

Contents

List of Tables	viii
List of Figures	ix
Acknowledgements	x
Preface	xi
Author's Note	xiv
1. Introduction	1
Part I	
Capital Markets	7
2. Securities Firms	9
Overview	9
The Big Four	13
Article 65: decline and fall?	22
Second- and third-tier securities firms	28
Securities finance companies	31
Investment trust management companies	31
Foreign securities companies in Japan	33
3. The Stock Market: History, Structure and Dynamics	42
Overview	42
History	44
The primary market	49
The secondary market	51
Stock exchange membership	51
Foreign stock exchange membership	52
Listing of foreign issues	53
Sections	55
Trading lots	56
Transactions	56
Margin trading	57
Settlement	58
The over-the-counter market (OTC)	59
Commissions	60
Depository receipts	61
Detached warrants	62

Market indicators	64
NTT: the world's biggest stock	65
Churning	67
Hostile corporate takeovers	69
Shareholders' meetings and the <i>sokaiya</i>	71
Greenmail	73
Share price manipulation: ramping	74
Nikkei stock index futures	77
The Japanese individual investor	78
The 'weight of money' and stock market directions	81
4. The Stock Market: the Foreign Investor and Investment Analysis	84
Overview	84
History of foreign investment	85
Regulations	87
Thirteen pitfalls in evaluating equity investment	87
Sources of information	106
5. The Domestic Bond Market	108
Overview	108
History	109
Secured or unsecured?	110
The primary market	112
The secondary market	123
The bond futures market	124
6. The Euroyen Bond Market	129
The birth of offshore securities	129
The euroyen bond market	131
Japanese bookrunners	137
Innovation	140
 Part II	
Banking and Money Markets	143
7. Banking	145
Overview	145
Commercial banking	147
Long-term banks	169
Specialised banks	174
The postal savings system	177
The Tokyo foreign exchange market	179
The Tokyo offshore banking market	181
8. Money Markets	186
Overview	186
<i>Tanshi</i> (short-term money brokers and dealers)	188
The interbank markets	189
The major 'open' markets	194

The minor 'open' markets	198
The yen swap market	201
The commercial paper market	202
Part III	
Fund Management	205
9. The Fund Management Industry in Japan	207
Overview	207
The Investment Advisory Act of 1986	209
Big funds	211
The fund management game	214
Managing money in Japan	223
Zaitek	223
Epilogue	228
Appendixes	
I Japanese interest rates	232
II Japanese ADRs	234
III Foreign corporations listed on the Tokyo Stock Exchange	237
IV Samurai, shibosai and shogun bond issues	239
V Japanese government bond futures	243
VI Nikkei stock average: 225 stocks, April 1986	246
Procedure for calculating the Nikkei stock average	250
Performance record for the Nikkei stock average (225 stocks)	251
Glossary	252
Bibliography	269
Index	270