



# Matsui Securities Co., Ltd.

(First Section of Tokyo Stock Exchange: 8628)

## Annual Results for 3Q FY2010

January 2011

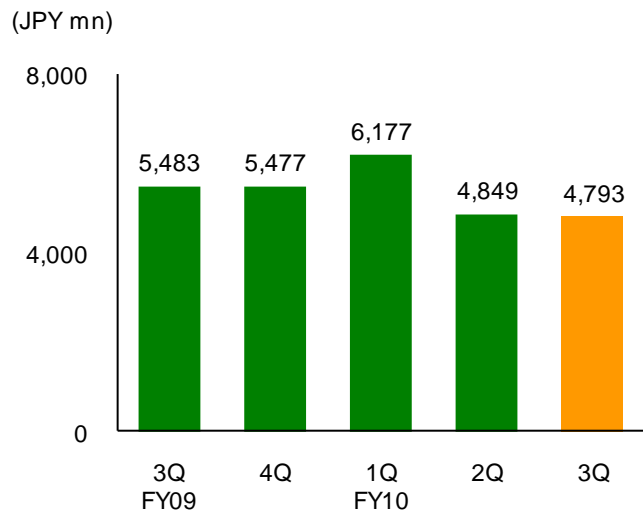
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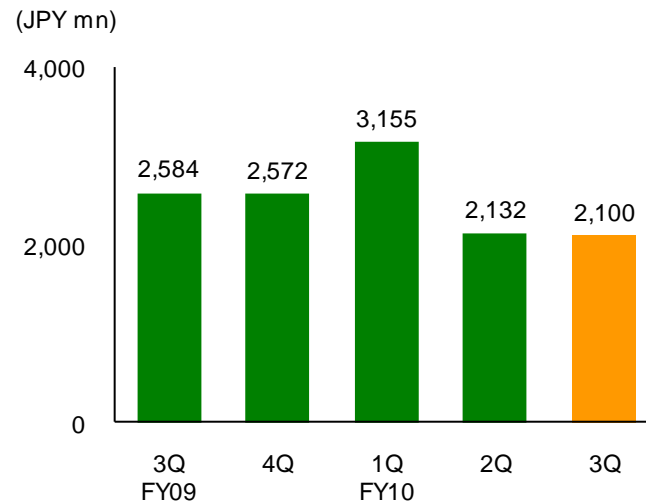
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# Financial Results

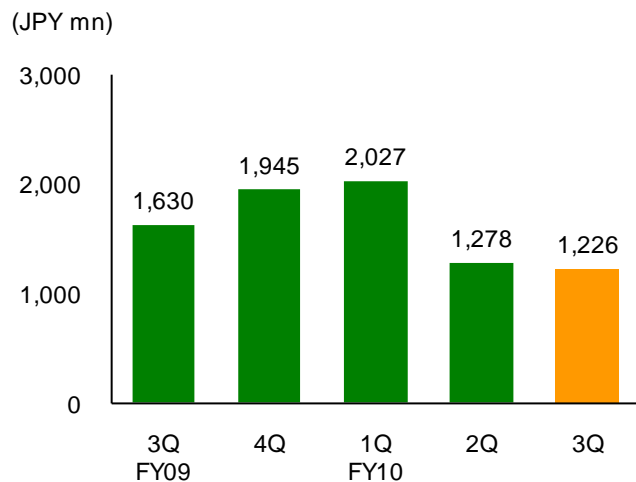
## ◆ Operating revenues



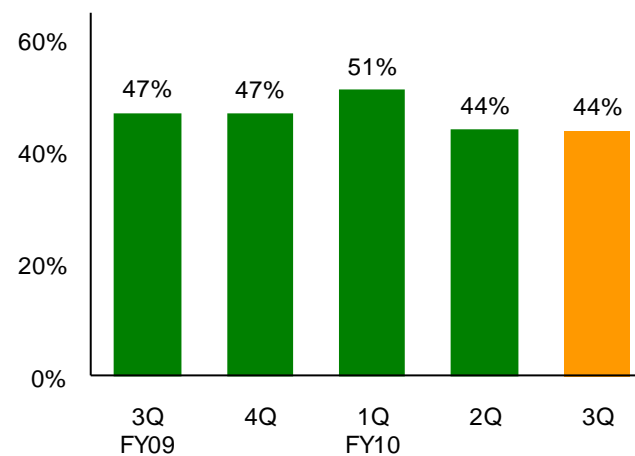
## ◆ Ordinary income



## ◆ Net income

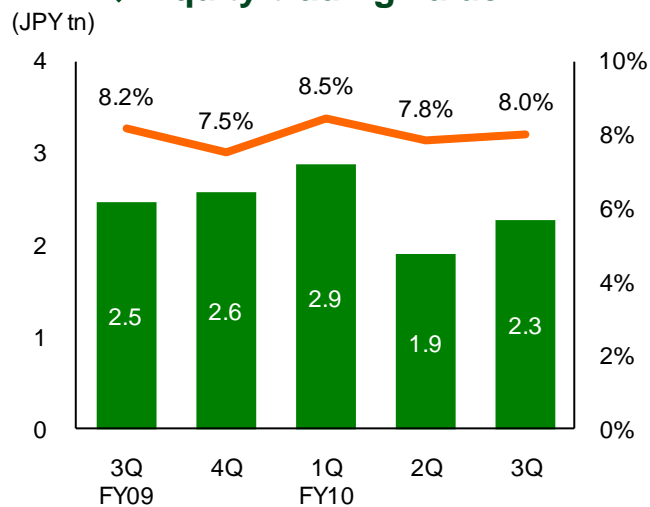


## ◆ Ordinary income ratio

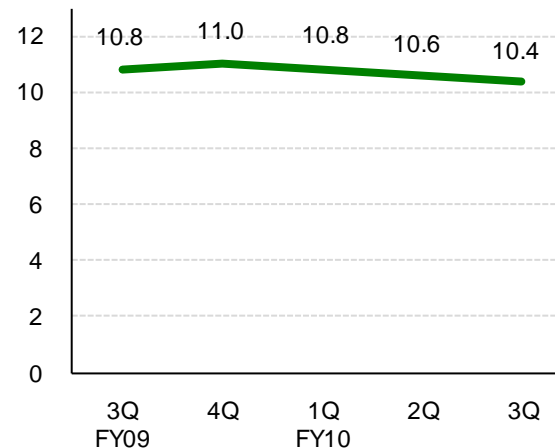


# Results of Operation

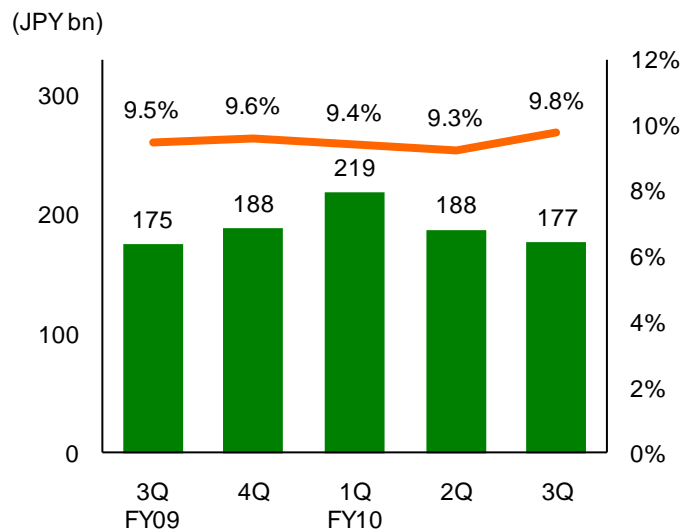
## ◆ Equity trading value



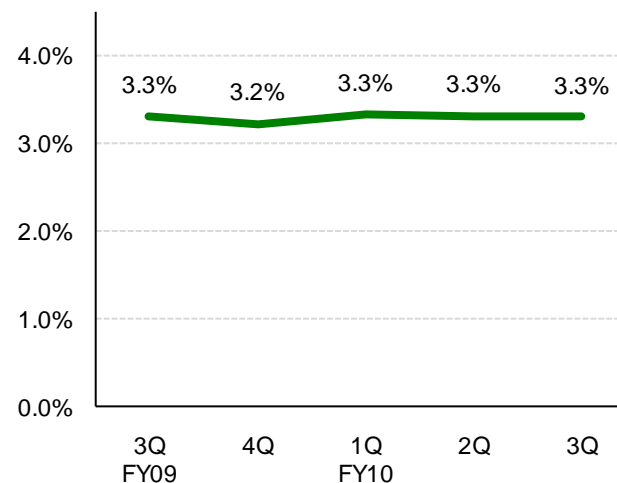
## ◆ Equity commission rate



## ◆ Margin balance

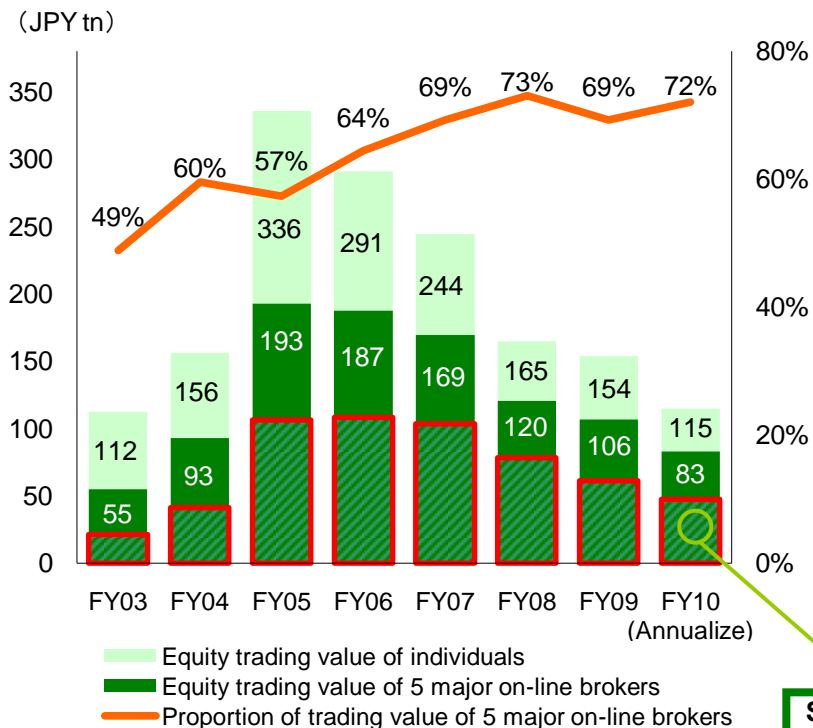


## ◆ Net interest income ratio



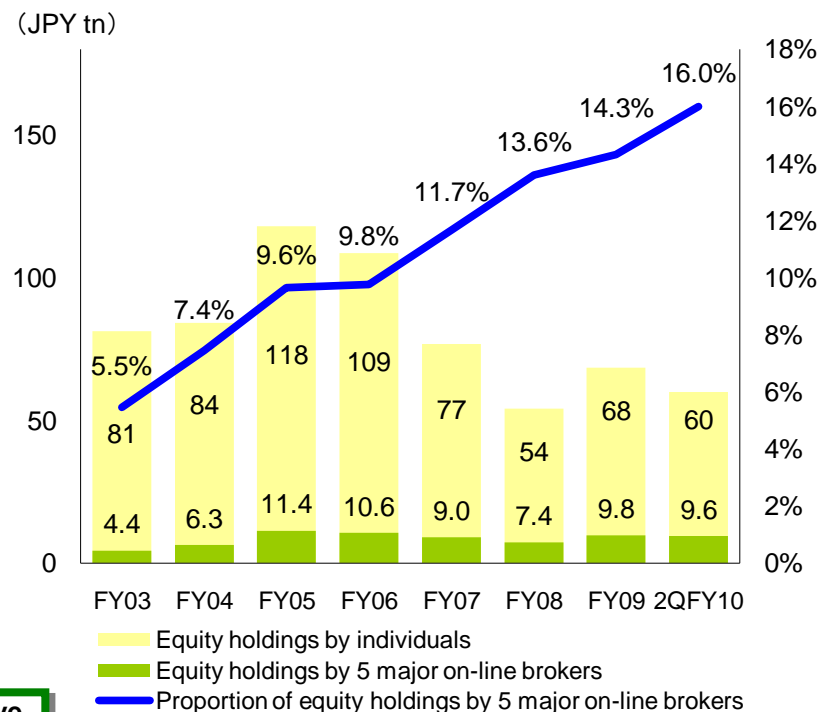
# Overview of Retail Equity Trading Market

## ◆ Equity trading value of individuals<sup>1</sup> (FLOW)



**Super active traders**  
**JPY 50 tn**  
**(Estimate)**

## ◆ Equity holdings by individuals<sup>1</sup> (STOCK)



# Financial Summary

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## Section 1

# Summary of Financial Results (3Q FY10)

(JPY mn)

	3Q(Apr.-Dec.) FY2010	3Q(Apr.-Dec.) FY2009	YoY
Operating Revenues	15,819	18,868	-16%
Commissions	10,467	13,495	-22%
Interest & dividend income	5,349	5,368	-0%
Interest expenses	559	855	-35%
Net operating revenues	15,259	18,013	-15%
SG&A	7,887	9,100	-13%
Operating income	7,372	8,914	-17%
Ordinary income	7,387	8,973	-18%
Net income	4,531	5,716	-21%
Ordinary income ratio	47%	48%	-
Matsui's trading value (JPY tn)	7.0	9.7	-27%
Daily average trading value on TSE (JPY tn)	1.5	1.6	-7%

# Breakdown of Net Operating Revenues (3Q FY10)

(JPY mn)

	3Q(Apr.-Dec.) FY2010	3Q(Apr.-Dec.) FY2009	YoY
Commissions	10,467	13,495	-22%
Brokerage	9,227	12,073	-24%
Underwriting & selling	3	11	-73%
Subscription & distribution	0	0	-
Others	1,237	1,411	-12%
Net gain (loss) on trading	3	5	-44%
Interest & dividend income (1)	5,349	5,368	-0%
Total operating revenues	15,819	18,868	-16%
Interest expenses (2)	559	855	-35%
Net operating revenues	15,259	18,013	-15%
Net interest income (1) - (2)	4,790	4,513	6%



# Breakdown of SG&A (3Q FY10)

(JPY mn)

	3Q(Apr.-Dec.) FY2010	3Q(Apr.-Dec.) FY2009	YoY
Transaction related expenses	2,473	2,735	-10%
Advertisement	265	283	-6%
Employees' compensation & benefits	1,493	1,454	3%
Occupancy & rental	831	749	11%
Data processing & office supplies	1,485	2,543	-42%
Depreciation	1,390	1,293	8%
Duties & taxes other than income taxes	86	112	-23%
Provision of allowance for doubtful accounts	-	119	-
Others	129	95	36%
Total SG&A	7,887	9,100	-13%

# Summary of Financial Results (Quarterly)

(JPY mn)

	FY10	FY10	QoQ	FY10	FY09		YoY	FY09
	3Q	2Q		1Q	4Q	3Q		TOTAL
Operating Revenues	4,793	4,849	-1%	6,177	5,477	5,483	-13%	24,346
Commissions	3,190	3,021	6%	4,256	3,787	3,684	-13%	17,282
Interest & dividend income	1,602	1,827	-12%	1,920	1,691	1,797	-11%	7,060
Interest expenses	185	170	9%	205	215	220	-16%	1,069
Net operating revenues	4,608	4,679	-2%	5,972	5,263	5,263	-12%	23,276
SG&A	2,512	2,548	-1%	2,828	2,791	2,730	-8%	11,891
Operating income	2,097	2,131	-2%	3,144	2,472	2,533	-17%	11,385
Ordinary income	2,100	2,132	-2%	3,155	2,572	2,584	-19%	11,545
Net income	1,226	1,278	-4%	2,027	1,945	1,630	-25%	7,661
Ordinary income ratio	44%	44%	-	51%	47%	47%	-	47%
Matsui's trading value (JPY tn)	2.3	1.9	20%	2.9	2.6	2.5	-8%	12.3
Daily average trading value on TSE (JPY tn)	1.4	1.3	14%	1.7	1.5	1.5	-2%	1.6

# Breakdown of Net Operating Revenues (Quarterly)

(JPY mn)

	FY10	FY10	QoQ	FY10	FY09		YoY	FY09 TOTAL
	3Q	2Q		1Q	4Q	3Q		
Commissions	3,190	3,021	6%	4,256	3,787	3,684	-13%	17,282
Brokerage	2,883	2,600	11%	3,744	3,351	3,224	-11%	15,424
Underwriting & selling	3	0	-	0	-	11	-75%	11
Subscription & distribution	0	0	-	0	0	0	-	0
Others	304	421	-28%	512	436	449	-32%	1,846
Net gain (loss) on trading	1	1	-38%	1	-1	1	-49%	4
Interest & dividend income (1)	1,602	1,827	-12%	1,920	1,691	1,797	-11%	7,060
Total operating revenues	4,793	4,849	-1%	6,177	5,477	5,483	-13%	24,346
Interest expenses (2)	185	170	9%	205	215	220	-16%	1,069
Net operating revenues	4,608	4,679	-2%	5,972	5,263	5,263	-12%	23,276
Net interest income (1) - (2)	1,418	1,657	-14%	1,715	1,477	1,578	-10%	5,990

# Breakdown of SG&A (Quarterly)

(JPY mn)

	FY10	FY10	QoQ	FY10	FY09		YoY	FY09 TOTAL
	3Q	2Q		1Q	4Q	3Q		
Transaction related expenses	782	806	-3%	884	895	861	-9%	3,630
Advertisement	83	96	-13%	86	107	97	-14%	391
Employees' compensation & benefits	490	458	7%	544	476	469	5%	1,930
Occupancy & rental	279	272	3%	281	291	289	-3%	1,040
Data processing & office supplies	462	452	2%	570	596	627	-26%	3,139
Depreciation	453	465	-3%	472	482	457	-1%	1,775
Duties & taxes other than income taxes	22	25	-11%	39	31	26	-16%	143
Provision of allowance for doubtful accounts	-	-	-	-	5	-29	-	124
Others	23	69	-67%	37	14	30	-24%	109
<b>Total SG&amp;A</b>	<b>2,512</b>	<b>2,548</b>	<b>-1%</b>	<b>2,828</b>	<b>2,791</b>	<b>2,730</b>	<b>-8%</b>	<b>11,891</b>

# Policy of Profit Sharing with Shareholders

## Plan to pay 15 yen per share as dividends for FY10

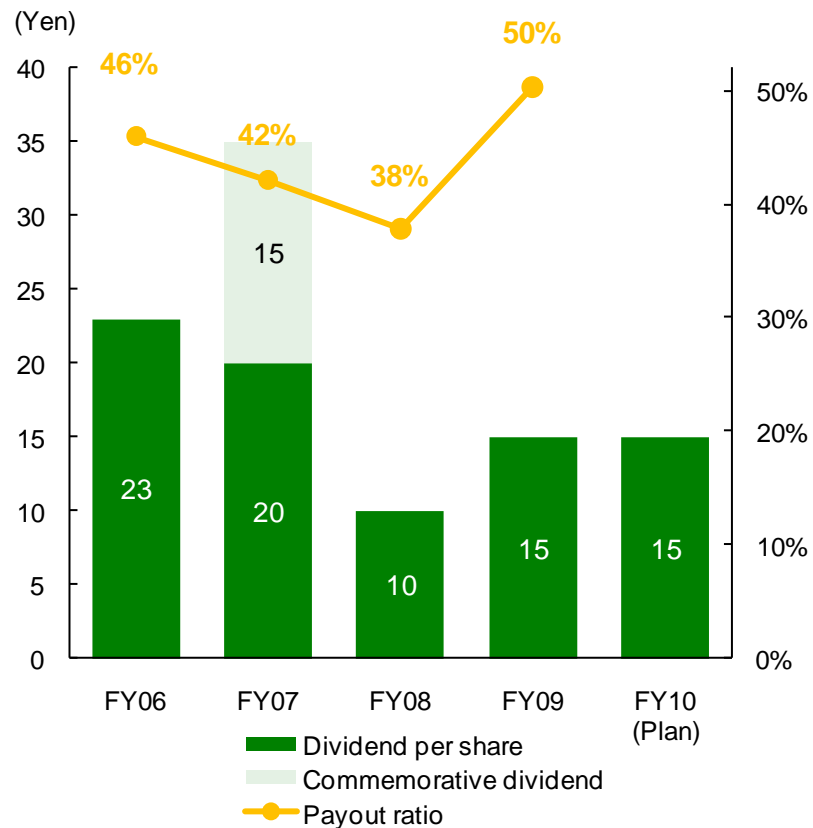
### ◆ Dividend policy

- Maintain the performance based return to the shareholders
- Target of payout ratio is “30% and above”

### ◆ Dividends for FY10

- Plan to pay 15 yen per share

### ◆ Matsui's dividend per share and payout ratio <sup>1</sup>

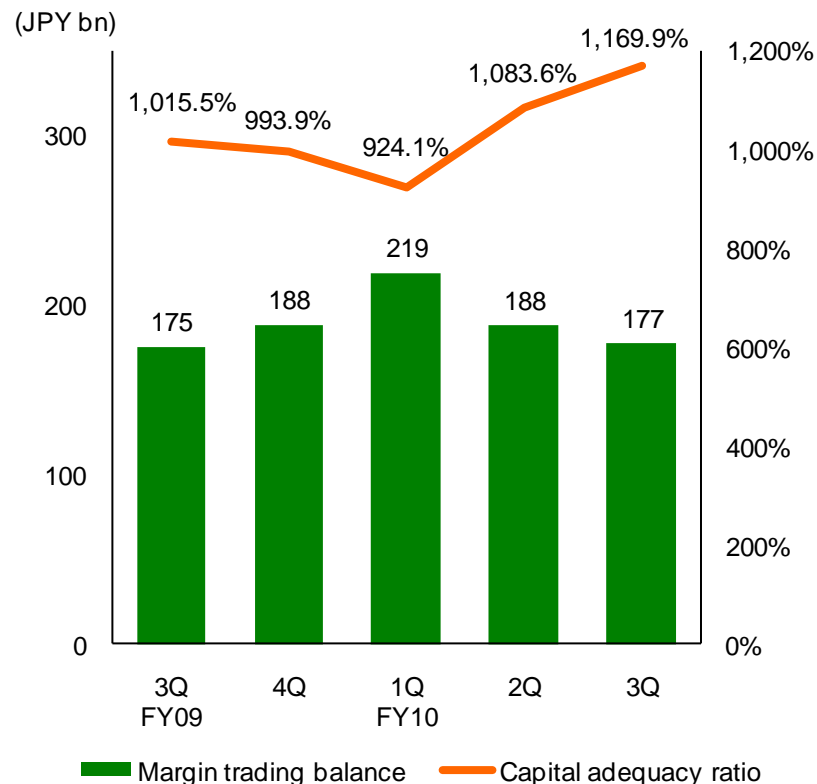


# Capital Adequacy Ratio

## ◆ Capital adequacy ratio (As of 31 December 10)

		(JPY mn)
Tier 1	(A)	74,780
Tier 2	Net unrealized gain on investment	-
	Statutory reserves	1,665
	Allowance for doubtful accounts	54
	Sub total (B)	1,719
Assets to be deducted from equity capi	(C)	7,922
Net Capital		
	(A) + (B) - (C) (D)	68,577
Total risk	Market risk	0
	Counterparty risk	3,557
	Basic risk	2,304
	Total (E)	5,861
Capital Adequacy ratio (D)/(E)		1,169.9%

## ◆ Margin trading balance and capital adequacy ratio



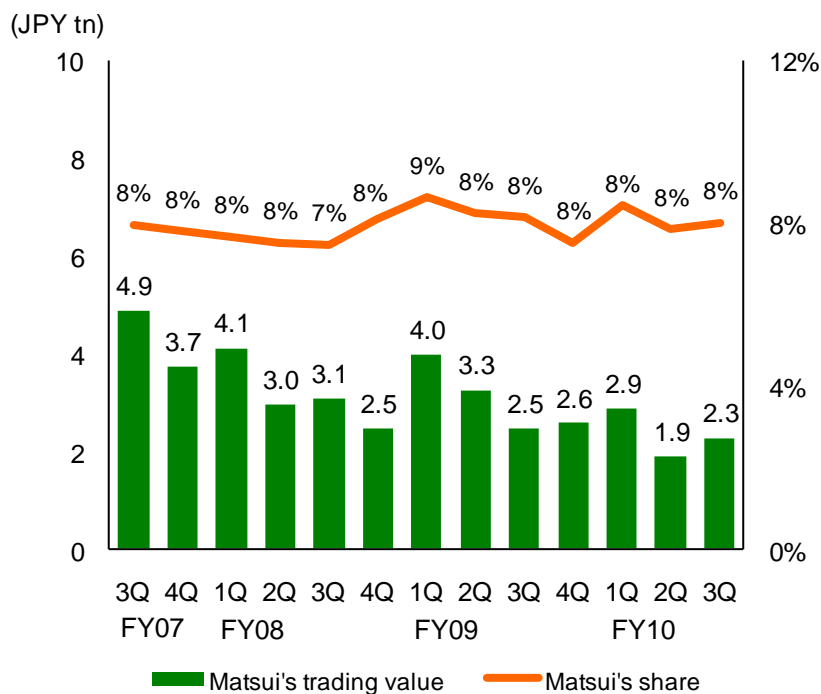
# Results of Operation

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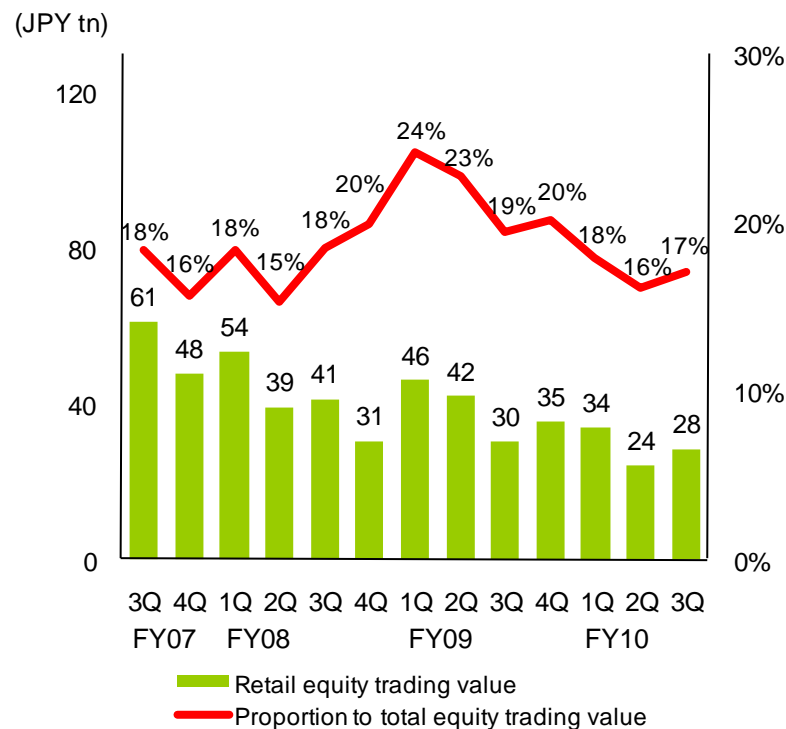
## Section 2

# Equity Trading Value

## ◆ Matsui's equity trading value and its market share<sup>1</sup>



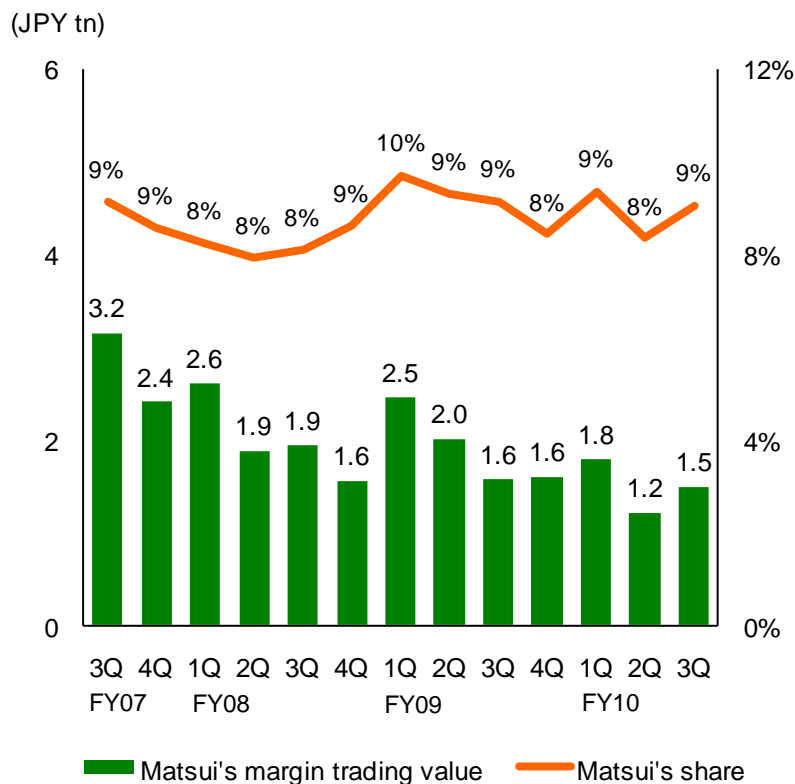
## ◆ Retail equity trading value<sup>1</sup> and proportion to total equity trading value



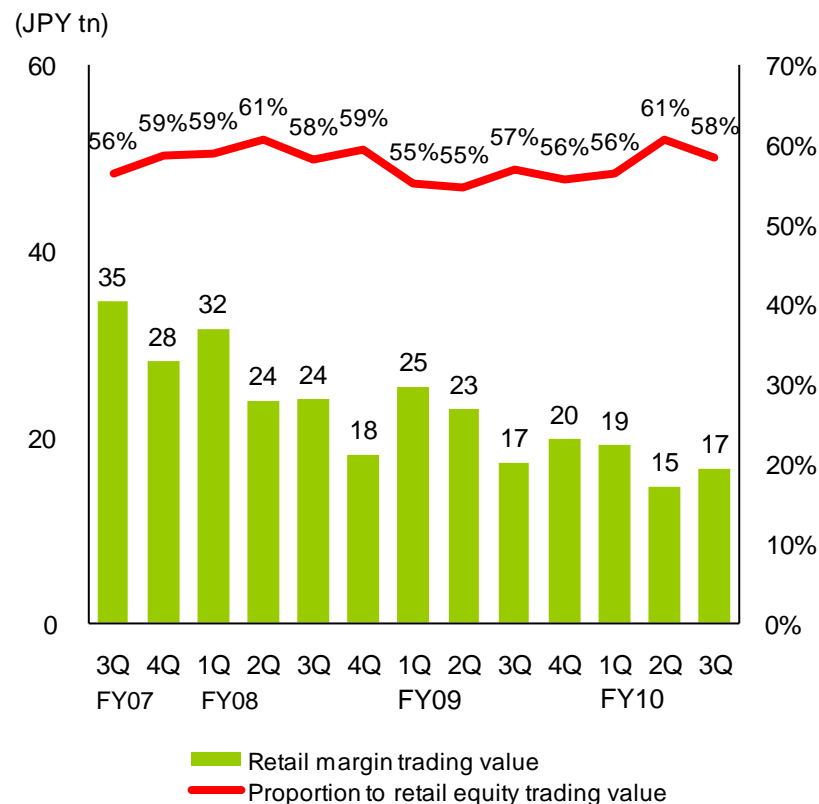


# Margin Trading Value

## ◆ Matsui's margin trading value and its market share<sup>1</sup>

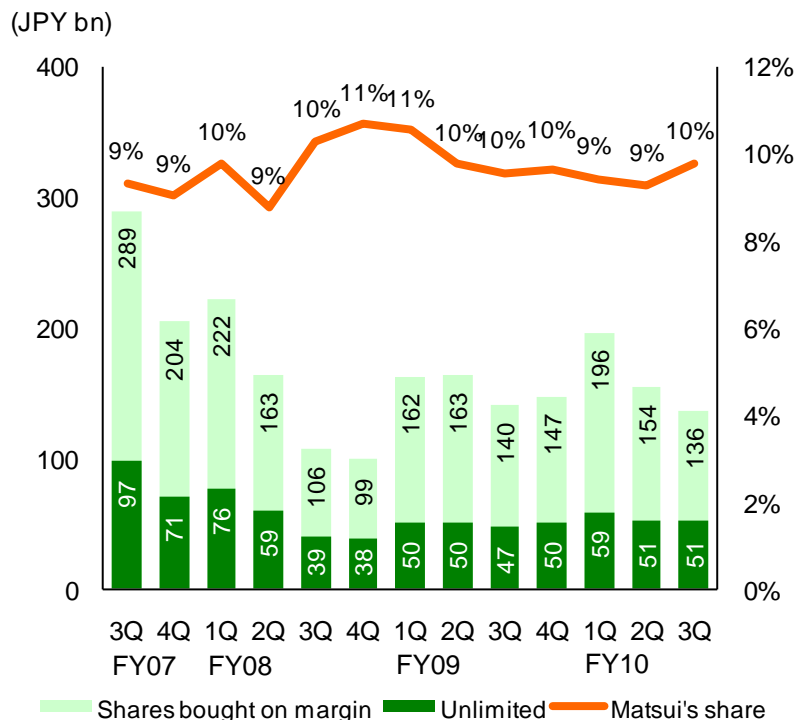


## ◆ Retail margin trading value<sup>1</sup> and proportion to total retail equity trading value

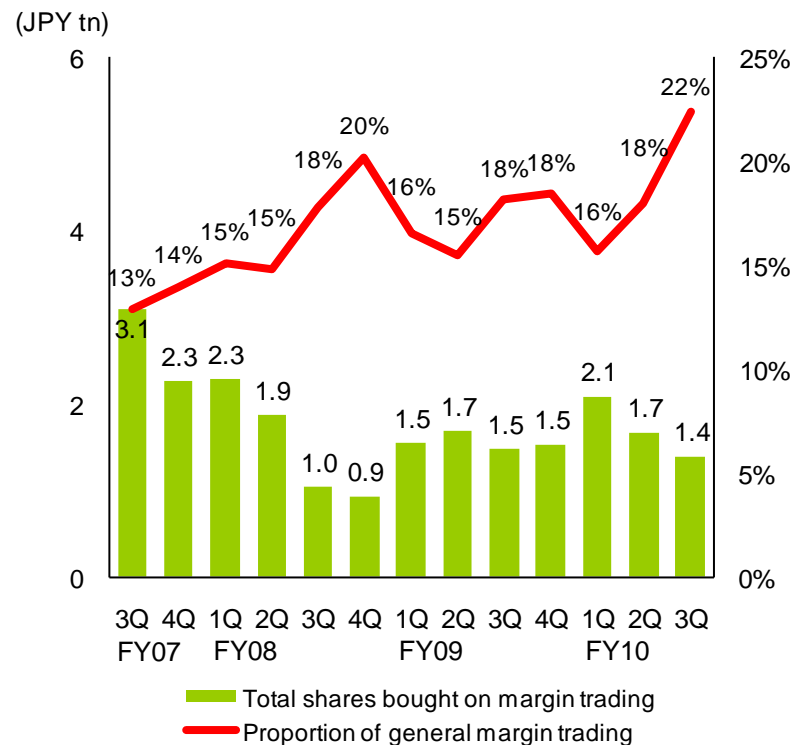


# Margin Trading Balance

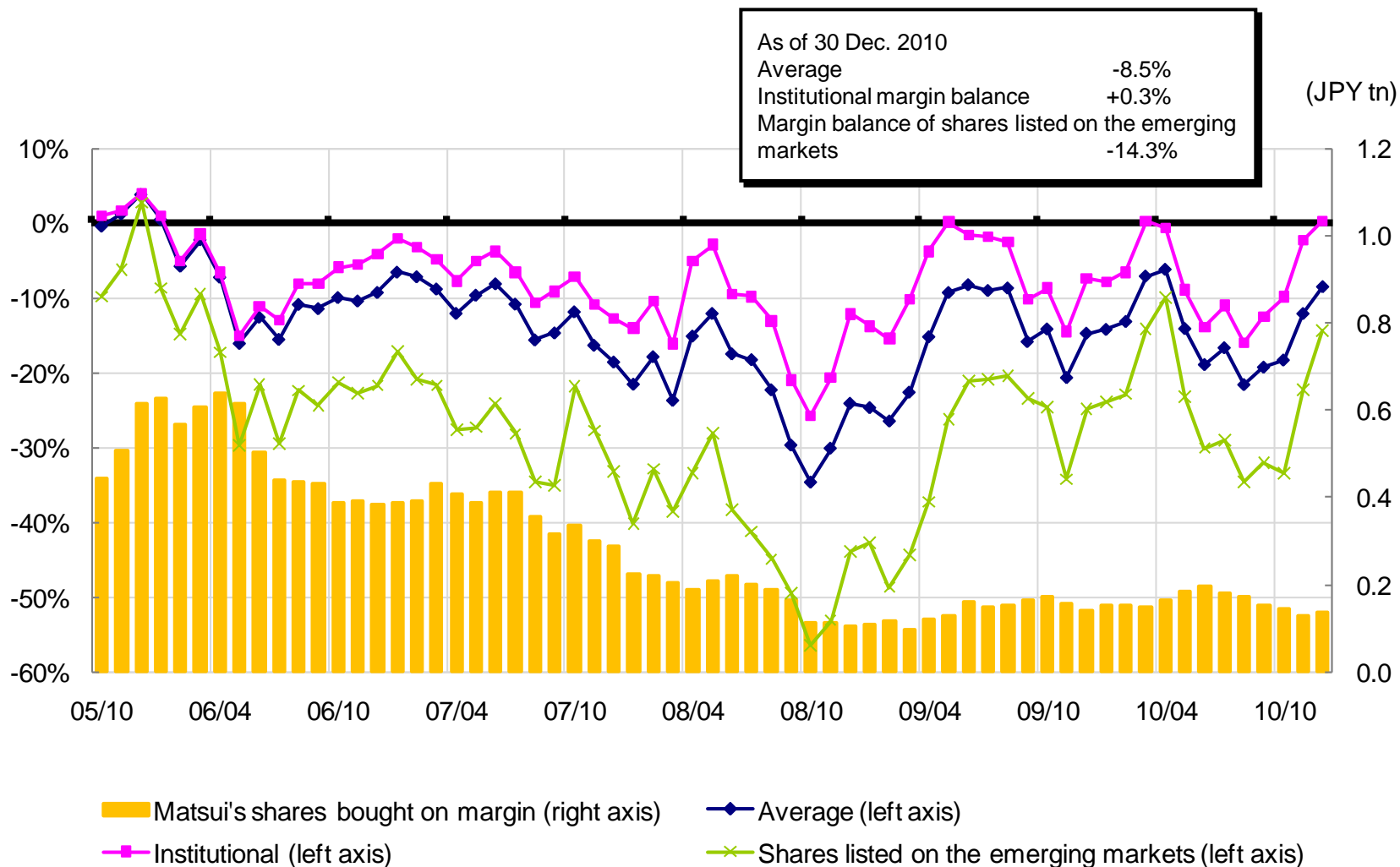
## ◆ Matsui's shares bought on margin<sup>1</sup> and its market share<sup>2</sup>



## ◆ Total shares bought on margin<sup>1</sup> and proportion of general margin trading

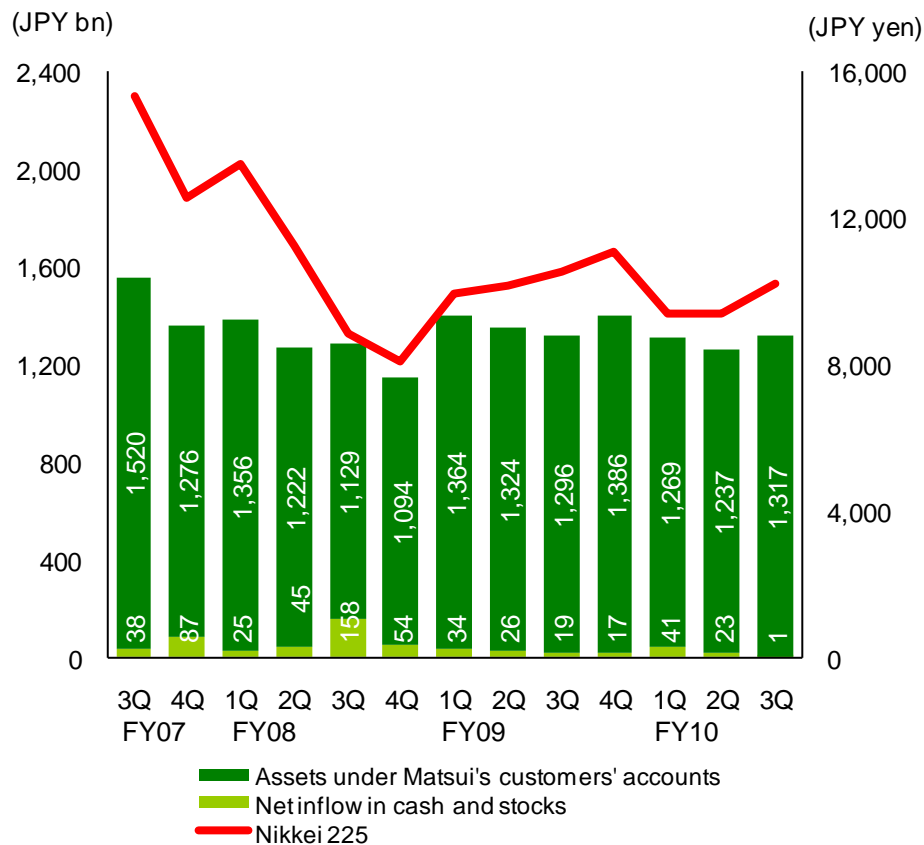


# Evaluation Losses on Matsui's Margin Balance

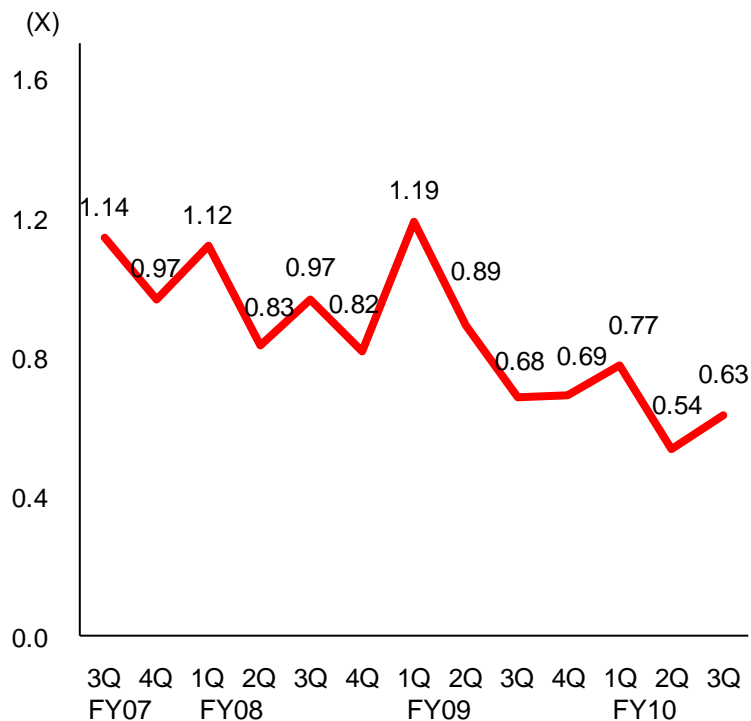


# Assets under Customers' Accounts / Trading Turnover

## ◆ Assets under Matsui's customers' accounts



## ◆ Equity trading turnover<sup>1</sup> of Matsui's customers



Source: BOJ

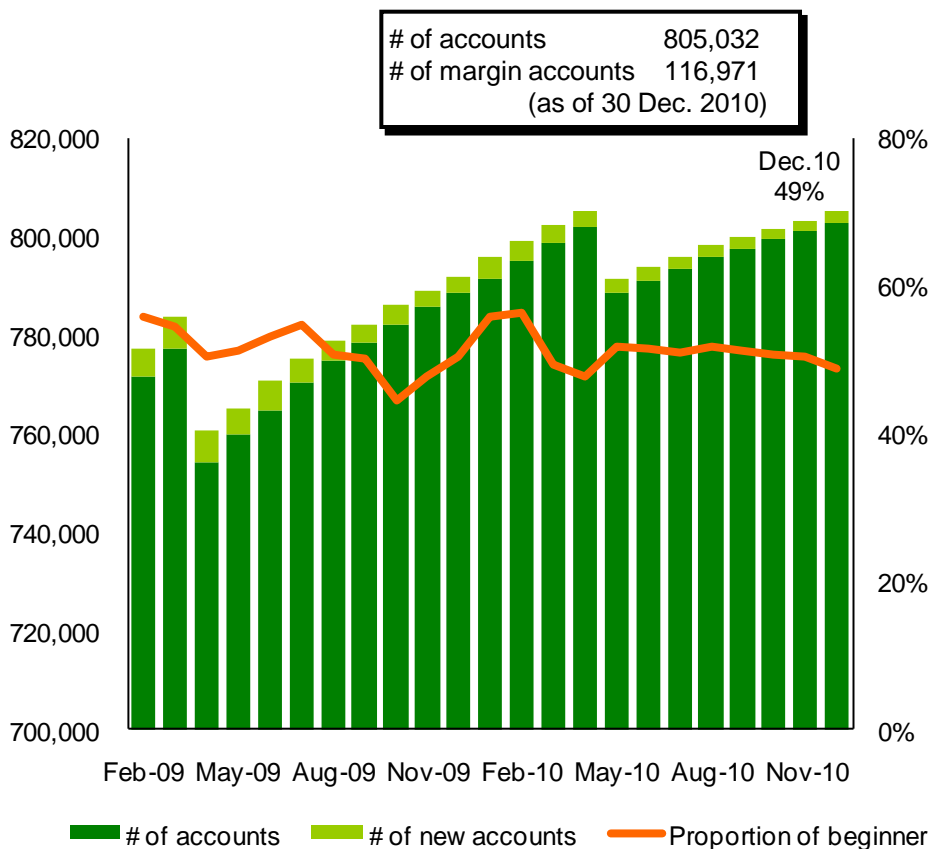
Note 1: Equity trading turnover = (monthly average trading value) / (quarterly average assets under customers' accounts\*)

\* assets under customers' accounts of Matsui's related persons are excluded

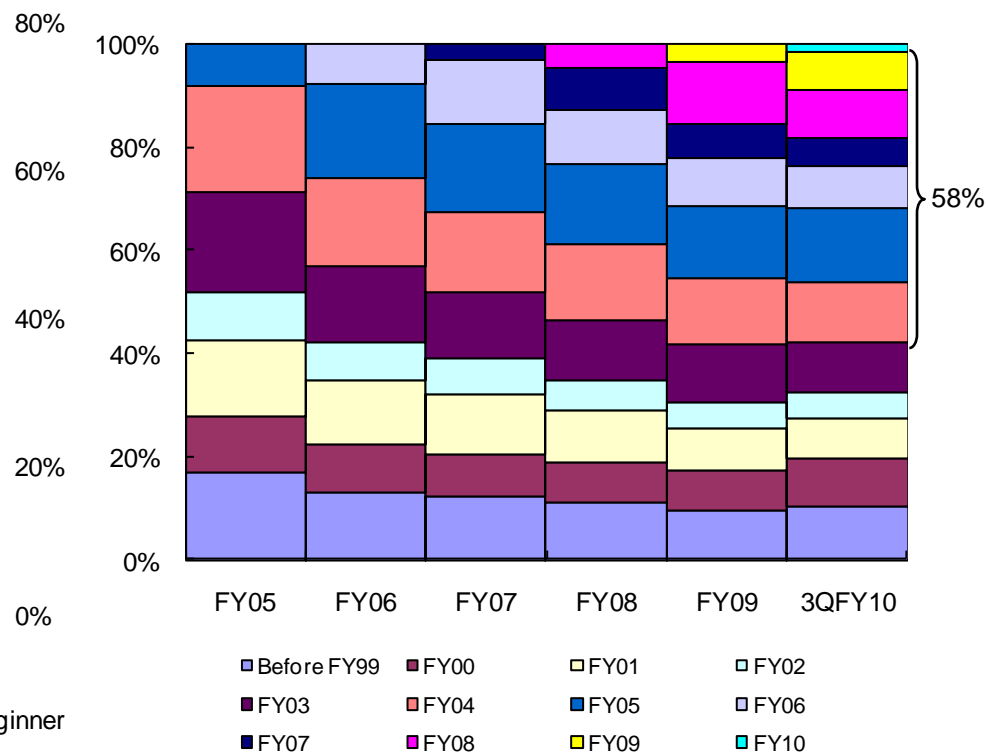
Note 2: Nikkei 225 is the closed price at the end of each quarter

# Number of Accounts / Breakdown of Trading Value

## ◆ Number of accounts at Matsui<sup>1</sup>



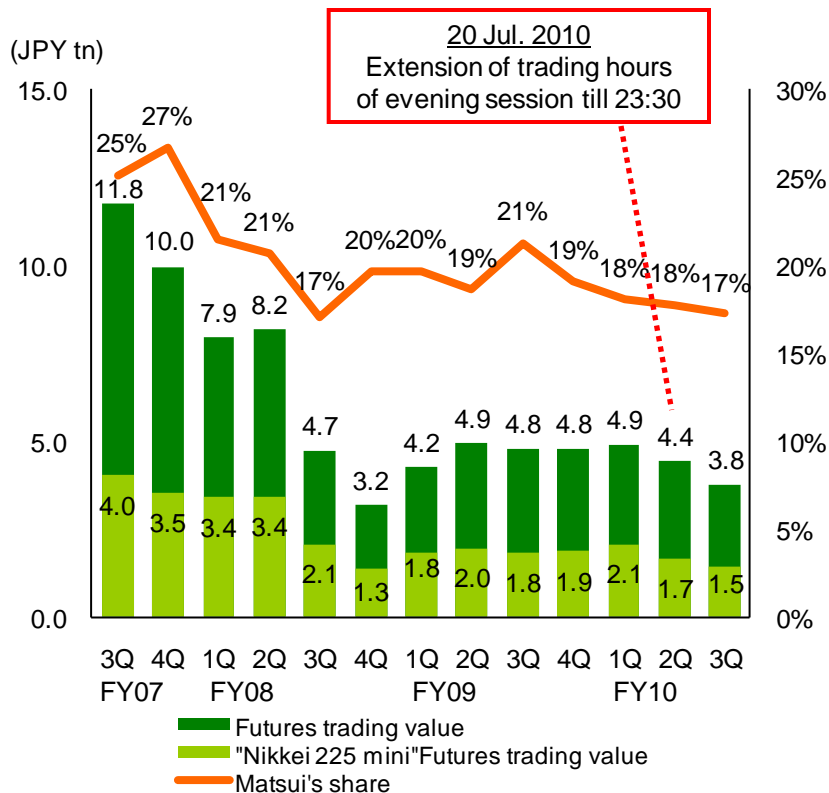
## ◆ Breakdown of trading value by customers opening the accounts in each fiscal year



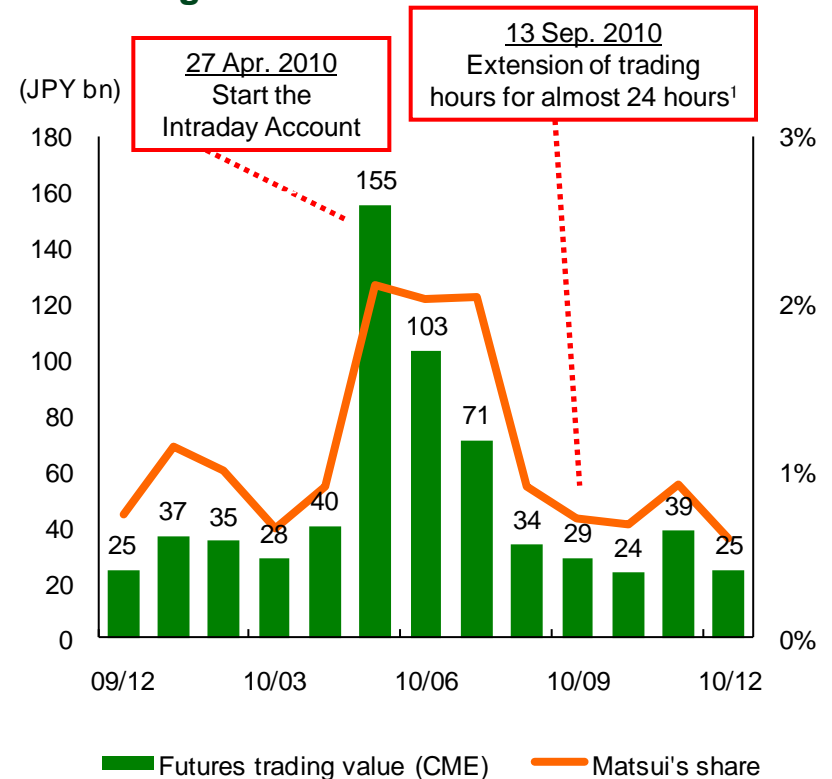
Note 1: Number of accounts as of the end of each month  
 Dormant accounts were closed down 11,140 in Dec. 2008, 28,846 in Apr. 2009 and 16,431 in May 2010

# Nikkei 225 Futures

## ◆ Matsui's OSE Nikkei 225 Futures trading value and its market share<sup>1</sup>



## ◆ Matsui's CME Nikkei225 Futures trading value

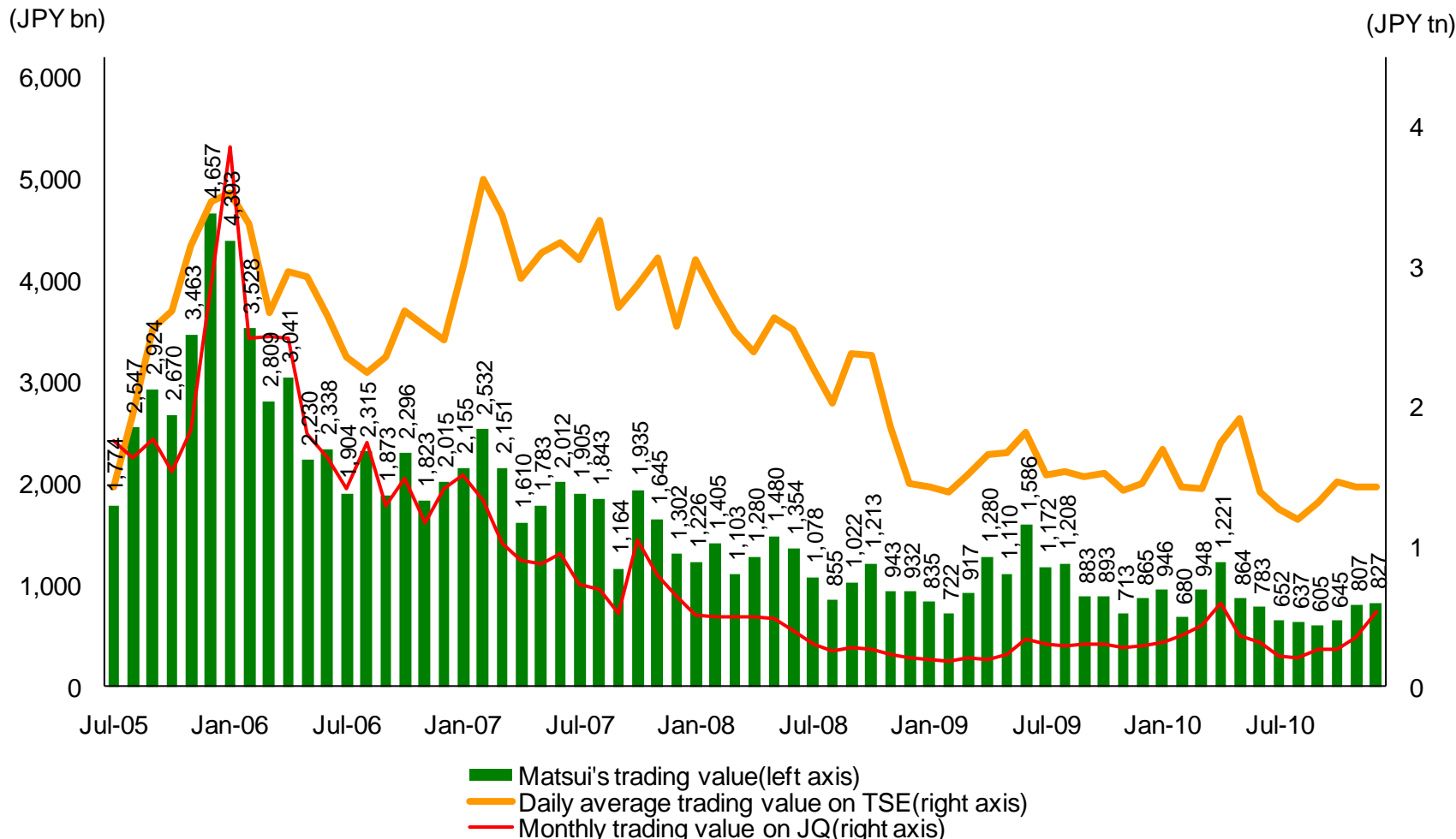


Source: OSE (Osaka Securities Exchange)

Note 1: The trading hours of CME Nikkei 225 Futures are 07:00am-05:15am (US summer time), 08:00am-06:15am (US winter time)

# Equity Trading Value

## ◆ Matsui's monthly equity trading value



# Recent Developments

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## Section 3



# Corporate Strategy

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## Our Purpose

We will provide superior quality of trading platform for retail investors based upon "customer-centered strategy"



## Our Achievements

- ◆ Pioneer in providing full-fledged online brokerage services in Japan
- ◆ Customer-oriented trading rule for margin trading
- ◆ "Box Rate" fee structure
- ◆ Pioneer in developing unlimited margin trading
- ◆ Pioneering approach to "NetFx" "Nikkei 225 futures and Nikkei 225 Options"

## Our Direction

- ◆ Develop unique and innovative services
- ◆ Focus on brokerage business
- ◆ Pursue the services which expand brokerage (flow) business rather than asset gathering related (stock) services

# Details of New Commission Charge

New commission charge is implemented from 24 January, 2011

## ◆Details of new commission charge

**No commission charge up to 100,000 yen<sup>1</sup>**

**No commission charge up to 100,000 yen of trading value per day**

**No commission charge up to 300,000 yen<sup>2</sup>**

**No commission charge up to 300,000 yen of trading value per day for six months after opening the margin account**

## ◆Matsui's commission structure

Trading value / day	New Commission Rate	Old Commission Rate
Up to 100,000 Yen	0Yen	21Yen
Up to 300,000 Yen	315Yen / 0Yen	315Yen
Up to 500,000 Yen	525Yen	525Yen
Up to 1 Million Yen	1,050Yen	1,050Yen
Up to 2 Million Yen	2,100Yen	2,100Yen
⋮	⋮	⋮
Above 100 Million Yen	105,000Yen (flat)	105,000Yen (flat)

Note 1: Start from 24 Jan. 2011

Note 2: Start from the middle of Feb. 2011

# Loss-Cut Account for Futures and Options Trading

## ◆ Introduction of loss-cut account

**First among the major on-line brokers**

Close all the margin balances in real time when guarantee money falls below the loss-cut line

### ■ Expand the upper limit of margin balances

	Short-Position	Long-Position
Nikkei 225 Futures	<b>500 units each</b> (ordinary 100 units)	
Nikkei 225 mini	<b>5,000 units each</b> (ordinary 1,000 units)	
Nikkei 225 Options	<b>300 units</b> (ordinary 200 units)	<b>10,000 units</b> (ordinary 1,000 units)

### ■ Starting campaign for loss-cut account

Discount of commission charge for Nikkei 225 futures trading for the customers who open the loss-cut account (14 Feb. 2011 – 31 Mar. 2011)

## ◆ Launch of “J-GATE” in OSE

“J-GATE”, the OSE’s next generation derivatives trading system, which provides with the standard trading functions and the highest level of order processing performance, will launch on 14 Feb. 2011

## ◆ Enhancement of the trading functions for “J-GATE” in Matsui

- Simplify the various order types by the original system development
- Offer the conditional order function
- Extend the validity for orders to the end of evening session
- Offer the function of order correction (from limit order to market order)
- Add the “stop order” function for evening session

# RTGS / FX Margin Trading

## ◆ Real-Time-Gross-Settlement

- Steady operation of system, secure liquidity is the highest priority
- # of accounts : 42,639 (As of 30 Dec. 2010)

### ~ Undertakings in 3QFY10 ~

- No commission charge up to JPY10mn of trading value (~Mar.11)



### Appeal the merits of RTGS

- Enable customers to day-trade the same stock several times on the same day
- Possible to trade during 11AM-12AM
- Possible to transfer the proceeds of the sale of shares to the bank account using the real-time disbursement service
- Increase in trading capacity of customers as result of increase in margin ratio immediately upon selling collateral securities

### ~ Future Developments ~

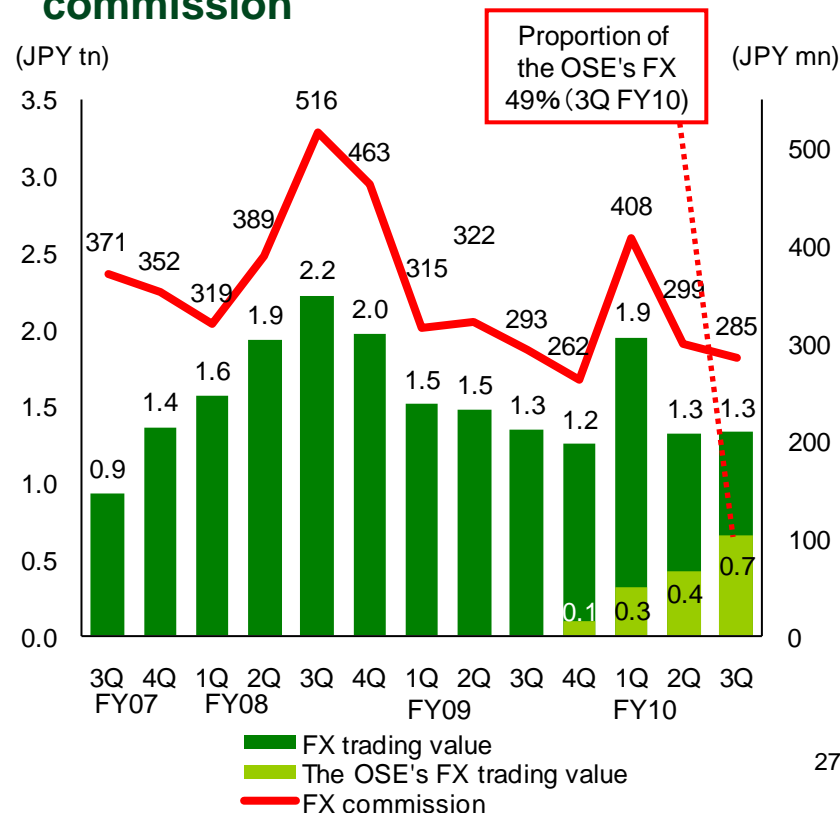
- Introduce margin transaction in order to increase liquidity

## ◆ FX margin trading

The OSE's trading value has been growing and the proportion to the total FX trading value has been rising

- The OSE's FX trading value : JPY241bn (Dec.2010)
- Proportion of the OSE's FX : 56% (Dec.2010)

## ◆ Matsui's FX trading value and commission



# Details of Newly Offered Services

Campaign/Promotion	Improvement in Quality of Services to Customers
<ul style="list-style-type: none"> <li>◆ <b>No commission charge for RTGS up to JPY10mn of trading value (10/1-12/30, 2011/1/4-3/31)</b></li> <li>◆ <b>Discount of commission charge for equity trading for new customers (8/23-11/4)</b></li> <li>◆ <b>No commission charge for ETF trading (12/21-2011/2/28)</b></li> <li>◆ <b>Starting campaign for loss-cut account (2011/2/14-3/31)</b> ~Discount of commission charge for Nikkei 225 futures trading for the customers who open the loss-cut account</li> </ul>	<ul style="list-style-type: none"> <li>◆ <b>Start notice mail services (10/12-)</b> ~Send messages to customers via e-mail to inform customers' transaction results, etc.</li> <li>◆ <b>Start the complimentary commission services for preferred customers of the OSE's FX (12/1-)</b></li> <li>◆ <b>Enhance the order function for the OSE's FX (12/11-)</b></li> <li>◆ <b>Increase in number of dealing stocks for short-selling of unlimited margin trading (12/22-)</b></li> <li>◆ <b>Implementation of new commission charge (2011/1/24-)</b></li> <li>◆ <b>Introduction of loss-cut account for futures and options trading (2011/2/14-)</b> ~First among the major on-line brokers</li> </ul>

The material is intended to provide the financial results for the quarter ended 30 December 2010 and the company's business strategy, and does not constitute a solicitation of an offer to buy the securities issued by the company. The material is created based upon information as of January 2011. The information herein identifies our views at the time of creation of the material, and the company does not make any representation or warranty as to its accuracy or completeness, therefore, the information may be changed without any notices. The company does not assume responsibility for any omissions or errors of any data and descriptions in the material.

This presentation may contain forward looking information. Please keep in mind that they are based on projections of the company and subject to changes depending on the situation. We will under no circumstances assume the obligation to revise this presentation in case such situation occurs.

## Contact information

### **Matsui Securities Co., Ltd.**

URL: <http://www.matsui.co.jp/ir/en/>

Tel: +81-3-5216-0784 Fax: +81-3-5216-8638

Mail: [ir@matsui.co.jp](mailto:ir@matsui.co.jp)

Akira WARITA, Director : [a-warita@matsui.co.jp](mailto:a-warita@matsui.co.jp)

Kumiko HAYASHI : [k-hayashi@matsui.co.jp](mailto:k-hayashi@matsui.co.jp)