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<https://www.fsa.go.jp/en/newsletter/index.html>

Information Related to the Noto Peninsula Earthquake in 2024

We would like to offer our condolences for the people who perished in the Noto Peninsula Earthquake in 2024 that took place on January 1 and express our heartfelt sympathy for all people affected by the disaster.

The FSA has created a website page titled "Information Related to the Noto Peninsula Earthquake in 2024," through which information useful for the people affected by the disaster is provided.

<Japanese version>

<https://www.fsa.go.jp/ordinary/earthquake202401/press.html>

<English version>

<https://www.fsa.go.jp/en/ordinary/earthquake202401/press.html>

Some of the information now available on the webpage is shown below.

■ FSA Consultation Hotline for the Noto Peninsula Earthquake in 2024

The FSA has launched the FSA Consultation Hotline for the Noto Peninsula Earthquake in 2024 in order to deal with inquiries about which sections of financial institutions should be contacted by disaster-affected people and about their transactions with financial institutions following the Noto Peninsula Earthquake in 2024 disaster.

The service can be accessed via a toll-free telephone number, so please feel free to use it if you have any concerns about transactions with financial institutions.

☎ **0120 – 156811** (toll-free telephone number)

[Service hours] Weekdays: 10:00 a.m. to 5 p.m.

*If you call from an IP phone, dial 03-5251-6813.

■ Situations of financial institutions in the disaster-affected areas

The list of the situations of financial institutions in the disaster-affected areas (e.g., temporary branch closures) indicated on the web page is updated as necessary.

■ For disaster-affected people taking out housing loans

Individual persons facing difficulty making housing loan repayment due to the effects of the recent disaster may ask for the waiver of their housing loans or the reduction of the repayment amount in accordance with the Guidelines for Debt Consolidation for Victims of Natural Disasters.

For detailed information, contact the financial institutions from which you have taken out loans.

■ For affected people with life and non-life insurance policies

In the areas to which the Disaster Relief Act has been applied, insurance industry associations respond to inquiries about insurance policies from customers who have lost documents and other information related to their policies due to the damage inflicted on houses and other property by the recent disaster.

Inquiries regarding life insurance

- Life Insurance Association of Japan

Contact point dedicated to inquiries in the event of disasters (Life Insurance Consultation Office)

☎ **0120 – 001731** (toll-free number)

[Service hours] Weekdays (excluding public holidays and the year-end and new-year holidays)

9:00 a.m. to 5 p.m.

Inquiries regarding non-life insurance

- General Insurance Association of Japan

Inquiry Center for Natural Disaster General Insurance Contracts

☎ **0120 – 501331** (toll-free number)

[Service hours] Weekdays

9:15 a.m. to 5 p.m.

***Currently, calls are accepted on weekends and holidays as well (as of January 12)**

- Foreign Non-Life Insurance Association of Japan Inquiry Center for Natural Disaster General Insurance Contracts

☎ **03 – 5425 – 7850**

[Service hours] Weekdays (excluding public holidays and the year-end and new-year holidays)

9:00 a.m. to 5 p.m.

Information will continue to be updated as necessary, so please access the web page.

1 * "Regarding the Guidelines on Debt Workout for Natural Disaster Victims (Great East Japan Earthquake and Natural Disaster Victims Debt Workout Guidelines Management Organization) <http://www.dgl.or.jp/> (Available in Japanese)

Holding of the launch event of Japan's Impact Consortium

1. Overview

As the importance of environmental and social issues such as climate change and the declining birthrate and aging population increases, the support for businesses that contribute to resolving these issues has become an urgent task. In particular, it is important to realize a positive feedback loop that links the creation of environmental or social impact to economic and social growth and sustainability. A wide-ranging collaboration is expected among industry, government, academia, and financial institutions.

In this context, "Japan's Impact Consortium" was launched as an interactive communication platform where impact-driven stakeholders could join in and share their expertise and experiences. The Consortium aims to support various initiatives to realize impact through business and to develop impact investment into an established approach and market. The launch event of the Consortium was held on November 28, 2023.

The launch event was attended by the people involved in the establishment of the Consortium, relevant organizations, relevant ministries and agencies (Cabinet Secretariat, the Financial Services Agency, the Ministry of Economy, Trade and Industry, and the Ministry of the Environment) and was streamed live online.

2. Opening speech and inaugural declaration

At the beginning, Parliamentary Vice-Minister of Cabinet Office Kanda made welcoming remarks and mentioned the power of companies creating impacts that solve issues through new technologies and ideas, the power of finance that promotes the innovation of such technologies and business models, and the importance of cooperation between companies and administrative organizations, particularly in local communities. Parliamentary Vice-Minister Kanda expressed expectations for the Consortium by stating: "The establishment and inauguration of this platform, where various stakeholders from the public and private sectors can cooperate, engage in active dialogue about impacts, and consider and share cases, challenges and techniques, is very useful for promoting social changes and sustainable economic growth."

In an announcement of founding by the founding member, President Mizuguchi of Takasaki City University of Economics called for participation in the Consortium with the following words: "It is important to ensure, through the activities of the Consortium, that it becomes a matter of course to take impacts into consideration when taking economic and social actions and that the practice of doing so takes root as a norm and a value."





Photo: Parliamentary Vice-Minister of Cabinet Office Kanda delivering welcoming remarks.



Photo: President Mizuguchi of Takasaki City University of Economics making an announcement of founding.

3. Video messages from relevant overseas networks

In addition, video messages were received from the representatives of Principles for Responsible Investment, the Global Steering Group for Impact Investment, and Global Impact Investing Network, which are major global networks that disseminate information on and promote impact investments. The representatives expressed expectations for the exercise of leadership by Japan through cooperation between the public and private sectors and for cooperation with overseas networks in realizing financial returns and social and environmental impacts and creating a sustainable society.

The overview of the consortium and videos streamed live on the day of the meeting can be viewed at an event website.*

Program

- 1. Welcoming Remarks**
- 2. Announcement of Founding**
- 3. Explanation of the Consortium's Outline**
- 4. Congratulatory Address**
- 5. Founding Members' Speeches**
- 6. Messages from Overseas Networks**
- 7. Closing Remarks**
- 8. Closing Address**

Commissioner Kurita's Meeting with GFANZ Co-Chair Mr. Mark Carney

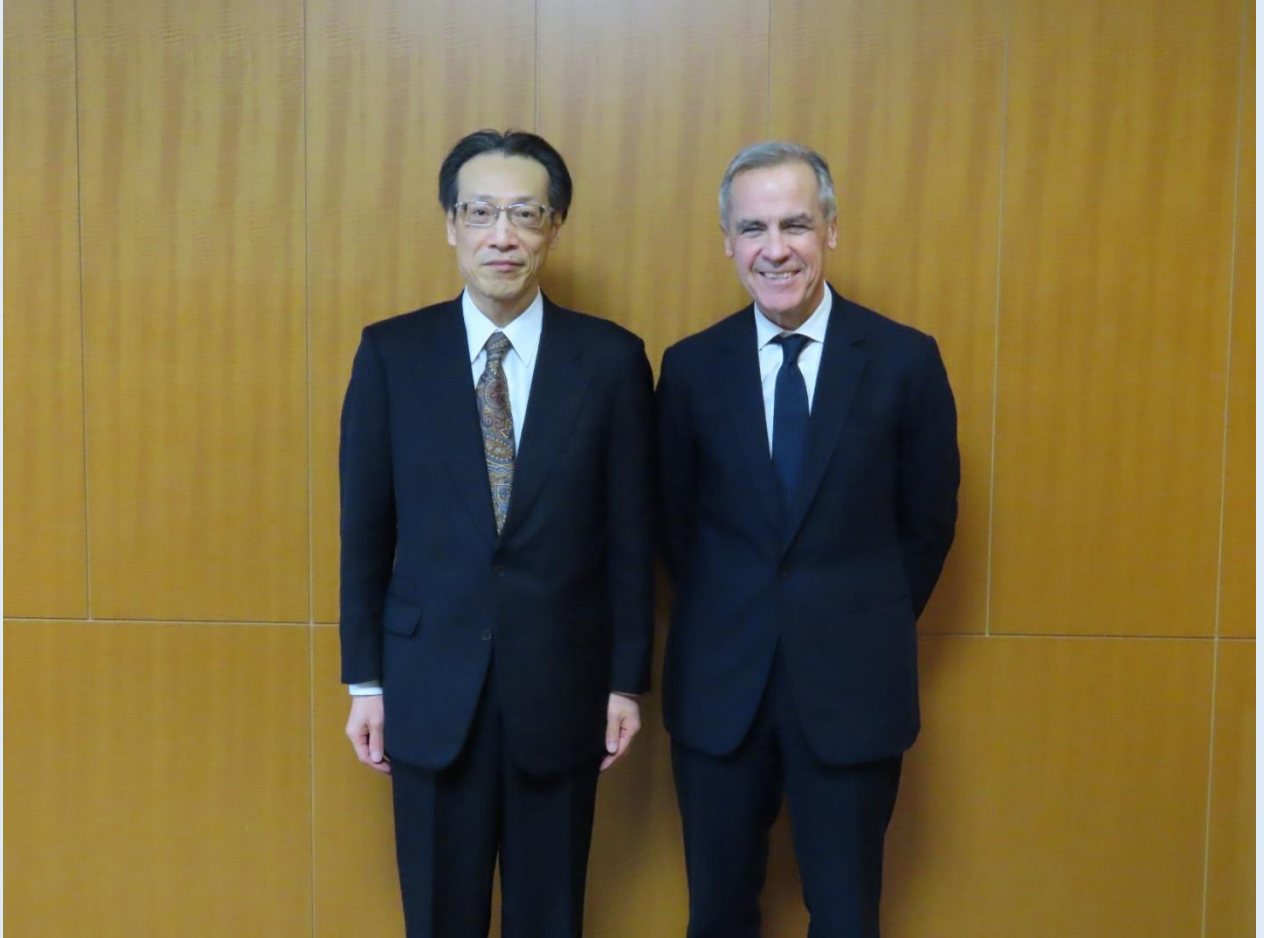


Photo: FSA Commissioner Kurita (left) and GFANZ Co-chair Mark Carney (right)

On November 29, 2023, FSA Commissioner Kurita held a meeting with GFANZ Co-Chair Mark Carney (who also serves as UN Special Envoy on Climate Action and Finance) at the Financial Services Agency.* The meeting was realized as Co-Chair Carney visited Japan before participating in COP28, which was held in the United Arab Emirates.

In the meeting, they discussed a broad range of

matters related to the promotion of sustainable finance. In particular, they exchanged opinions on financial initiatives toward decarbonization in Asia and across the world, including the Asia GX Consortium, Japan's cooperation with GFANZ, the status of activity of the Japanese branch of GFANZ, and the importance of transition finance.

* For information on the meeting between Prime Minister Kishida and GFANZ Co-Chair Carney, which was held on the same day, see the website of the Prime Minister's Office.

https://www.kantei.go.jp/jp/101_kishida/actions/202311/29hyokei.html (Available in Japanese)

Seventh Japan-Korea Shuttle Meeting

On December 19 and 20, 2023, the seventh Japan-Korea Shuttle Meeting was held in Seoul, Republic of Korea (ROK), with the FSA of Japan, and the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS) of the ROK participating in the meeting. This meeting was the first Shuttle Meeting in seven years since the last meeting, which was held in Tokyo in June 2016.

During his stay in Seoul, FSA Commissioner, KURITA Teruhisa held a meeting with FSC Chairman Kim Joo-hyun and a meeting with FSS Governor Lee Bokhyun. Commissioner Kurita welcomed the resumption of the Shuttle Meeting and expressed his expectation that the meeting would serve as an important platform for effectively dealing with opportunities and challenges common to Japan and the ROK and that exchanges of information between the three authorities would be further promoted in such fields as sustainable finance and innovation in financial services.

In the meeting, the three authorities held frank and constructive dialogue on the global economic and financial situations surrounding Japan and ROK and important challenges for financial administration in both countries.

Moreover, the three authorities signed a revised version of the Memorandum of Cooperation (MoC) concerning Assistance and Mutual Cooperation in the Area of Financial Supervision, which was originally signed between them in 2014. The revision is intended to expand the scope of supervisory cooperation in order to respond to new challenges, such as innovation in financial services and sustainable finance.

The FSA, and the FSC and the FSS issued a joint press release concerning the Shuttle Meeting. For details, please refer to the FSA website.

<https://www.fsa.go.jp/en/news/2023/20231220/20231220.html>



Photo (above): Chairman Kim (left), Commissioner Kurita (middle), and Governor Lee (right)
 (below): A scene from the seventh Japan-Korea Shuttle Meeting

The Second Meeting of the Japan-UK Financial Regulatory Forum

Based on the Japan-U.K. Comprehensive Economic Partnership Agreement (CEPA), the FSA holds an annual meeting with the UK authorities for the financial regulatory cooperation.

In 2023, the FSA, and HM Treasury (HMT), the Bank of England (BOE), and the Financial Conduct Authority (FCA), held the second Japan-UK Financial Regulatory Forum on November 27 (as a joint event with the 5th meeting of the Japan-UK Financial Dialogue hosted by Ministry of Finance, Japan)

In the forum, we discussed about the development in the both jurisdictions and international cooperation between Japan and the UK in the fields of crypto assets/stablecoins, fintech,

sustainable finance, non-bank finance intermediation (NBFI), asset management, banking, and insurance.

In addition, the participants issued a joint statement on the discussions in the meeting.

<https://www.fsa.go.jp/en/news/2023/20231127/20231127.html>

The next meeting of the forum is expected to be held in London this year. The FSA will continue to make efforts to strengthen cooperation with the authorities of other countries through bilateral dialogues.



Photo: The representatives of the FSA, the Ministry of Finance, HMT, BOE, and FCA posing for a commemorative photo
FSA Vice Minister for International Affairs Ariizumi (third from the right) and
FSA Vice Commissioner for International Affairs Miyoshi (far right)

Publication of the "Q&A Regarding the Coverage of the Insurance Business"

YASUDA Eitetsu, (former) Deputy Director, Insurance Business Division, Supervision Bureau
 MIZUTANI Yurika, Section Chief, Insurance Business Division, Supervision Bureau
 SATO Ryoichi, Deputy Director,
 WATANABE Kaori, Deputy Director,
 Non-Life Insurance/Small-Claims and Short-Term Insurance Business Office,
 Insurance Business Division, Supervision Bureau

1. Introduction

On November 30, 2023, the FSA published "Q&A Regarding the Coverage the Insurance Business," which describes basic ideas on the coverage of the insurance business ("Q&A").^{*1}

The intent of publication and an overview of the Q&A are introduced below.

2. Intent of publication

A person who intends to engage in the insurance business is required to obtain an insurance business license or be registered for the small amount and short term insurance business, but the FSA has frequently received inquiries regarding whether certain businesses or transactions fall under the category of the insurance business.

Such inquiries have been received mainly through the No Action Letter System, which is a system to respond to inquires based on specific facts regarding the business or transaction that an inquirer intends to conduct.

The Comprehensive Guidelines for Supervision for Small Amount and Short Term Insurers^{*2} ("Comprehensive Guidelines") contain some statements concerning the coverage of the insurance business with regard to the small amount and short term insurance business but they do not indicate general interpretations in a systematic manner.

Therefore, the FSA prepared the Q&A to describe basic ideas on the coverage of the insurance business with the aim of presenting a guide to business operators who are considering launching new services, while enhancing the transparency of the insurance administration.

3. Overview of the Q&A

The Q&A presents ideas for "General Theory,"

"Organization of Issues under the Insurance Business Act," and "Organization of Issues Based on the Comprehensive Guidelines." Questions on basic matters are marked with "★" to clarify matters to be referred to when examining the coverage of the insurance business for the first time. Part of the Q&A is introduced below.

■ General Theory

(Q.1)★ In what cases do I need to examine the coverage of the insurance business?

When you intend to provide any compensation services, such as paying money or repairing a product upon the occurrence of certain incidents, by receiving any money from users, including consideration for the product or consideration for any services other than the services you are considering to start, irrespective of whether you receive money as consideration for the relevant services or not, you need to examine whether the relevant services fall under the category of the insurance business.

(Q.2)★ How should I examine the coverage of the insurance business?

First, you should refer to the Organization of Issues under the Insurance Business Act ("Act"). If you cannot make a judgment, then, you should refer to the Organization of Issues Based on the Comprehensive Guidelines.

The procedures for the examination are as shown in the Figure on the next page, but the details of each item are stated in Q.4 onward.

^{*1} Publication of the "Q&A Regarding the Coverage the Insurance Business" (published on November 30, 2023)
<https://www.fsa.go.jp/news/r5/hoken/20231130/20231130.html> (Available in Japanese)

^{*2} Comprehensive Guidelines for Supervision for Small Amount and Short Term Insurers
<https://www.fsa.go.jp/common/law/guide/syougaku.pdf> (Available in Japanese)

■ Organization of Issues under the Insurance Business Act

(Q.4)★ How is the insurance business defined in laws and regulations?

The main sentence of Article 2, paragraph (1) of the Act defines the insurance business as "the business of underwriting insurance for which premiums are received in exchange for an agreement to pay a fixed amount of insurance proceeds in connection with the life or death of an individual, insurance for which premiums are received in exchange for an agreement to compensate for damage caused by specific and accidental events, and other insurance listed in the items of Article 3, paragraph (4) or the items of Article 3, paragraph (5)." (However, this paragraph specifies the cases exempted from application. For details, see Q.7.)

■ Organization of Issues Based on the Comprehensive Guidelines

(Q.12)★ Please explain the relation between the main clause and the explanatory note in (Note 2) of V(1) in the Comprehensive Guidelines.

(Note 2) of V(1) in the Comprehensive Guidelines provides for the criteria for cases where the provision of labor services does not fall under the category of the insurance business.

The main clause of this note explains how to make a judgment regarding whether the relevant services fall under the category of the insurance business while comprehensively taking into account (i) the content of the services, (ii) the provider of the services and the method of provision, (iii) whether

the services have long been recognized as being different from insurance transactions, and (iv) the purport of the regulations under the Insurance Business Act.

The explanatory note specifies the case where the relevant services are judged as not falling under the category of the insurance business without the need to make a comprehensive judgment based on the main clause. It is construed that the explanatory note clearly states the rule that a person who produces goods assumes product liability and a seller assumes liability for non-compliance with a contract or other civil legal liability and even if they expand these liabilities as part of customer services by a contract, such services do not fall under the category of the insurance business under normal social conventions.

Accordingly, in cases falling under the explanatory note of (Note 2) of V(1) in the Comprehensive Guidelines, it is not necessary to make a comprehensive judgment based on the main clause. As explained above, when you intend to provide labor services, you should first examine whether the requirements in the explanatory note are satisfied. If the explanatory note is not applicable, you should make a comprehensive judgment on whether the services fall under the category of the insurance business based on the main clause.

.....

For other questions, check the whole text of the Q&A on the FSA's website.

https://www.fsa.go.jp/common/law/hokenngaitousei_ganda.pdf (Available in Japanese)

.....

1. Refer to the "Organization of Issues under the Insurance Business Act"

- (1) Whether the relevant services fall under the insurance business as defined by the Act
- (2) Whether the relevant services may be excluded from the application of the Act
- (3) Whether the relevant services may be categorized as guarantee, derivatives or anything other than insurance under law

2. If you are unable to make a judgment based on 1., refer to the "Organization of Issues Based on the Comprehensive Guidelines"

- (1) Performance in money [Comprehensive Guidelines: V(1) (Note 1)]: Whether (i) to (iii) below are all satisfied
 - (i) Whether a certain group of people to whom money is paid has a certain personal relationship or social relationship
 - (ii) Whether congratulatory or condolence payments, etc. are accepted as social practice broadly among the general public
 - (iii) Whether the amount of the benefit is reasonable under normal social conventions.
- (2) Provision of services [Comprehensive Guidelines: V(1) (Note 2)]
 - (i) Whether the relevant services are labor services, such as repairing, to be provided incidentally to the production and sale of goods
 - (ii) Whether the relevant services can be categorized as labor services, such as repairing, that do not fall under the category of the insurance business while comprehensively taking into account the following:
 - a. The content of the agreement on the provision of services
 - b. The provider of the services and the method of provision
 - c. Whether the services have long been recognized as being different from insurance transactions
 - d. The purport of the regulations under the Insurance Business Act

FSA's Efforts for Promoting Japan as a Leading Asset Management Center

SUZUKI Yoshikazu, Senior Deputy Director
SAKAGAMI Maki, Section Chief
TANAKA Atsushi, Staff member

Risk Analysis Division, Strategy Development and Management Bureau

1. Basic idea

○ More than half of Japanese household assets are saved as cash or deposits, while in US and UK, households invest larger amounts of money and are increasing their financial assets more rapidly. In light of such circumstances, the Government of Japan aims to achieve a virtuous cycle of growth and distribution. Specifically, a virtuous cycle to be achieved in Japan is as follows.

- Households shift their assets from savings to investment for stable asset formation.
 - Those funds are used for companies' growth, leading to increase their corporate value.
 - The benefits are returned to households in the form of asset-based income, which is to be used for further investments and consumption.
- To achieve this, it is important to reach out to various entities in the investment chain.
- (i) For households, the government will offer

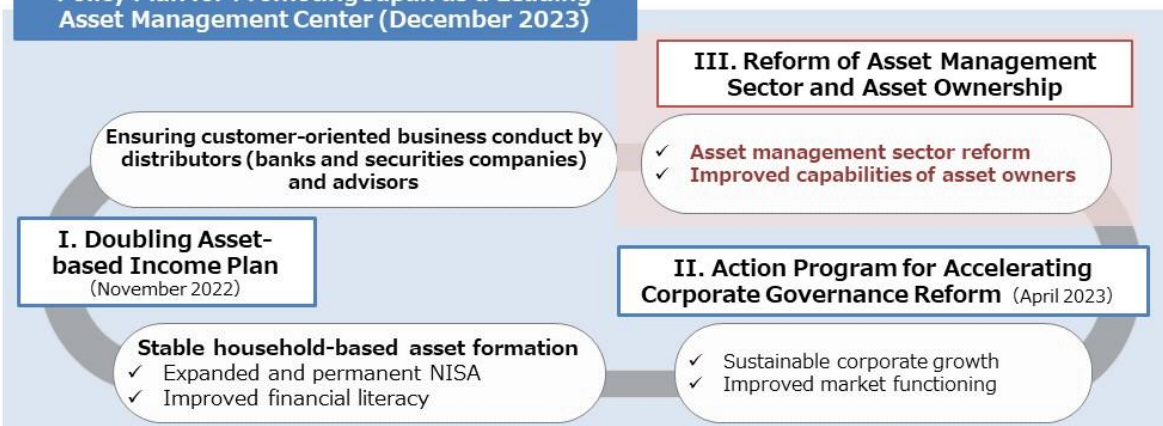
support for their stable asset formation by such means as disseminating the new NISA (tax exemption program for retail investors) program, which was launched this January, and enhancing financial and economic education through the Financial and Economic Education Promotion Agency, which is scheduled to be established this spring.

- (ii) For financial institutions, the government will encourage them to ensure customer-oriented business conduct so that households can purchase financial assets without worries.
- (iii) For companies, the government will promote their efforts for ensuring more effective corporate governance with the aim of achieving a sustainable growth and increasing corporate value over the mid- to long-term so that an increasing number of companies become attractive investment destinations.

Overview of "Promoting Japan as a Leading Asset Management Center"

- Under PM Kishida's initiative toward a "new form of capitalism", the government has been taking various measures to achieve a "virtuous cycle of growth and distribution" through an increased flow of Japan's household savings flow into productive investment.
- The government has been reaching out to **various entities in the investment chain** to encourage this move, including through:
 - I. Doubling Asset-based Income Plan**; and
 - II. Corporate governance reforms.**
- **III. Reform of Asset Management Sector and Asset Ownership** is the remaining piece for the growth of Japan's economy and Japanese people's asset income.

Policy Plan for Promoting Japan as a Leading Asset Management Center (December 2023)



- Furthermore, (iv) for the asset management sector and asset owners (such as pension funds and insurance companies), which manage assets of households, etc. through pensions, insurance products, investment trusts, etc., the government will encourage them to enhance management capabilities and improve governance.
- Accordingly, on December 13, 2023, a subcommittee under the Council of New Form of Capitalism Realization formulated and published the Policy Plan for Promoting Japan as a Leading Asset Management Center. The government intends to achieve growth of the Japanese economy and increase people's asset-based income through implementing the Plan.

2. Overview of the Policy Plan for Promoting Japan as a Leading Asset Management Center

- The Plan states that measures for the asset management sector and asset ownership will be taken centered on the following five pillars (for concrete measures, see the following Figures).

(i) A reform of the asset management sector

(enhance existing asset management companies' investment management capabilities, improve governance; promote new entry of domestic and overseas firms into the asset management sector as well as competition)

- (ii) A reform of asset ownership**
- (iii) Financing for growth and diversity in investment opportunities**
- (iv) Effective implementation of stewardship activities**
- (v) Strengthening public relations and communications**

- The FSA will continue its efforts for promoting Japan as a leading asset management center in close collaboration with the Cabinet Secretariat, the Ministry of Health, Labour and Welfare, and other related parties.

For details, see the FSA's website.

<https://www.fsa.go.jp/en/policy/pjlamc/20231214.html>

I. Reforming the Asset Management Sector

- Call for major financial groups to develop their **plans to describe their asset management business strategy, enhance their investment management capabilities and improve governance**
- Develop **principles for product governance** of asset management companies
 - Clarify the intended customers for individual financial products
 - Verify the balance between expected returns and costs/risks
- Rectify **Japan's unique business practices** and resolve **barriers to entry**
 - Encourage single-check calculation of net asset values of investment trusts
- Establish **special zones**
 - **Publish a policy package for the special zones by summer 2024**
- Introduce a new **program to assist new entrants** (Emerging Manager Program)
 - Request **financial institutions to use emerging asset managers and not to exclude them simply because their business history is short. Figure out and publish good examples of initiatives** in financial groups.
 - In "Asset Owner Principles", include a provision on the treatment of emerging asset managers in the possess of fund manager selection.
 - Provide **a list of emerging asset managers (Entry List)**
 - **Deregulate** to allow asset managers to **outsource middle- and back- office operations**

II. Reforming Asset Ownership

- **Develop “Asset Owner Principles”** by summer 2024
 - Include common principles of investment policy, governance, and risk management.
- **Reform Occupational pension funds**
 - For defined benefit pensions (DBs), promote **reviews of the selection of the investment companies entrusted** for the best interest of beneficiaries.
 - Encourage the Pension Fund Association to **improve its joint management scheme**, including **enriching service lineup** for more small-scale DBs.
 - For defined contribution pensions (DCs), **promote disclosure of information such as on investment policy and investment portfolio so that pension beneficiaries can select appropriate products.**
 - Regarding DBs and DCs, **promote disclosure of investment information in a comparable manner**, by Ministry of Health, Labour and Welfare.

III. Promoting financing for growth and diversifying investment opportunities

- **Promote investment in start-up companies with growth potentials**
 - Develop principles for venture capital funds
 - Deregulate for investment crowdfunding
 - Promote issuance and circulation of unlisted securities
- **Diversify investment opportunities, including alternative investments and sustainable investments**
 - Allow partial inclusion of non-listed equities in investment trusts
 - Hold Dialogue on Enhancing Sustainability Investment Products by the end of 2023

IV. Effective Implementation of Stewardship Activities

- Work with Tokyo Stock Exchange (TSE) to follow up on **the initiatives of planning, disclosure, and implementation by listed companies** corresponding to TSE’s request “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”.
- Promote effective engagement efforts between institutional investors and companies, **including through a review of the large shareholding reporting rule.**

V. Strengthening Public Relations and Communications

- **Launch an “Asset Management Forum”** in collaboration with domestic and overseas investment companies and investors. **Establish a preparatory committee for the forum by the end of 2023.**
- **Exchange opinions** with local governments and investors on the Policy Plan, and **consider further policy and measures.**

*The Cabinet Secretariat will conduct a review of progress around June 2024.

Overview of the "Report of Working Group on Capital Market Regulations and Asset Management Task Force of the Financial System Council"

YAMAGUCHI Jumpei, Deputy Director
SHIROMURA Iori, Section Chief
Financial Markets Division, Policy and Markets Bureau

1. Introduction

With the aim of achieving a virtuous cycle of growth and distribution including through an increased flow of Japan's household financial assets, which exceed 2,000 trillion yen in total, savings into productive investment, the Sectional Committee on Leading Asset Management Center was established under the Council of New Form of Capitalism Realization on October 4, 2023. The Sectional Committee deliberated on a policy plan for achieving a leading asset management center, including reforms of the asset management sector and asset ownership.

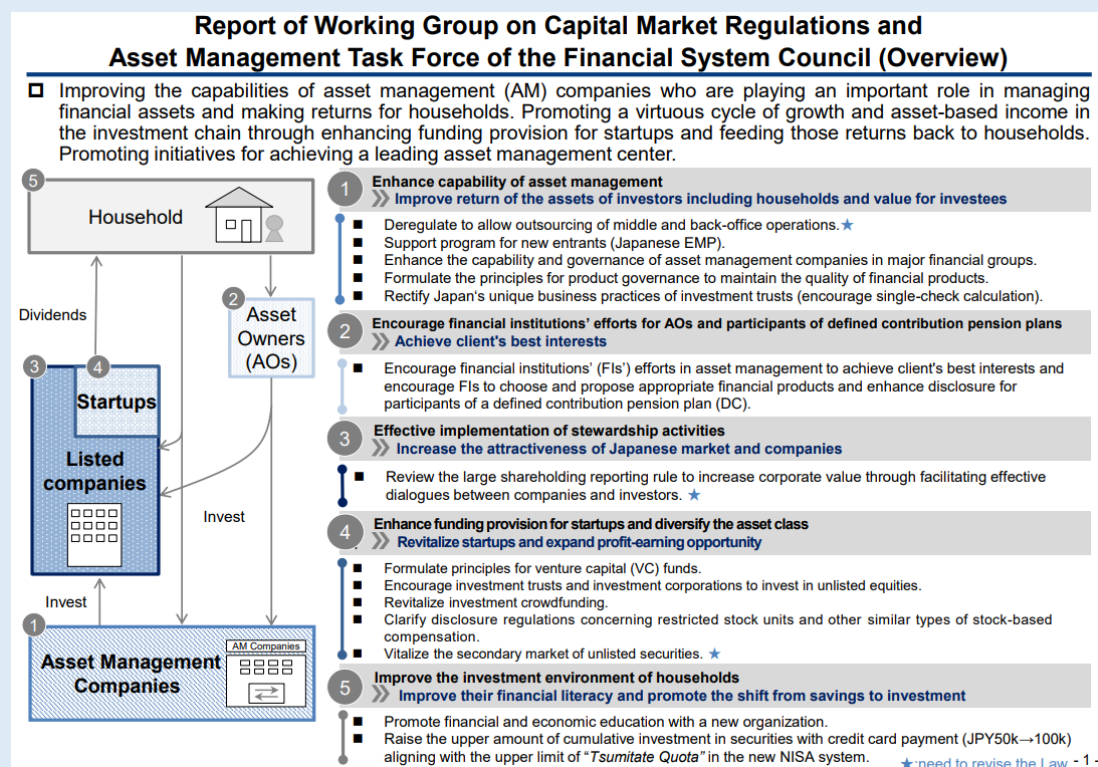
In tandem with such government-wide initiative, the FSA also established the Asset Management Task Force under the Working Group on Capital

Market Regulations of the Financial System Council on October 3, 2023. The working group and the task force members discussed institutional frameworks for asset management from a professional perspective.

On December 12, 2023, the Report of Working Group on Capital Market Regulations and Asset Management Task Force^{*1} ("Report") was published based on discussions at the Task Force (Figure 1). On December 13, 2023, the government of Japan formulated the Policy Plan for Promoting Japan as a Leading Asset Management Center ("Plan"), which incorporates measures presented in the Report.^{*2}

The next page introduces the content of the Report that also relates to the Plan.

[Figure 1]



^{*1} For the "Report of Working Group on Capital Market Regulations and Asset Management Task Force of the Financial System Council" published on December 12, 2023, see: https://www.fsa.go.jp/en/refer/councils/singie_kinyu/20231213.html

^{*2} For the Policy Plan for Promoting Japan as a Leading Asset Management Center (decided on December 13 by the Sectional Committee on Leading Asset Management Center of the Council of New Form of Capitalism Realization), see p.9 to p.11 of this issue.

2. Enhancing the capability of the asset management business (Figure 2)

There are concerns that major financial groups may prioritize sales promotion over customer interests in their developing and managing financial instruments. In light of such concerns, the Report recommends that it is important for major financial groups to develop and publish their plans to articulate the role and position of their asset management business in their business strategies, enhance their investment management capabilities, and improve governance. In addition, the Report recommends to add statements mainly regarding the product governance of asset management companies in the "Principles for Customer-Oriented Business Conduct."

It is expected that the asset management capabilities of the industry as a whole will be enhanced through active entries of new companies from inside and outside Japan. As measures for that purpose, the Report recommends (a) to establish a voluntary registration system for entities entrusted with middle and back-office operations, and to regulate and supervise registered entities to ensure the quality of operations, and (b) to deregulate the registration requirements for the asset management business when outsourcing middle and back-office operations to registered entities.

Additionally, based on the idea that it would be acceptable that asset management companies solely fulfil a function to operate funds in the same manner as fund management companies in Europe, it is recommended to review the regulation prohibiting asset management business from entrusting all of their assets to another company.

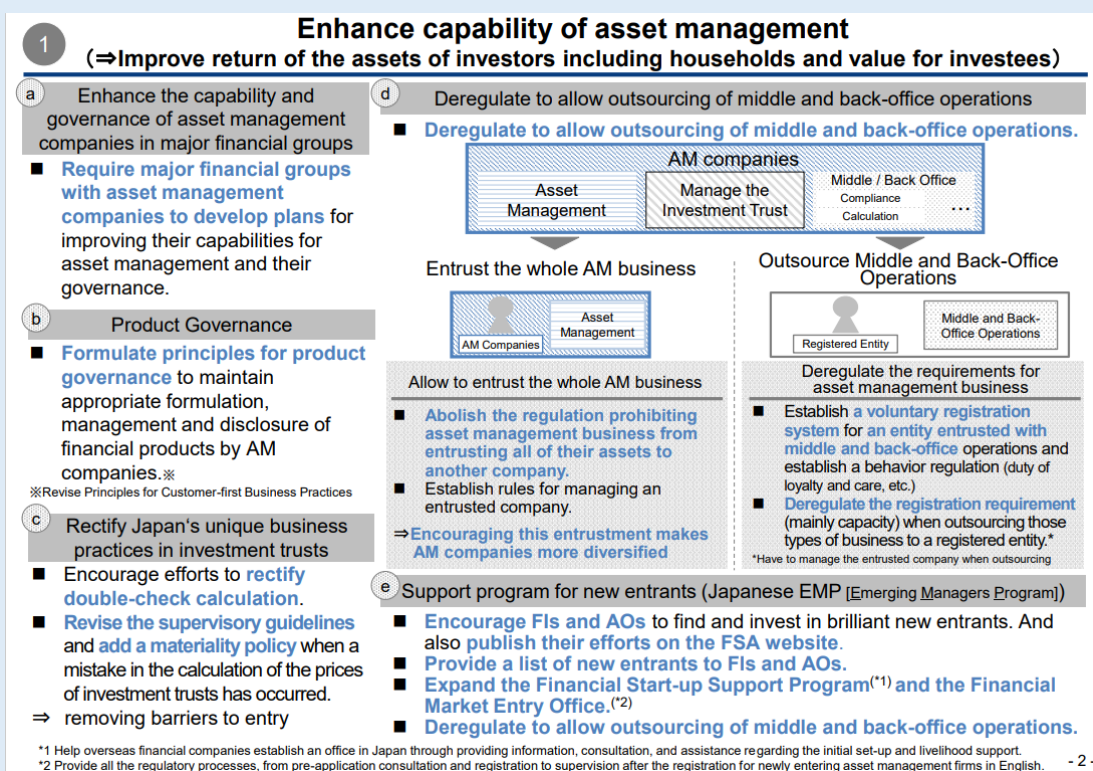
Some also point out the difficulty for new entrants to acquire seed money, and the development of a program for facilitating entrustment to emerging asset managers through joint public-private initiatives is also recommended. For example, possible measures may include to request financial institutions, etc. not to exclude emerging asset managers simply because their business history is short, but to select them from a wide range of pools.

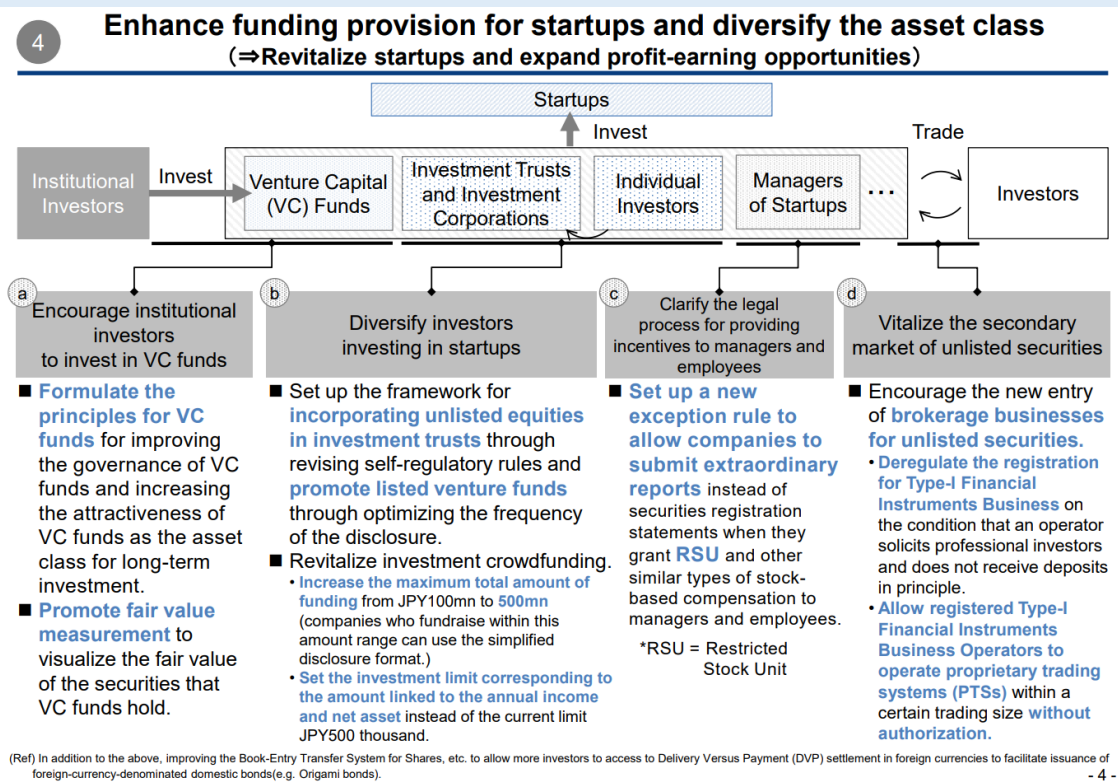
Double-check calculation of net asset values of investment trusts, one of Japan's unique business practices, is recommended to be resolved through the clarification on a materiality policy in the supervisory guidelines.

3. Strengthening functions concerning asset owners

The Plan presents concrete measures for reforming asset ownership. The Report recommends that the FSA appropriately monitor financial institutions who are supporting asset owners and request improvement when necessary.

[Figure 2]





4. Promoting financing for growth and diversifying investment opportunities (Figure 3)

It is important to vitalize the provision of growth capital to startups, which play indispensable roles for sustainable growth of the Japanese economy. In order to improve the governance of Japanese venture capital funds that procure funds broadly from institutional investors, it is recommended to formulate the principles for venture capital funds.

To date, unlisted equities have not been incorporated in investment trusts in Japan, but the Investment Trusts Association, Japan revised the self-regulatory rules last December (to be enforced this February). The Report also makes recommendations for promoting the use of the TSE Venture Funds market, and it is expected that financing for the growth and diversification of investment opportunities will be promoted through these initiatives.

With regard to investment crowdfunding ("investment CF"), it is recommended to raise the maximum total amount of funding on the premise that companies procuring funds through investment CF would disclose information as required, and to set the investment limit corresponding to the annual income and net assets of investors (excluding specified investors).

It is also important to vitalize not only the primary market trades but also the secondary

market trades of unlisted securities. The Report recommends the deregulation of the registration for the Type-I Financial Instruments Business only with regard to intermediary services for unlisted securities on the condition of targeting only professional investors without receiving deposits of securities or money in principle. Additionally, the Report recommends to allow registered Type-I Financial Instruments Business Operators to operate proprietary trading systems (PTSs) without authorization only in the case of transactions within a certain size.

Furthermore, in order to improve the investment environment for households, the Report states that it would be appropriate to raise the upper amount of cumulative investment in securities with credit card payment so as to meet the installment investment quota under the new NISA program (monthly quota of 100,000 yen).

5. Conclusion

The Report further makes recommendations on a wide range of issues, such as for effective implementation of stewardship activities and diversifying investment products. The FSA would like to implement measures presented in the Report steadily and promote efforts for achieving a virtuous cycle of growth and distribution through the investment chain.

Renewal of the Website for NISA

Launch of the new NISA

NISA was renewed this January, and its website was also completely renewed.

<https://www.fsa.go.jp/policy/nisa2/index.html>

(Available only in Japanese)

The renewal aimed to make the website user-friendly with a more familiar design, casting a light on *Tsumitate wa-nisa*, the FSA's NISA character, as the main theme to encourage even beginners to consider asset formation and learn about NISA.

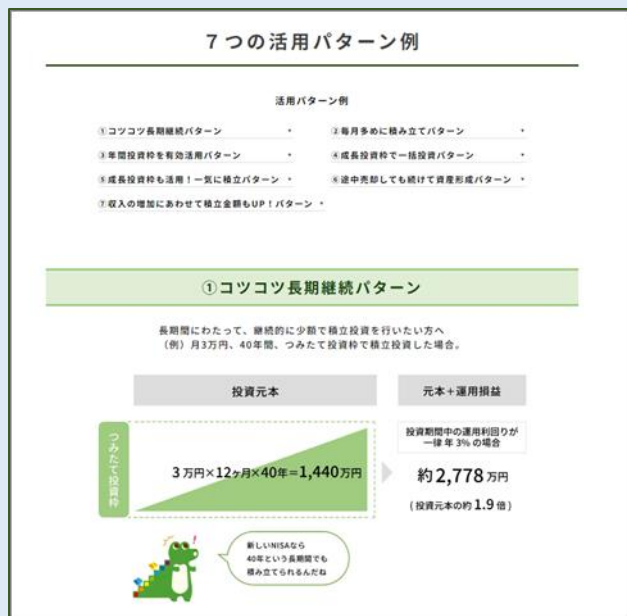


Examples of how to use NISA

In addition to the information having been already published on the website, such as an outline of NISA and statistics, a new page introducing examples of the effective use of NISA was introduced to help users imagine their actual use. The page explains the characteristics of the *Tsumitate* (installment) investment quota and the growth investment quota, and shows seven patterns of use.

We hope that those patterns give you a detailed

image of investing through NISA.



Always updating various contents of the website!

The FSA is planning to update contents relating to NISA and asset formation on the website, including information on its NISA seminars and events, simulation of *Tsumitate* (installment) investments, simulation of life planning, etc.

Such information will be published in conjunction with the information on the official X (formerly Twitter) account for *Tsumitate wa-nisa*. We are looking forward to your visiting on the website.



Japan Fintech Week 2024 and FIN/SUM2024 (March 4 to 8)

JAPAN 2024 FINTECH WEEK

1. Japan Fintech Week

The FSA will hold the first **Japan Fintech Week 2024** with the aim of showcasing the dynamic Japanese fintech landscape to a global audience, catalyzing business opportunities, and fostering the continued growth of fintech innovation.

By setting **Monday, March 4 to Friday, March 8, 2024** as the core week and in conjunction with the eighth iteration of FIN/SUM2024 (see the next page), a diverse array of fintech-related events organized by various entities will be held intensively in Tokyo, intending to provide a unified platform for fintech professionals from Japan and around the world. The Tokyo metropolitan government and other local governments and embassies, as well as fintech-related bodies, such as the Blockchain Governance Initiative Network (BGIN), Fintech Association of

Japan, FINOLAB, Elevandi, Plug and Play, plan to have panel discussions, round tables, booth exhibitions, startup pitches, networking at various locations in Tokyo.

2. Scheduled events for Japan Fintech Week

The events shown in the table below are scheduled.

For details, see the webpage dedicated for Japan Fintech Week. We are looking forward to your participation!

https://www.fsa.go.jp/policy/japanfintechweek/2024/index_en.html

Date	Time	Event title	Hosted by
March 3-6	All day	BGIN (Blockchain Governance Initiative Network)	BGIN
March 4-7	All day	Japan Fintech Festival 2024	Elevandi
March 4-8	All day	4F (FINOPITCH and other)	FINOLAB
March 4	At night	Networking Event	Headline(IVS)
March 5-8	All day	FIN/SUM 2024	FSA , Nikkei Inc.
March 5-8	All day	UK FinTech Mission to Japan 2024	British Embassy
March 5	At night	The 26th Community Event by sunabar	GMO Aozora Net Bank, Ltd.
March 5	At night	CVC meet up	HIRAC FUND
March 7-8	All day	DeFi Retreat 24 APAC	TET Events
March 8	PM	The Future of Insurance	GuardTech
March 12	All day	ITC Japan in collaboration with Plug and Play	Plug and Play
March 14-15	All day	Digital Banking Transformation 2024	The Japan Financial News Co., Ltd.
To be determined	To be determined	Award Ceremony for Tokyo Financial Award 2023	Tokyo metropolitan government



3. FIN/SUM2024

The FSA will host FIN/SUM2024, an international symposium on fintech, jointly with Nikkei Inc. from Tuesday, March 5, to Friday, March 8, as one of the key events of Japan Fintech Week. Experts from academia, the technology community, private companies, and financial authorities including central banks will be invited to discuss various perspectives on topics such as Web 3.0 and digital assets, remittances and payments, embedded finance, regional revitalization, artificial intelligence, ESG, and Special Zones for Financial and Asset Management Businesses.

* Photos from FIN/SUM2023

For more details, please refer to the FSA's website.

1. **Date:** Tuesday, March 5, to Friday, March 8, 2023
2. **Venue:** Marunouchi Building Hall (7th floor) Marunouchi Building Conference Square (8th floor) (2-4-1, Marunouchi, Chiyoda-ku, Tokyo), etc.
3. **Program:** For details, including procedures for registration for participation, see the following official website. https://www.finsum.jp/en_index.html
4. **Theme:** "Building a Bright Future: Fintech for Happy Growth"



Recent Requests for Consultation Received by the Counseling Office for Financial Services Users (July to September 2023)

In order to make financial services more convenient and to make effective use of received information for financial administration, the FSA has opened the Counseling Office for Financial Services Users ("Counseling Office"), which is a one-stop window for handling inquiries, requests for consultation and opinions received from users with respect to financial services.

The items of consultation and the number of requests for consultation received from users are disclosed on a quarterly basis. On November 30, 2023, information regarding requests for consultation received in the quarter from July to September 2023 was disclosed.

In September 2022, the Counseling Office launched an AI chatbot for an automated answering service for general and routine questions. Based on the findings through users' use of the AI chatbot so far, the content of supposed questions, etc. was enhanced last November.

Below, an overview of requests for consultation received recently by the Counseling Office is provided.

Regarding deposits and loans, the Counseling Office received requests for consultation concerning letters for user information confirmation sent from financial institutions as part of their countermeasures against money laundering, stating that they do not understand how to enter their responses or that they wonder whether it is necessary to make responses. There was also a request for consultation on a case where a user was requested to submit identity verification documents and documents proving the usage when intending to withdraw a large amount of money, but could not submit those documents and could not make the withdrawal.

In addition, there were several requests for consultation complaining about financial institutions' refusal to meet requests for rescheduling of loan repayments due to the deterioration of business

conditions caused by the COVID-19 crisis.

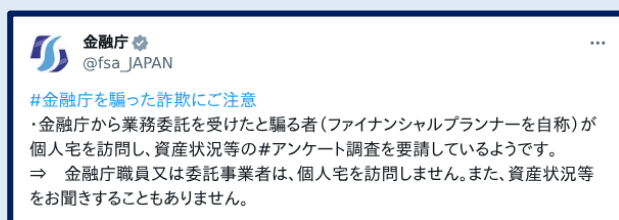
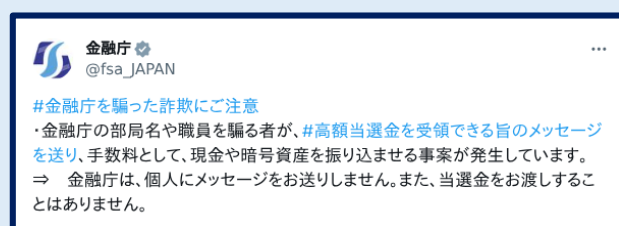
Regarding investment, there were a number of requests for consultation complaining that they were unable to recover funds invested in crypto assets and FX transactions through unregistered service providers in response to solicitation from people with whom they had become acquainted through a matching app or an SNS and that they were also asked to make payments under various pretexts, such as security deposits or taxes. Additionally, information was provided concerning a video wherein an FSA impersonator solicits viewers to conduct investment transactions (a so-called fake video), and the Counseling Office also received requests for consultations on NISA prior to the launch of the new NISA program in January 2024.

Regarding insurance, there were a number of requests for consultation with respect to wrongful operations of insurance companies.

Furthermore, there were requests for consultation with respect to fraud cases in which the fraudsters impersonated themselves as FSA employees. Specific cases are described below as a reminder.

The FSA asks for attention on its official X (formerly Twitter) account!

#Beware of FSA Impersonators



* Status of Requests for Consultation Received by the Counseling Office for Financial Services Users (from July 1 to September 30, 2023) https://www.fsa.go.jp/soudan/2023soudan07-09/2023_07-09.html (Available in Japanese)

Case 1

- There were cases in which people pretending to work at fictitious FSA bureaus and departments or using real FSA employees' names sent e-mail messages to a large number of unspecified people promoting an opportunity to win a large amount of prize money, with some people who received the emails being deceived into making fee payment in cash or crypt assets.
- Some consulted with the Counseling Office stating that people pretending to be FSA employees asked them for information on their accounts of financial institutions, while alleging that their credit card information was used illegally, and asked them to deposit money to the account allegedly designated by the FSA or to newly open an account.

The FSA never delivers a large amount of prize money, nor do FSA employees send e-mail messages to individuals or make contact personally.

Case 2

- There were cases in which people visited individuals' houses, claiming that they were commissioned by the FSA to conduct a questionnaire survey concerning the asset status, and tried to collect replies.
- According to the information received by the FSA, in addition to visiting individuals' houses and asking about the asset status while pretending to be conducting a questionnaire survey, the fraudsters persistently solicited the individuals to receive consultation service regarding asset building or to reconsider insurance policies.

FSA employees never visit individuals' houses to ask about the asset status, nor does it commission business operators to do so on its behalf.

When you encounter cases like those mentioned above or other suspicious cases, be careful not to provide personal information or pay money but contact the nearest police station or the FSA's Counseling Office for Financial Services Users.

Methods of receiving requests for consultation

FSA's Counseling Office for Financial Services Users

■ By phone

Service hours: 10:00 to 17:00 on weekdays

Telephone numbers:

Navi Dial number: 0570-016811

03-5251-6811 for an IP phone call

*In order to clarify the details of responses, the Counseling Office records the telephone conversations.

■ On the website

Service hours: 24 hours

<https://www.fsa.go.jp/opinion/> (Available in Japanese)

See the FSA's website for the details of the Counseling Office.

<https://www.fsa.go.jp/receipt/soudansitu/index.html>
(Available in Japanese)

The Securities and Exchange Surveillance Commission ("SESC") serves to ensure the fairness and transparency of markets and to protect investors through proper and appropriate market oversight: inspections of Financial Instruments Business Operators (FIBOs), investigations of market misconduct, inspections of violations in disclosure

requirements by listed companies, filing criminal charges in cases of serious and malicious cases among others.

This article provides commentary on the cases that the SESC recently published.

Recommendation for Administrative Monetary Penalty Payment Order for Insider Trading in ZOZO, Inc. Stock by an Individual Residing Abroad

As a result of its investigation, the SESC made a recommendation on September 8, 2023, that the Prime Minister and the Commissioner of the Financial Services Agency impose an administrative monetary penalty order.*

[Summary]

The person subject to an administrative monetary payment order residing in China was an officer who worked for a subsidiary of ZOZO Inc. ("ZOZO") in China. The person was informed by A, an employee of ZOZO, about the fact regarding a tender offer for ZOZO shares by Yahoo Japan Corporation (currently named LY Corporation) and purchased ZOZO shares using a brokerage account in an acquaintance's name prior to the announcement of the fact.

[Features of the case]

The SESC investigated this matter with the assistance of the China Securities Regulatory Commission and the Japan Exchange Regulation.

[Message from the SESC]

In this case, the person residing in China engaged in insider trading using a brokerage account in an acquaintance's name. This case demonstrated that even an overseas resident who committed a violation using other person's brokerage account was unable to escape from being charged.

While the trade volume by overseas investors in Japanese securities markets is increasing, the SESC will continue investigations on market misconduct by overseas residents in collaboration with foreign financial authorities and domestic self-regulatory organizations, and will take rigorous actions against violations.

* See <https://www.fsa.go.jp/sesc/english/news/reco/20230908-1.html> for "Recommendation for Administrative Monetary Penalty Payment Order for Insider Trading in ZOZO, Inc. Stock by an Individual Residing Abroad" published on September 8, 2023.

Yahoo Japan Corporation [TSE1 : 4689] * currently LY Corporation
Business: Information and Communications
Head Office: Chiyoda-ku, Tokyo, JAPAN

Tender Offer

Communication

ZOZO, Inc. [TSE1 : 3092]

Business: Retail
Head Office: Mihama-ku, Chiba City,
Chiba Prefecture, JAPAN

Informed by
Yahoo in the
course of duties

Director

Disclosure

8:30 am, Sep. 12, 2019 (TDnet)
Implementation of Tender Offer

Came to know
in the course of
duties

Employee A

【Share Price】

Sep. 11, 2019 (Wed) Closing Price: JPY 2,166
Sep. 12, 2019 (Thu) Opening Price: JPY 2,566 (+ JPY 400)
* Highest price in the two weeks after the announcement on
Sep. 12, 2019 (Thu): JPY 2,615

Communication regarding
the Fact of Tender Offer

ZOZO's subsidiary in China

Officer B
(residing in the People's Republic of China)

Primary Information Recipient
Person subject to Administrative Monetary Penalty Payment Orders
【Administrative Monetary Penalty: JPY 13.03 million】

Requested purchase
Remitted JPY 55 million

Acquaintance of B (Account in the name of Acquaintance)

1:21-26 pm, Sep. 10, 2019
ZOZO shares
Total Purchase: 25,977 shares
Total Amount: JPY 54,895,128 (Average Unit Price: approximately JPY 2,113)

Beware of Fraudulent Remittances through Phishing in Internet Banking!

不正送金被害 過去最悪!!

年末年始は特に3メガバンクを
かたるフィッシングに注意!!

「不正アクセス」、「個人情報の確認」
「取引の停止」等のワードに注意!

※ 金融機関が、ID・パスワード等をSMS等
で問い合わせることはありません

※ 金融機関の「公式HP」「公式アプリ」から
正しい情報を確認してください



警察庁
National Police Agency



一般社団法人
全国銀行協会



日本サイバー犯罪対策センター

JFSA's Major Activities in December (December 1 to December 31, 2023)

- [Establishment of the “Asset Management Forum Preparatory Committee” \(December 22, 2023\)](#)
- [Suggestion on the timing to cease entering into new contracts for products referencing Euroyen TIBOR in response to the publication of the Comments on the “timing to cease entering into new contracts” for products referencing Euroyen TIBOR by JBA TIBOR Administration \(December 22, 2023\)](#)
- [The seventh Japan-Korea Shuttle Meeting and Modification of Memorandum of Cooperation concerning Assistance and Mutual Cooperation in the Area of Financial Supervision \(December 20, 2023\)](#)
- [Financial Industry-Wide Cybersecurity Exercise \(Delta Wall VIII\) \(December 18, 2023\)](#)
- [Policy Plan for Promoting Japan as a Leading Asset Management Center \(December 14, 2023\)](#)
- [Report of Working Group on Capital Market Regulations and Asset Management Task Force \(December 13, 2023\)](#)
- [The sixth meeting of the Working Group on Tender Offer Rule and Large Shareholding Reporting Rule of the Financial System Council \(December 12, 2023\)](#)
- [Summary of 2023 International Association of Insurance Supervisors \(IAIS\) Annual General Meeting and Annual Conference and the "FSA High-Level Dialogue" \(December 8, 2023\)](#)
- [Summary of Results of the Launch Event for Japan's Impact Consortium \(December 8, 2023\)](#)

JFSA's official English X(formerly Twitter) account
https://twitter.com/JFSA_en



**We are promoting
information dissemination
using X (formerly Twitter)!**

Editorial Postscript

Happy New Year.
We look forward to your continued support this year as well.

As shown at the beginning, the FSA has launched the Consultation Hotline for the latest disaster to respond to affected people's consultations mainly on their financial concerns, and is considering required measures as needed based on their opinions. We hope that people affected by the disaster feel free to make consultations and present opinions.

The FSA also provides key information both in Japanese and English simultaneously on its official X account, not only on its official website. Wishing to provide correct information as promptly as possible, we are feeling the need to make further efforts for strengthening our public relations to reach a broader range of people.

YANO Shohei, Director of the Public Relations Office, FSA
Edited and issued by the Public Relations Office, FSA