

Summary of comments received during the public consultation and the FSA's response

(Regarding “Public Consultation on Cabinet Office Order to Partially Amend Cabinet Office Order on Financial Instruments Business, etc.” launched on January 18, 2022)

No.	Summary of comments	FSA Interpretation
1	<p>In order to realize a truly international financial center, we believe it is important to improve English-use environment, not only for new foreign securities and banks but also for existing foreign securities and banks, and not only for businesses that "mainly deal with customers in English."</p> <p>Although FIBOs that have already established operations in Japan are not subject to this revision, we believe it is important to provide supervision in English, such as submission of materials, collection of materials, hearings, and interviews and meetings, as soon as possible, if they require.</p> <p>As such initiatives are consistent with the level playing field of the Government's Global Financial City Initiative, please tell us whether or not you plan to implement such initiatives and, if so, what is your target time.</p>	<p>Since this amendment is intended to promote new entry into Japanese market, this time it is targeted at foreign securities companies, etc. that are newly entering the market.</p> <p>We will continue to consider the points you pointed out, taking into account such factors as the needs of existing financial instruments business operators.</p> <p>In addition, we will make every reasonable effort to be able to respond in English wherever possible, except for the submission of documents statutory required to prepare in Japanese, in communicating with parties that are not subject to this amendment.</p>
2	<p>We strongly urge the FSA to expand the scope of English supervision to permit existing registrants to be supervised and submit business reports and other post-registration documents in English language.</p> <p>For example, we ask the FSA to consider enrolling existing registrants to English language post-registration supervision in the following manner:</p>	

	<ul style="list-style-type: none"> • Allow existing registrants to submit their business reports in English. • Implement a pilot program by which the FSA allows a small number of existing registrants choose to be subject to English language post-registration supervision, and better assess the needs in the industry. 	
3	<p>The scope of Type I Financial Instruments Business Operators eligible for English language registration and supervision should not be limited by the types of their customers (investors) or whether they handle securities that are issued by foreign issuers or domestic issuers. English language registration and supervision should be available for a wide range of Type I Financial Instruments Business Operator and Type II Financial Instruments Business Operator registrants.</p>	<p>In order to further strengthen the functions as an International Financial Center, this amendment will enable parties that will mainly deal with customers in English to register and to submit documents to the Authority in English.</p> <p>From this perspective, the scope of Type 1 Business is defined based on the expected business model and customer attributes of the overseas financial institutions that enter the market.</p> <p>We will continue to consider expanding the scope of the measure, taking into account such factors as the needs of financial instruments business operators.</p>
4	<p>Article 2(2) of the Business Cabinet Order provides that when the Commissioner of the FSA, etc. confirms that it is necessary and appropriate to protect the public interests or investors, they may instruct applicable registrants to submit Japanese translation for all or a portion of the documents or Japanese summaries thereof.</p> <p>The proposed the ability of the Commissioner of the FSA, etc. to instruct registrants to submit Japanese translation should be removed in its entirety, or we ask that the FSA clarify when it would amount to a level of “necessary and appropriate to protect the public interests or investors.”</p>	<p>These provisions provide that the attachment of a translation of a summary may be requested when it is deemed necessary and appropriate for the public interest or the protection of investors from a supervisory perspective.</p> <p>It is considered that the necessity should be specifically determined based on individual cases.</p>

5	<p>With regard to "Regulatory Notice specifying necessary documents based on Article 2 (1) of the Cabinet Office Order on Financial Instruments Business, etc. - (Draft) ", an application for approval/registration and documents attached thereto may be prepared in English. However, it is not necessarily clear whether or not supervision in English will be ensured after approval/registration. How will this be ensured?</p> <p>In addition, it is requested for the Government of Japan to ensure that, supervision in English is available even after a business base is established as well as until established.</p>	<p>Documents pertaining to a person who has prepared for an application for registration in English under the application of Article 2 (1) of the Cabinet Office Order on Financial Instruments Business, etc. are also included in documents that can be prepared in English pursuant to "Regulatory Notice specifying necessary documents based on Article 2 (1) of the Cabinet Office Order on Financial Instruments Business, etc. " (item (iii) of the Regulatory Notice). With this, it is possible to prepare notification documents, etc. in English after registration and approval.</p> <p>We will also respond in English to communications during supervision and inspections after registration.</p>
6	<p>Acceptance of documents in English is acceptable, but a Japanese translation should be included with a grace period, and it should be conditional on holding a certain amount or percentage of cash in the country.</p>	<p>We receive your valuable opinions.</p>
7	<p>All official procedures should be acceptable only in Japanese.</p>	<p>We receive your valuable opinions.</p>