year. It was the message to end the super easy monetary policy implemented since Lehman Crisis, and the long-lasting bull bond market finally showing a sign of market reversal.

In such environment, we achieved the best business result in the last 20 years thanks mostly to the strong proprietary trading business. Among this, we had an outstanding performance for trade of the stock purchase warrant, and the dealing business was also in good condition. The bond trading business which started from the last fiscal year was also going smoothly. Based on the above, the profit of our proprietary trading business doubled compared with the previous year. Since the criminal charges of conducting fraudulent means with regard to the medical accounts receivable securitized bonds with a number of victims defrauded by those fraudulent companies came to light, the number of unscrupulous or illegal business players decreased. After that, our purchase business of medical accounts receivable securitized bonds (factoring), for which our customers were once taken away by those unprincipled companies, has recovered. As for our TOB agent services, we served 4 TOB deals as their TOB agent, and this has totaled up to 19 deals since our start with this service. In addition, while we are the only one Japanese financial institution which provides US mortgage loan services, we securitized some of our loans and formed JPY-denominated collateral securities backed by loans (CLO - Collateralized Loan Obligation) three times last year. With the current negative interest rate policy in Japan, we are grateful that we could make our clients happy with this high yield JPY bonds. As for the real estate services, we launched the No.2 Kyomachiya (townhouses in Kyoto) Reconstruction Fund utilizing Real Estate Specified Joint Enterprise Act. We renovated and tried to raise the value of Kyomachiya in Kyoto in order to maintain the traditional views of Kyoto which is a worldwide sightseeing city, and this project was highly supported by our investors from the standpoint of SRI (Socially Responsible Investment). The above-mentioned CLO and Kyomachiya Reconstruction Fund are our unique financial products, and we continuously aim to provide these types of products for our clients.

As the result of our business activities, our net operating income exceeded JPY 4 billion, and the ordinary profit was JPY 1.42 billion, and the net income reached JPY 860 million.

The brokerage commissions were deregulated in 1998, and the price competition for the brokerage commissions got accelerated in the security industry. At that time, most of our income came from the brokerage commissions, so that we made a quick move to shift our business models and have embarked various new services since then. As a result, we were successful in creating diversified and unique services and financial products, and the diversification of income sources has contributed to our stable financial results. It is inevitable for us to have the courage and the commitment in order to try new things, and we cannot help consuming huge amount of energy for that. However, it also makes us feel grateful when we could reach our clients’ needs. We can come up with new services or ideas of products when we listen to our clients’ talks. We keep standing firm in thorough bottom-up approach and continue exciting challenges.

We are deeply thankful for our customers. We wouldn’t have been able to keep running until today without our customers’ warm supports. We would like to express our deep appreciation to our clients and business partners, and we look forward to your continued patronage and support for us in the future.



Kunihiro Mita
President & CEO
MITA SECURITIES Co., Ltd.



Financial Summary of FY2016 (Income Statement)

Commission

The total commissions were ¥277,008K (81.4% YoY). The brokerage commissions decreased to ¥115,631K (65.4% YoY) due to the market slowdown continued until last November. The performance of the hedge funds was sluggish and the sales of the investment funds declined, so that the subscription commissions decreased to ¥71,124K (79.6% YoY). As the total asset of investment funds for our clients grew at a slow pace, the other commissions only slightly increased to ¥73,894K (100.6% YoY)

Trading Profit

We had the excellent trading profit and it reached ¥3,005,724K (201.4% YoY). Under the severe market condition, our dealing division had a good result and we also acquired a huge income from the stock warrant trading. The stock trading profit reached ¥2,802,552K (192.5% YoY). We also started the full-fledged bond trading, and its profit expanded substantially and reached ¥204,673K (767.2% YoY).

Financial Revenue

The financial revenue declined to ¥648,888K (89.3% YoY). This was influenced by the decrease in the balance of margin transactions, although the loans backed by securities slightly increased.

Other Operating Revenues

The other operating revenue was ¥358,678K (101.6% YoY). We served four TOB deals as their TOB agent and could accumulate our business experiences. The profit of factoring increased due to the recovery of factoring services.

Financial Expenses

The financial expenses declined to ¥150,590K (78.9% YoY). This was due to the better conditions for our bank loans and the decrease in the balance of margin transactions.

As a result, the net operating income was ¥4,139,708K (152.1% YoY).

Selling, general and administrative expenses

The selling, general and administrative expenses reached ¥2,720,381K (129.4% YoY). Due to our good business result, the provision of bonuses which are performance-based increased. This influenced the increase of the personnel expenses which were ¥1,750,837K (115.7% YoY)

As a result, the operating profit reached ¥1,419,327K (229.2% YoY), the ordinary profit was ¥1,422,312K (224.5% YoY), the income before income taxes was ¥1,435,609K (222.1% YoY), and the net income was ¥861,561K (114.8% YoY).

Income Statement (April 1, 2016 through March 31, 2017)

(Unit: Thousands of Yen)

Accounts	Amounts	
Operating Revenue		4,290,299
Commissions		277,008
Brokerage	115,631	
Underwriting/Solicitations for sales to specified	16,357	
Subscription/Distribution	71,124	
Others	73,894	
Trading profit		3,005,724
Financial revenue		648,888
Other operating revenue		358,678
Financial Expenses		150,590
Net Operating Income		4,139,708
Selling, General and Administrative Expenses		2,720,381
Business related expenses	328,459	
Personnel expenses	1,750,837	
Real estate related expenses	35,288	
Office expenses	457,947	
Depreciation expenses	30,329	
Tax and dues	94,060	
Others	23,456	
Operating Profit		1,419,327
Non-operating income		20,276
Non-operating expenses		17,292
Ordinary Profit		1,422,312
Extraordinary profit		13,776
Extraordinary Loss		479
Income Before Income Taxes		1,435,609
Income taxes		367,379
Income taxes adjustment		206,668
Net Income		861,561

Note: Fractions less than one thousand yen have been omitted.

Financial Summary of FY2016 (Balance Sheets)

Current Assets

The total current assets reached ¥20,360,287K (100.6% YoY). The main changes from the previous year are as follows.

- Trading products substantially increased to ¥1,344,058K (506.0% YoY) due to the rise not only in the balance of our own securitized products, hedge funds, and foreign bonds, but also in the balance in our dealing division at the end of fiscal year.
- Assets for margin transactions decreased to ¥5,657,218K (71.1% YoY) due to the decrease in the margin transactions.
- Accounts receivable-monetary claims substantially increased to ¥836,748K (607.2% YoY) due to the recovery of factoring services.
- Deferred tax assets decreased to ¥204,215K (49.7% YoY) as we reversed it for some portion.

Fixed Assets

The total fixed assets reached ¥1,495,419K (258.1% YoY). According to our capital policy, we lent money to a family of a company owner in order for them to purchase stocks. Therefore Long-term loans receivable became ¥711,882K (1,100% YoY), and it influenced on the number of the total fixed assets.

Current Liabilities

The total current liabilities were ¥16,008,349K (101.8% YoY). The main changes from the previous year are as follows.

- Trading products substantially expanded to ¥678,689K (3,010% YoY) due to the huge increase in the balance of our dealing division at the end of fiscal year.
- Debts for margin transactions decreased to ¥4,071,113K (67.2% YoY) due to the decline of margin transactions.
- Due to the recovery of factoring services, accounts payable-monetary claims for subordinated money which is a residual amount to be paid to clients became ¥46,574K (491.7% YoY).
- Income taxes payable and provision for bonuses increased due to our good business result.

Fixed Liabilities

The total fixed liabilities reached ¥76,318K (106.5% YoY). There is no major change from the previous year.

Net Assets

The total net assets reached ¥5,757,642K (114.8% YoY). This is due to the increase in retained earnings with our good business result. Our net asset amount achieved the best record since our foundation in 1949.

According to the above results, the total assets reached ¥21,855,706K (105.0% YoY), and the capital adequacy ratio was 277.8%. (341.6% at the end of last fiscal year)

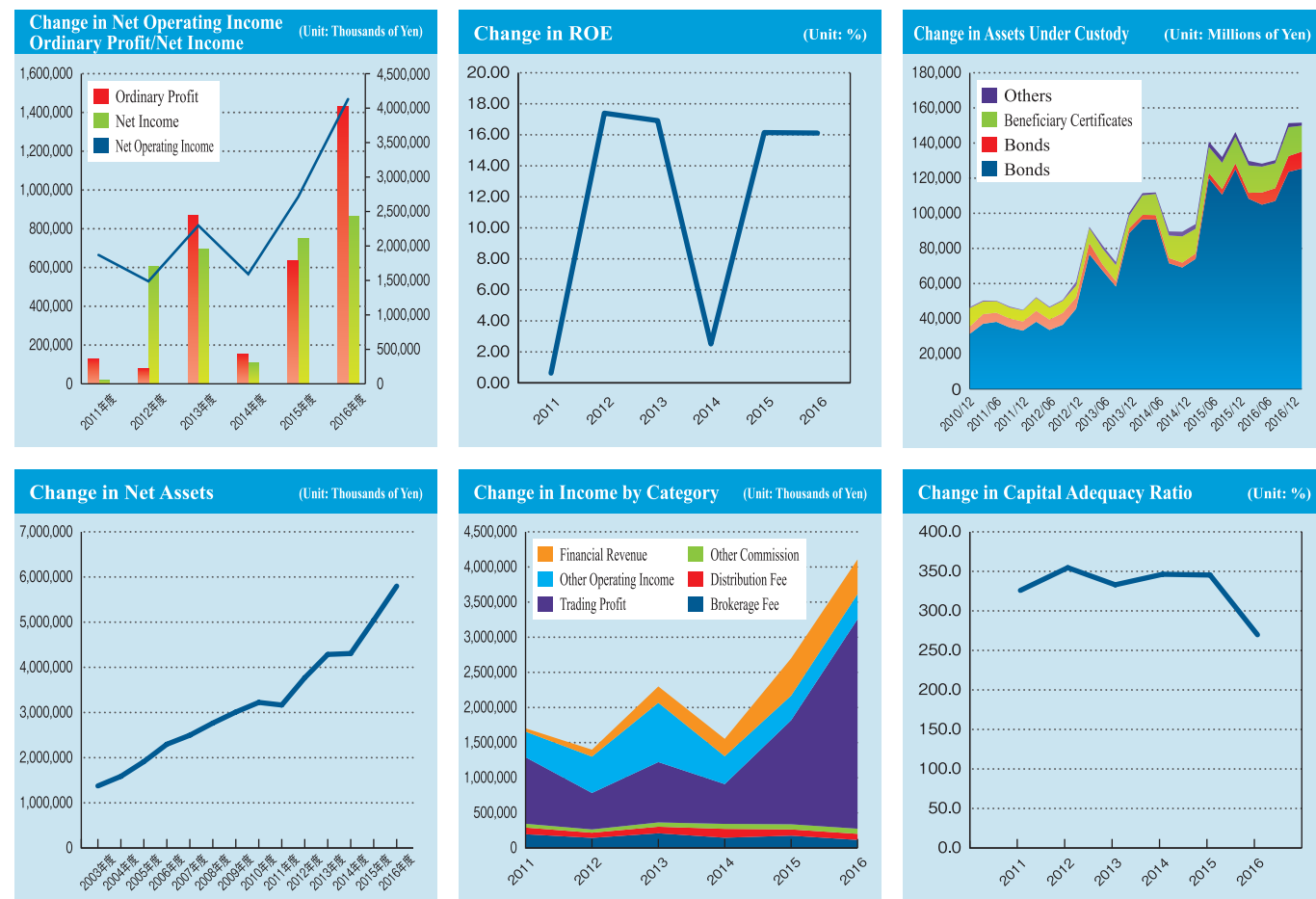
Balance Sheets (For the year ended on March 31, 2017)

(Unit: Thousands of Yen)

Assets		Liabilities	
Accounts	Amounts	Accounts	Amounts
Current Assets	20,360,287	Current Liabilities	16,008,349
Cash and deposits	1,594,734	Trading products	678,689
Segregated cash and deposits	2,040,000	Trade date accrual	489,414
Trading products	1,344,058	Liabilities for margin transactions	4,071,113
Assets for margin transactions	5,657,218	(Borrowings on margin transactions)	(3,362,255)
(Loans on margin transactions)	(4,083,303)	(Cash received for securities lending on margin transactions)	(708,858)
(Cash collateral pledged for securities borrowing on margin transactions)	(1,573,915)	Deposits received	1,478,151
Short-term guarantee deposits	1,724,323	Guarantee deposits received	1,039,701
Short-term loans receivable	6,881,057	Short-term debts	6,040,000
Accounts receivable-monetary claims	836,748	Accounts payable-monetary claims	46,574
Deferred tax assets	204,215	Income taxes payable	311,257
Other current assets	93,673	Provision for bonuses	334,857
Allowance for doubtful accounts	△15,742	Provision for directors' bonuses	90,000
		Other current liabilities	1,428,590
Noncurrent Assets	1,495,419	Noncurrent Liabilities	76,318
Tangible fixed assets	80,098	Deferred tax liabilities	47,016
(Buildings)	(69,636)	Provision for retirement benefits	17,302
(Furniture and fixtures)	(9,819)	Other noncurrent liabilities	12,000
(Vehicles)	(641)		
Intangible fixed assets	10,608	Reserves Under the Special Laws	13,395
Investments and other assets	1,404,712	Reserve for financial products transaction liabilities	13,395
(Investment securities)	(185,921)		
(Investments in capital of subsidiaries and affiliates)	(424,113)	Total Liabilities	16,098,064
(Investments in capital)	(3,630)	Net Assets	
(Long-term loans receivable)	(711,882)	Shareholders' Equity	5,757,642
(Long-term guarantee deposits)	(41,767)	Capital stock	500,000
(Other investments)	(110,811)	Retained earnings	5,488,128
(Allowance for doubtful accounts)	(△73,414)	(Legal retained earnings)	(78,534)
		(Other retained earnings)	(5,409,594)
		Treasury stock	△230,486
		Total Net Assets	5,757,642
Total Assets	21,855,706	Total Liabilities and Net Assets	21,855,706

Note: Fractions less than one thousand yen have been omitted.

Financial Highlights



Company Executives (From June 2016 to June 2017)



Kunihiro Mita / President & CEO

1994 Graduated from the Faculty of Law at Sophia University
1994 Joined Nikko Securities (current SMBC Nikko Securities)
1998 Joined Mita Securities
2001 President & CEO of the Company



Yuji Nakao / Senior Managing Director

1982 Graduated from the Faculty of Economics at Saga University
1982 Joined Yamaichi Securities
1998 Joined Merrill Lynch Japan Securities (currently Bank of America Merrill Lynch Securities)
2002 Joined DLJ Direct SFG Securities (currently Rakuten Securities)
2004 Joined Mizuho Securities
2008 Joined Mita Securities
2012 Executive Director of the Company



Tatehito Kadokura / Executive Managing Director

1991 Graduated from the Faculty of Economics at Chuo University
1991 Joined Nikko Securities (currently SMBC Nikko Securities)
2002 Joined Japan Global Securities (currently Naito Securities)
2004 Joined Mita Securities
2009 Managing Director of the Company



Tsukasa Nakamoto / Operating Officer

1998 Graduated from the Faculty of Computer Science at University of California
1998 Joined Atsugi Information System
2002 Joined United World Securities
2004 Joined Societe General Securities
2005 Joined Mita Securities
2017 Managing Director of the Company



David Atkinson / Outside Director

1987 Graduated from the Faculty of Japanese Language at Oxford University
1987 Joined Andersen Consulting
1990 Joined Solomon Brothers Securities
1992 Joined Goldman Sachs
1998 Managing Director of Goldman Sachs
2006 Partner of Goldman Sachs
2007 Resigned from Goldman Sachs
2009 Joined Konishi Decorative Arts & Crafts as Executive Director
2010 Chairman of Konishi Decorative Arts & Crafts
2011 President & Chairman of Konishi Decorative Arts & Crafts
2014 President of Konishi Decorative Arts & Crafts



Yoshinobu Fujimoto / Company Auditor

1989 Graduated from the Faculty of Law at Waseda University
1991 Registered with the Second Tokyo Bar Association
1991 Joined Asahi Koma Law Office (currently Nishimura & Asahi LPC)
1995 Graduated from University of Chicago Law School (LL.M.)
1996 Registered with the NY state Bar Association
2008 Company auditor of Mita Securities
(Currently he is Partner of Nishimura & Asahi LPC.)



Yukihiro Shimizu / Company Auditor

1995 Graduated from the Faculty of Engineering at Hokkaido University
1995 Joined Hokkaido Takushoku Bank
1998 Joined IBJ Securities (currently Mizuho Securities)
2000 Joined Nikko Solomon Smith Barney (currently City Group Securities)
2005 Joined Livedoor
2006 Vice President of Livedoor
Chairman of Kazaka Securities (currently Naito Securities)
President of Kazaka Financial Group
Executive Director of Cecile
Executive Director of Media Exchange
2008 Joined Mita Securities as Executive Director
2013 Company auditor of the Company



Tadashi Chaki / Operating Officer

1992 Graduated from the Faculty of Commerce at Waseda University
1992 Joined Nomura Securities
2008 Joined Mita Securities



Tatsuya Otsuki / Operating Officer

1991 Graduated from the Faculty of Business at Doshisha University
1991 Joined Fuji Bank (currently Mizuho Bank)
2000 Joined HSBC
2005 Joined Deutsche Bank
2006 Joined Capital Partners Securities
2016 Joined Mita Securities



Yoshiki Iida / Operating Officer

2003 Graduated from the Faculty of Business at Toyo University
2003 Joined Okasan Securities
2006 Joined Japan M&A Management
2007 Joined Mita Securities



Keisuke Tomoyori / Operating Officer

2002 Graduated from the Faculty of Economics at Musashi University
2006 Joined Nikko Cordial Securities
2009 Joined Mita Securities



Kenzo Sugiyama / Operating Officer

1994 Graduated from the Faculty of Horticulture at Chiba University
1994 Joined Yuraku Real Estate (currently Taisei-Yuraku Real Estate Sales)
2003 Joined Nomura Real Estate Development
2009 Joined Tokai Tokyo Securities
2015 Joined Mita Securities



Nobuhiro Miyashita / Operating Officer

1991 Graduated from the Faculty of Economics at Keio University
1991 Joined Toyo Trust and Banking (currently Mitsubishi UFJ Trust and Banking)
1998 Joined Metroinstech
2005 Joined Handson Create
2008 Executive Director of the above company
2008 Joined Unimat
2009 Vice President of Unimat
2010 Joined Mita Securities



Kiyoshi Hayashi / Operating Officer

1989 Graduated from the Faculty of Literature at Doshisha University
1989 Joined Nikko Securities (currently SMBC Nikko Securities)
2005 Joined Rakuten Securities
2011 Joined SBI Securities
2015 Joined Mita Securities

Mission / Business Principles

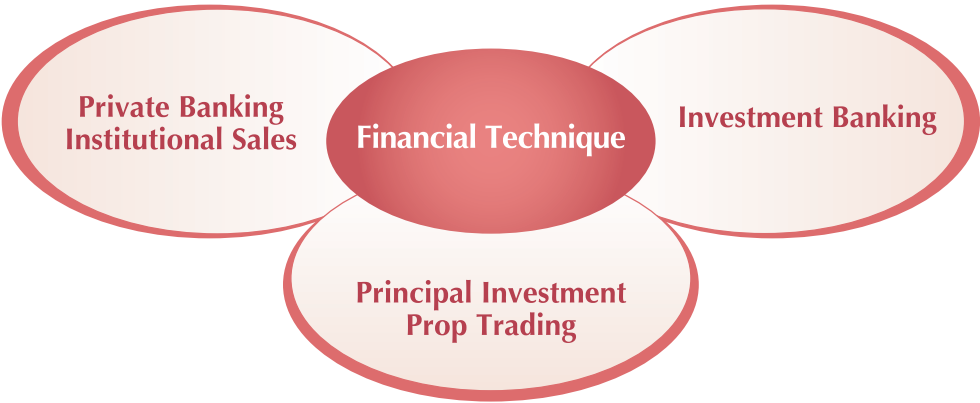
Mission

- » **Sincere** — Our Company’s officers and employees act faithfully for our clients, business partners, laws and ordinances, and shareholders.
- » **Soft&Service** — Our Company’s officers and employees provide high-value added businesses with our original business knowhow and the best services.
- » **Small, Slim&Speedy** — Our Company carries out speedy decision-making with our compact and lean organization.

All of the executives and employees share the concept of “ Six S ” as the fundamental principles, make the best effort to achieve our client’s goals through the securities business, and furthermore, contribute to develop the sound Japanese economy.

Business Principles

Client Focus	Listen to our clients We can find the best solutions eventually if we fully understand the essence of our clients’ problems.
Win-Win	Conduct businesses by which we can build a win-win relationship with every one of our clients, business partners, officers and employees, and shareholders Only businesses which make every member engaged in projects happy can last longer.
Reputation	Seek businesses which enhance our reputation Reputation can be enhanced by our efforts with a proper attitude toward businesses.
ROE	Achieve high profit by effective resource allocation We manage our company with higher ROEs, enhance capital stock, and build a sound financial base.
Compliance	Place importance on compliance Management focusing on compliance is required naturally within this free market in principle.
Teamwork	Set a high value on teamwork We can provide the more appropriate business solution for our clients if our team can gain power by respecting each other’s individuality among the team members.
Adaptability, Creativity	Cherish adaptability and creativity Personnel with high productivity can absorb the constantly changing trends of society and anticipate the future.
Commitment	Deal with our services with absolute responsibility Businesses without responsibility give troubles to various people including our clients, business partners, and his/her own team members.



Main Business Achievements after April, 2016

- We purchased the 27th and the 28th AnGes Mg, Inc.’s warrants, exercised them, and supported for their JPY 5 billions’ fund raising.
- We securitized the US mortgage loans three times.
- We served as the TOB agent for (unlisted) Sanyo Electronic Industries’ tender offer for shares of Eta Electric Industry (company required for continuous disclosure).
- We served as the TOB agent for individual investor’s tender offer for shares of O-uccino, Inc. (listed in TSE Mothers)
- We served as the TOB agent for individual investor’s tender offer for shares of Minnano Wedding Co., Ltd. (listed in TSE Mothers)
- We served as the TOB agent for individual investor’s tender offer for shares of Solekia Ltd. (listed in JASDAQ)
- We launched the No.2 Kyomachiya Reconstruction Fund utilizing Real Estate Specified Joint Enterprise Act, to aim at the restoration of Kyomachiya.

Special Features of Mita Securities

We continue to achieve positive net income for 14 consecutive terms.

We are constructing the unique business models in consideration of differentiation from other financial institutions, and accumulating our own know-how and achievements.

Our main services are diversified into various businesses, such as private banking, investment banking, dealing business, bond services, real estate services, and money lending business. Our lineup of products and services has been steadily growing.

This differentiation strategy and the diversification of income sources have made our earning structure stable and robust, regardless of market volatility. As a result, we have been continuously achieving positive income since we shifted our business models in 2003.

With our stable earning power, we have been able to investing money for new businesses and to recruit excellent personnel. We aim at further differentiation from other financial institutions, while we continue to make stable earnings.

Fiduciary Duty

We have been posting a word of “Fiduciary Duty” in our yearly management plan since FY2003 and share this word among all our employees, as we always believe it is our crucial responsibility as professionals in a security firm to take care of our clients faithfully.

For instance, our professionals in the wealth management department never deal with churning, which has been blamed in the security industry, for our clients. We recommend our clients for mid-long term investments, and as a result, the asset turnover rate of our clients is proudly low in the security industry.

Lineup of our unique products and services

We have unique products and services which you cannot find in any other security firms:

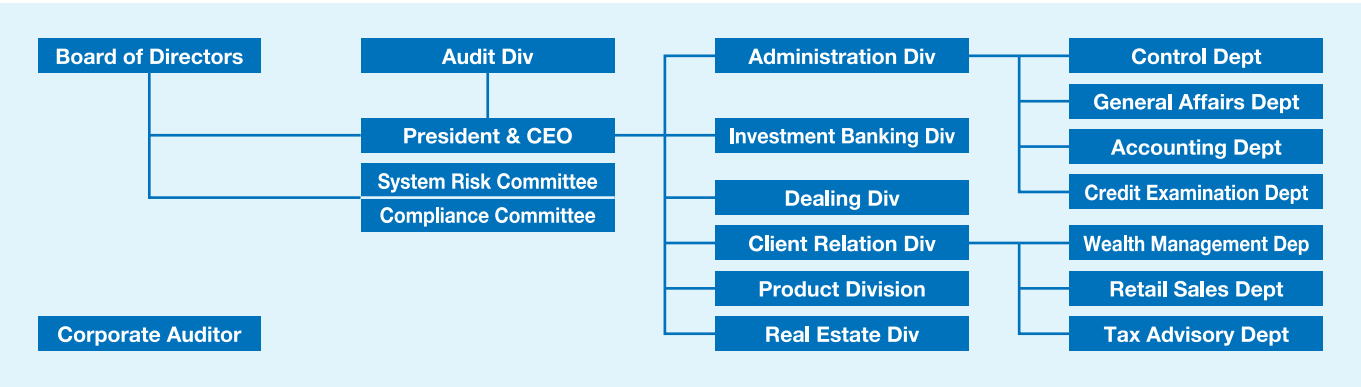
We provide loans backed by US real estates and securitize that loan receivables. We also provide loans backed by securities, such as investment funds and foreign bonds. We launch the funds to restore values of Kyomahiya in Kyoto. We purchase medical accounts receivable securitized bonds.

As you can see from our above lineup of products and services, we maintain our presence in the market, having fewer competitors with so-called Blue Oceans Strategy. We have been able to create new products and services through understanding what our clients are seeking, deeply examining how we can fulfill their needs, and making earnest attempts to achieve them. Our clients' interests always come first, and our challenging spirit is always inside our DNA.

Distinctive management characteristic of privately owned security company based on long-term perspectives

It is against clients’ interests if a security company intends to manage it with a short-term point of view, as it incurs a too high risk for clients with unrighteous commission earnings for that security company. We are a privately owned unlisted security company, and our management policy is always based on long-term perspectives. Making a profit in the short term is nothing but has a low value. The important value we believe is to obtain a profit on a long-term basis sustainably and to reinvest money for upgrading our company’s quality.

Organization Chart



Wealth Management Services

■Wealth Management Services of Mita Securities

Since 1949, we have been running the family business, and we are one of a few privately owned securities companies whose majority shares are owned by one family. While we keep our family business and we were also engaged in sustainable development of family businesses of our clients, we have obtained various knowhow and experiences of wealth management.

Our wealth management team supports for the greater prosperity of our clients’ families by providing with the services which we ourselves actually have experienced. We believe it is our virtue, value, and pride to be able to keep a good relationship with our clients’ families for generations.

We provide the most appropriate advice and services for the whole field of assets of our clients including asset management, inheritance, and business succession. With a mid- and long-term point of view, we commit to work diligently for the sake of our clients.

■Asset Management

We support our clients’ asset management from the side. We provide broad and various investment products not only traditional financial products such as stocks, bonds, and investment trusts, but also products tailored for clients’ needs and special occasion products.

We not only provide financial products, but also analyze individual stocks, financial products, and portfolios. We also calculate market value of the financial products, propose asset diversification, and give various financial advices.

■Inheritance Strategy

It is essential to take enough time for inheritance measures in order to pass on the assets to the next generation. Moreover, we should keep it in mind to secure assets with high liquidity so that successors can pay inheritance tax without difficulty. (Tax payment measures)

We especially need to be careful if the portion of assets with low liquidity in major proportions.

We grasp the current condition and plan the best measure according to our clients’ intention, and we also provide our clients with simulation works for inheritance tax, advices for inheritance measures, and assessment of unlisted stocks. Nowadays we proceed with the research for inheritance measures with utilizing global schemes.

■Business Inheritance Measures

It is a constantly critical issue how our client’s companies should be passed on to the next generation. If the stocks are unlisted, it would require substantial money for tax payment when transferring them. Therefore we need to plan carefully and execute it steadily for smooth business inheritance. It is also necessary to hedge risks for unexpected disease or death. The most important point of all is to clarify who will the successors.

We ourselves experienced the business inheritance, and have been engaged in a number of cases for our clients as well. By making use of these experiences and achievements, we are confident in proposing realistic and flexible measures which meet our clients’ needs.

■Capital Strategies/M&A

We propose our clients’ companies with the most appropriate solutions for even complicated issues by utilizing our new technologies and broad information networks, such as capital strategies or M&A.

We can provide a wide range of services, such as consolidation of scattered stocks, inheritance of stocks to successors by controlling the voting rights, acquisition of international companies aiming for overseas expansion, M&A utilizing treasury stocks, unwinding cross-shareholding (block trades), and global reorganization. We utilize our total capability with our investment banking division, tax advisory team, and external professionals.

If there are any other requests, we make the best effort to fulfill our clients’ needs and requests as much as possible. By dealing with various requests from our clients proactively, our services have succeeded to expand and deepen. Requests from our clients are important sources for our company’s sustainable development.

■Real Estate Services

We are qualified as a registered real estate broker, and received approval to launch real estate funds as a real estate specified joint enterprise operator. Our real estate team deals with our clients’ various needs for real estates. Its services include sales transactions of real estate and real estate trust beneficiary rights, efficient usages of real estates, and the establishment of real estate funds, by utilizing our features as a securities firm.

We also provide information of international real estates and support sales transactions in response to the increasing needs for overseas real estates.

■Fund Structuring Support

In case of forming funds (including partnership), it is necessary to follow various business regulations. We support our clients to form funds, such as business-oriented funds, funds to invest in securities, and real estate funds which meet our clients’ needs. We have track records for a number of private fund establishments.

■Finance

We are qualified for the money lending business and can support fund raising for our clients. We endeavor to provide speedy and high-quality services so that we can meet our clients’ finance needs quickly. Our finance services include securities-backed loans and mortgage-backed loans, and especially investment trust-backed loans and mortgage-backed loans for overseas (mainly US) real estates are our unique services.

We also possess the broad range of experiences and solutions for corporate finance, not only for individual clients. We provide the exclusive solutions to meet our clients’ needs by partnering with our investment banking division, including factoring services and purchasing stock acquisition rights.

■Insurance

We try to deal with various risks surrounding our clients, and we propose schemes to hedge risks, which fit our clients’ life plans.

■Other Services

- Block Trade
We search counterparties for our clients’ block trades with our external business partners, when our clients are willing to sell or purchase a large amount of listed stocks at one time.
- Stock Lending
Our clients can obtain negative interest per diems by lending their owned stocks.
- Standing Proxy Services
If our clients are non-Japanese residents and willing to make transactions of Japanese securities, it is required for them to designate a standing proxy in Japan. We support those clients for non-resident transactions by becoming their standing proxy.

Investment Banking Services

Investment Banking Services of Mita Securities

We provide various services for finance and business strategies as our main investment banking services. Our services include financial advisory services for rights offerings and M&A and TOB agent services. Especially we have strength in medium- and small-sized projects or special projects which major investment banks do not deal with proactively. We have been successfully accumulating experiences and the actual results steadily in these fields. We are building the business systems to enable us to invest, to lend money, or to accept securities by ourselves, so that we can deal with a wide range of our clients’ finance demands with flexibility. We are now searching business partners who would introduce our services to a number of other clients on behalf of us. Those partners can utilize our company’s infrastructures linked with various financial services and the network among our business partners by joining our Mita Partnership Program.

Finance

We provide various clients including listed and unlisted companies, medical institutions, nursing care operators, dispensing pharmacies, company management, etc. with funds in various ways. We can propose the appropriate solutions even for the difficult projects which banks or other security companies do not deal with.

•Rights Offering (commitment type)

Rights offering is a new technique of a capital increase for listed companies, where share options are allotted to all shareholders without contribution. It has been attracting attention rapidly in recent years. We can deal with the commitment type of rights offering, which means we purchase all the share options which were not exercised by the shareholders and then we exercise all of them. With utilizing this scheme, listed companies can achieve capital increases without fail.

•Underwriting and Purchase of Securities

We have a number of track records for securitized products and purchase of listed companies’ securities such as warrants issued by a third-party allocation. We provide tailored finance plans with lower costs in a speedy manner.

Advisory

We provide comprehensive and tailor-made solutions, centered for listed companies, in order to meet the various requests of our clients, such as capital increase through shareholders’ allocation, M&A, reorganization, business alliances, etc. We utilize our advantage of being a small team of elite professionals and show a strong presence in projects which major financial institutions do not deal with.

•Rights Offering

As stated earlier, we hold the top track record of market shares in Japan as financial advisor. We provide broad and maximum support including scheme design, financial assistance for shareholders, and assisting negotiations with public organizations.

•M&A Advisory Services

We provide various professional advisory services as well as company valuation, which are essential for execution of M&A. It is not realistic to pay all the huge investment cost of M&A by its own money. It is quite common that the company is forced to find some kind of way for fund raising with necessity, and we can arrange the best finance schemes for our clients at the same time with our M&A advisory services.

•Stock Option

We provide listed companies and companies planning initial public offerings with consulting services to implement various stock options, and we also deal with opening and management of specific accounts used for exercising stock options.

•TOB Agent Services

As a general rule, it is required to appoint a security company as TOB agent when considering acquiring stocks of the listed company more than a certain number off the market. We have abundant experience and track records of TOB as TOB agent. We provide comprehensive supports including scheme design of TOB and various administrative works.

Other Services

•Standing Proxy Services

If our client is a non-Japanese resident and willing to make transactions of Japanese securities, or if shareholders or corporate bondholders move out of Japan, it is required to designate a standing proxy in Japan. We serve as standing proxy while there is only a limited number of securities companies that can handle this standing proxy services, and we make the best effort to meet our clients’ business needs.

•Securitization

There are methods to achieve fundraising by dividing assets into small-lot and securitizing them. We provide a full range of services including the first scheme design, setting up funds, intermediary or mediator services, and the final exit.

Money Lending Business

Money Lending Business of Mita Securities

One of our other services is money lending business, and we deal with funding needs of clients, such as listed companies’ owners. We also support fund raising for medical institutions with our factoring services.

Securities-backed Loans

We provide loans by accepting listed stocks, investment funds, and foreign bonds as collateral. The registration names of those shares will be unchanged, so that clients can utilize their own stocks without losing their rights of shareholders.

Factoring/Loans for Medical Institutions

We purchase the accounts receivables of medical consultation fees, dispensing fees, and nursing care charges from medical institutions. We also provide loans to medical institutions. We started this factoring business in 2003, and now we are one of the factoring service companies with the longest history of achievements.

Introduction and Arrangement of Financial Products

Financial Products of Mita Securities

Our Product Division introduces and arranges various financial products including foreign bonds, structured bonds, hedge funds, and our original securitized products for our clients.

Foreign Bonds

We deal with Euroclear and have been participating in both domestic and international bond markets directly. We are engaged in not only providing individuals, corporate clients and foundations with foreign bonds, but also the wholesale business for institutional investors

Structured Bonds

Our employees who are experts of derivative products arrange structured bonds liked to stocks and foreign exchange. We also purchase structured bonds which are difficult to be valued or estimated with significant cheap values, with our appropriate prices. We provide institutional investors with reports based on the risk analysis of structured bonds, securitized products, and structured finance.

Hedge Funds

We select attractive funds on our own way among a number of hedge funds existing in the world, and connect our clients with the funds which are usually unreachable for individual investors. Clients can receive our various supports in Japanese when buying one of those foreign hedge funds as we arrange it to our original fund after our fund managers’ interviews and necessary due diligences.

Real Estate Services

Real Estate Services of Mita Securities

We try to meet our clients’ needs for searches and selling of real estate properties and other requests relating to real estate in our Real Estate Division. We are qualified as a registered real estate broker, and as a real estate specified joint enterprise operator, and we are making approaches toward the real estate market from a fair and neutral point of view as a securities firm. We also develop real estate investment products originally and are increasing the investment choices of our clients as we try to provide unique real estate businesses.

Real Estate Intermediary

We search buyers or properties for our clients’ needs of selling or purchase of real estate, and give our clients the one-stop services including negotiations and executions. We try to gather original information given from our special sources or from our close relationship with real estate companies, other than Internet information already on the market.

Intermediary of Real Estate Trust Beneficiary Rights

We deal with intermediary services of real estate trust beneficiary. We support a series of transactions including research for real estate and submitting its report, preparation of documents based on the Financial Instruments and Exchange Law, preparation of transaction agreements, settlement services, etc.

Forming and Selling of Real Estate Funds

We are a securities company qualified as a real estate specified joint enterprise operator, and we provide smaller-sized real estate products based on the aforementioned regulations. Foaming original funds which meet our clients’ needs is one of our strengths, and we deal with other securitization needs based on laws other than Real Estate Specified Joint Enterprise Law. Creating the schemes is supported by our tax accountants, lawyers, etc. and is achieved with a high-level of performance.

Real Estate Loans

We provide loans backed by clients’ real estate properties which can be both domestic and overseas, and that is the most significant feature among our services. We try to grant loans with a term of a minimum of one week from receiving loan applications, so please contact us for any urgent requests.

Other Real Estate Solution Business

We provide solutions relating to various real estate businesses including effective use and value-up of clients’ properties.

Proprietary Trading

Proprietary Trading of Mita Securities

Dealing Business

We have a number of dealers in our Dealing Division, and they are investing in stock and futures markets actively. They are contributing to our company’s profit, and at the same time, they are playing very important roles for increasing liquidity to the markets. They also deal with foreign bonds.

Proprietary Investment

We have been acting on investments with our own funds actively as one of players in capital markets. We are showing the excellent investment performance as an investment expert by searching more attractive investment opportunities globally.

Compliance

Compliance Structure of Mita Securities

We are a financial instrument business operator who is an important player in this financial market, therefore we not only ensure strict compliance with all laws and regulations, but also need to develop the sufficient internal control structure in order to protect investors and to secure fairness of the market. Compliance is a top management priority for our company.

Governance

Our governance framework is as shown below.

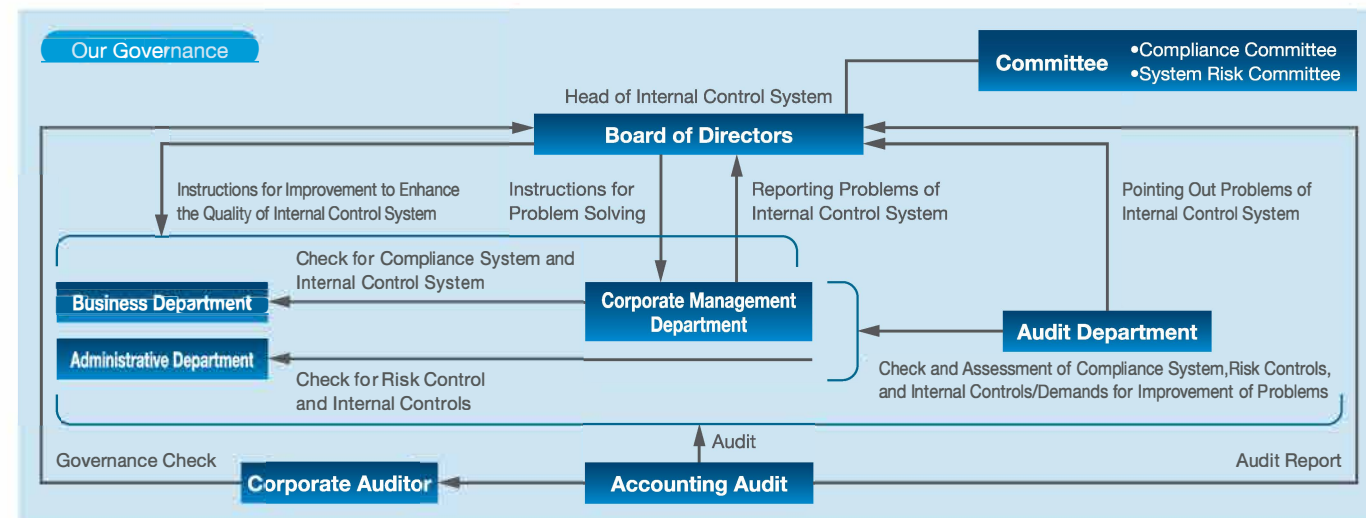
The Board of Directors has a role with a full responsibility for the internal control system. It has a responsibility to enhance the quality of the internal controls by receiving reports and evaluations from the corporate management department, the audit department, the auditors, the accounting auditor, or others.

The corporate management department examines the status of compliance and risk controls of the business department, and checked every day if there are any violations of laws and ordinances and risk control-related problems. If any, it requests the business departments for improvement and also reports these important issues to the Board of Directors.

The audit department periodically examines and assesses the quality and functions of the internal control system of the corporate management department. If necessary, it conducts improvement of the problems for the corporate management department, the business department, and the administrative department, and it points out the problems and lists demands for improvement to the Board of Directors.

The auditors have a role for the governance inspection for the Board of Directors, and examine if the Board of Directors is managed legally and appropriately or if there are any violations of the duty of a prudent custodian to the Company. If there are any problems associated with the above, the auditors send a list of demands for improvement to the Board of Directors or conduct the predefined necessary procedures.

The accounting auditor conducts auditing for the appropriateness of our accounting process and the appropriate indication of the financial statements. Our accounting auditor is SeishinShisei & Co. currently.



Compliance with All Laws and Regulations

It is essential for all officers and employees in the securities companies to comply with the compliance with all laws and regulations. However, due to the existence of broad and various regulations in the securities industry, it is likely for us to have a brush with the laws and regulations without consciousness. In order for our officers and employees not to breach the compliance with all laws and regulations, we periodically conduct the training programs for them aiming to enhance their understanding for the compliance. We also display our internal regulations on our intranet so that our officers and employees can easily browse them.

The corporate management department checks the compliance system every day, and the audit department conducts internal audits based on the audit plan. If there are any violation of the laws and regulations, the audit department conducts the quick and appropriate procedures, and improves the problems.

Moreover, we place the Compliance Committee under the Board of Directors, and this committee examines our overall compliance system with expertise.

Internal Control System

Any financial instrument business operator is required to check client management, sales personnel management, transaction management, transaction inspection, underwriting examination, compliance inspection system, lawsuits against clients, administrative management, information control, and external business contractor management. We also manage a Chinese Wall and the information control related to the clients systematically.

Risk Control System

We analyze various risks including transaction risks, operational flow risks, and system risks, and we pay close attention to those risk management so that we can eliminate or limit risks in advance. It is most important to prevent risks before they actually happen. But if we actually fail to eliminate them, it is reported to the Board of Directors through the manager of corporate management department, and the Board of Directors conducts risk management in order to deal with it appropriately and quickly.

Moreover, we place the System Risk Committee under the Board of Directors, and this committee periodically examines our overall system risks, and improves them if necessary.

As for the risk of sudden natural disasters, we plan the BCP (Business Continuity Plan) and aim to avoid the risks. We also conduct trainings in order to be able to continue our businesses in emergency situations to the greatest degree possible.

Company Overview



Company Name:	MITA SECURITIES Co., Ltd.
Registration:	Director of Kanto Local Finance Bureau (Financial instruments firms) No.175 Moneylender / Tokyo Governor (6) No.27088 Registered Real Estate Broker / Minister of Land, Infrastructure and Transport (1) No.9342 Real Estate Specified Joint Enterprises / Commissioner of the FSA • Minister of Land, Infrastructure and Transport No.76
Commencement of Operation:	July, 1949
Capital:	¥500,000,000
Major Shareholder:	Kunihiro Mita
President & CEO:	Kunihiro Mita
Office addresses:	(Head Office) 3-11, Nihonbashi-kabutocho, Chuo-ku, Tokyo 〒103-0026 Tel +81-3-3666-0011 Fax +81-3-3668-7350 (Osaka Branch) 1-7-15, Minami-honmachi, Chuo-ku, Osaka City, Osaka 〒541-0054 Tel +81-6-6260-5670 Fax +81-6-6260-0882 (Singapore Branch) 07-03/04 112 Robinson Road Singapore 068902 Tel +65-9429-4723
Membership in Associations:	Japan Securities Dealers Association Tokyo Real Estate Association Japan Financial Services Association
Membership in Exchanges:	Tokyo Stock Exchange • Osaka Exchange
Membership in Investor Protection Funds:	Japan Investor Protection Funds
Accounting Auditor:	SeishinShisei & Co. and Aoyama Sogo Accounting Firm Singapore
(As of June, 2017)	

