

10

2023

October

Monthly
magazine

Financial Services Agency
Newsletter

Access

FSA

No.242

Provisional
Translation

Contents

Conferences (P1-)

- P1 Appointment of New State Minister and Parliamentary Vice-Minister
P2 National Securities Conference 2023
– Speech by State Minister Ibayashi

Policy Commentary Corner (P5-)

- P5 The JFSA Strategic Priorities July 2023 - June 2024
HASEGAWA Norifumi, Deputy Director
YOKOYAMA Yuki, Section Chief
SUDO Kakeru, Staff member
Strategy Development Division, Strategy Development and Management Bureau
- P8 Monitoring Priorities for Securities Businesses July 2023 - June 2024
HAYAKAWA Shino, Deputy Director
IWAMOTO Hirotaka, Planning Section Chief
Securities Business Monitoring Division, Executive Bureau, Securities and Exchange
Surveillance Commission

Notices (P11-)

- P11 2023 Campaign to Strengthen Consultation Services for Multiple Debtors (September to December)
P12 Beware of Fraudulent Remittances through Phishing!
P14 Message to the Market – Explanation of Recommendations for Administrative Monetary Penalty Payment Orders –

JFSA's Major Activities in September (P15)

Appointment of New State Minister and Parliamentary Vice-Minister

On September 13, 2023, Prime Minister KISHIDA Fumio reshuffled the Cabinet, and Mr. SUZUKI Syunichi was reappointed as the Minister of State for Financial Services. At the extraordinary Cabinet meeting held on September 15, Mr. IBAYASHI Tatsunori and Mr. KANDA Junichi were appointed as the State Minister and the Parliamentary Vice-Minister, respectively.

On September 19, State Minister Ibayashi and Parliamentary Vice-Minister Kanda came to the FSA for the first time, delivered speeches to the FSA staff and succeeded to the duties of their respective predecessors, former State Minister FUJIMARU Satoshi and former Parliamentary Vice-Minister SUZUKI Eikei.

Ceremony to deliver speeches



Photo: State Minister Ibayashi delivering a speech

Ceremony to succeed to duties



Photo: State Minister Ibayashi (left) succeeding to duties from former State Minister Fujimaru (right)



Photo: Parliamentary Vice-Minister Kanda delivering a speech



Photo: Parliamentary Vice-Minister Kanda (right) succeeding to duties from former Parliamentary Vice-Minister Suzuki (left)

National Securities Conference 2023

– Speech by State Minister Ibayashi

On September 25, 2023, State Minister Ibayashi delivered the following address at the National Securities Conference 2023 cosponsored by the Japan Securities Dealers Association, the Japanese Stock Exchange Conference, and the Japan Investment Trusts Association.



Photo: State Minister Ibayashi delivering a speech

1. Introduction

Thank you for inviting me to the National Securities Conference today.

I am IBAYASHI Tatsunori, appointed as State Minister for Financial Services for the Second Reshuffled Kishida Cabinet.

I have served as Director of the Committee on Financial Affairs of the House of Representatives and Director of the LDP's Treasury and Finance Division, and I have been a member of the LDP's Research Commission on the Finance and Banking Systems. In this manner, I have assumed offices relating to finance so far. I appreciate your tremendous cooperation in the national government's financial and economic policies and ask for your continued cooperation.

2. Shift from savings to investment

As Prime Minister Kishida has mentioned, the national government positions this year as the first year of the Doubling of Asset-based Income Plan, an important year for promoting a shift of assets from savings to investment.

As you know, at present, more than half of Japanese households' financial assets is held as cash or deposits, and the ownership ratio of shares and investment trusts remains low compared to that in the United States and the United Kingdom. As a result, looking at changes in households' financial assets in the last twenty years, the United States and the United Kingdom saw increases of 3.3 times and 2.3 times, respectively, while the increase is only 1.4 times for Japan, which suggests that differences in returns from investments have exerted a significant impact on these gaps.

Therefore, it is important to develop an environment to facilitate Japanese households' investments using cash and deposits that have been just kept idle, thereby increasing households' asset-based income, in addition to earned income.

For encouraging people to shift their assets from deposits to investment and backing up their stable asset formation, the following initiatives that are incorporated in the Doubling of Asset-based Income Plan, which was formulated last November, are important.

- Perpetuation and fundamental expansion of the NISA program
- Ensuring of financial institutions' customer-oriented business conduct
- Enhancement of financial and economic education for improving people's financial literacy

First of all, in order to encourage households to change their investment behavior, the NISA program will be fundamentally expanded next January. The NISA program has been steadily disseminated as a starting point for asset formation, but the new NISA program is expected to further broaden the investor base. We will work for the smooth introduction and dissemination of the new program.

On the other hand, there is concern that if households select only foreign companies as their investment destinations, their investments may not lead to the growth of Japanese companies or the Japanese economy as a whole. From the standpoint as State Minister also in charge of economic revitalization, I think that it is also very important for Japanese companies to enhance their corporate value and become attractive investment destinations.



Photo: National Securities Conference

When Japanese companies' corporate value is enhanced, household's assets will be further invested for the growth of domestic companies, and the resulting growth is returned to households in the form of asset-based income. In other words, a virtuous cycle of growth of asset-based income will thus be achieved. I hope that the new NISA program will make a contribution to such moves.

For that purpose as well, it is necessary to improve the effectiveness of the corporate governance reform and enhance the attractiveness of Japanese companies as investment destinations. We would like to vigorously promote these measures to achieve the sustainable growth of Japanese companies and economy.

In order to revitalize Japanese financial and capital markets for the sustainable growth of Japanese companies and economy, it is also indispensable to make high-quality and appropriate financial instruments and financial services available for a broad range of people.

I would like to ask you, who are selling or otherwise handling financial instruments, to go back to the principle that companies providing good products are selected in the market and deepen your

initiatives for ensuring customer-oriented business conduct.

I would like you to back up individual customers' asset formation from a medium- to long-term perspective, based on their life plans and fund needs, and conduct follow-up activities, not limited to selling financial instruments, to maximize customers' interests.

Your efforts will develop an environment where customers can use financial services with trust and security, and this will lead to making your revenue base more robust. I would like you to create such virtuous cycle.

With regard to financial and economic education, in order to further promote measures begun in the past, we will proceed with the establishment of the new public organization to accelerate financial and economic education before the end of this year and preparations for the full-fledged operation thereof, on the premise of early enactment and enforcement of related Acts. The organization will aggregate know-how that you and other diverse entities have accumulated so far and strategically provide effective and efficient financial and economic education. We appreciate your cooperation.

3. A Leading Asset Management Center

For achieving people's stable asset formation, we also position the enhancement of the asset management business, to which households' assets are deposited, as an extremely important policy challenge.

The asset management business in Japan manages a total of approx. 800 trillion yen, such as funds in investment trusts, pensions, and insurance, and its role is considered to be very large in creating a virtuous cycle by leading households' assets to growth investments in Japan and returning benefits to households.

Accordingly, asset management companies need to strengthen efforts for securing and fostering human resources and enhancing their expertise, thereby reinforcing their management capabilities.

In order to achieve enhanced asset management business and sound market development in Japan, it is important to facilitate new entries of asset management companies to create a mechanism in which companies compete with each other to provide good financial instruments and services from a customer-oriented perspective and those providing better financial instruments and services are surely selected by customers.

We would like to fundamentally strengthen support for new entries of asset management companies through correcting conventional business practices and eliminating entry barriers. We plan to formulate a concrete plan for achieving a leading asset management center, including these initiatives, and will proceed with deliberations while listening to the opinions of various people including you.



Photo: State Minister Ibayashi delivering a speech

4. Conclusion

Let me conclude by emphasizing that to facilitate a shift of assets from savings to investment in public-private collaboration and contribute to households' stable asset formation and the Japanese economy's further development is the commitment of the whole government, as Prime Minister Kishida said himself.

Thank you very much.

*The National Securities Conference 2023 was held as one of the events during the Japan Weeks.**



- During the Japan Weeks from September 25 to October 6, 2023, overseas investors and asset management companies converged in Japan, and many events were held in cooperation with related parties under diverse themes, such as sustainable finance, promotion of a shift from savings to investment, and Japan as a leading asset management center. For the dedicated webpage, access from here:

https://www.fsa.go.jp/internationalfinancialcenter/lp/japanweeks/index_en.html

The JFSA Strategic Priorities July 2023 - June 2024

HASEGAWA Norifumi, Deputy Director

YOKOYAMA Yuki, Section Chief

SUDO Kakeru, Staff member

Strategy Development Division, Strategy Development and Management Bureau

Upon the publication of the JFSA Strategic Priorities July 2023 - June 2024

On August 29, 2023, the JFSA published "The JFSA Strategic Priorities July 2023-June 2024".* This clarifies the goal of financial administration and shows policies to be taken by financial administration to achieve those goal. The JFSA expects that this publication will further enhance transparency and contribute to achieving better financial administration by facilitating awareness sharing and constructive dialogues among the JFSA, financial service users, financial institutions, and market players, etc.

The JFSA accepts comments on the JFSA Strategic Priorities on an ongoing basis. Your comments will be used as reference in the future. Please send your comments to our website contact (<https://www.fsa.go.jp/opinion/>) (Available in Japanese).

This business year's JFSA Strategic Priorities July 2023-June 2024 was compiled based on broad opinions, including those from officials of Local Finance Bureaus nationwide, in addition to major administrative challenges ascertained in the last business year, through repeated discussions among executive officials and with the participation of many others. Through these activities, we will develop an organizational culture wherein all staff members voluntarily plan, formulate and implement policies, and will pursue further collaboration with Local Finance Bureaus.

Priorities for business year 2023

The JFSA Strategic Priorities July 2023-June 2024 focuses on the following four areas:

- I. Support the Economy and People's Lives for Future Growth
- II. Build the Financial System for Achieving Economic Growth and Resolving Social Issues

III. Ensure Stability and Confidence in the Financial System

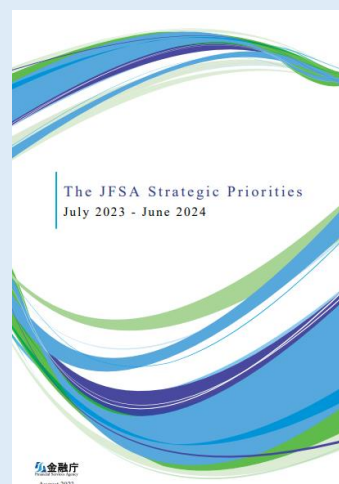
IV. Constantly Evolve and Deepen JFSA's Financial Administration

First, the JFSA supports Japan's economic activities and people's lives from a financial aspects so that they remain stable in the face of changing social and economic circumstances, and lead to subsequent growth.

Second, the JFSA will endeavor to achieve a "virtuous cycle of growth and asset-based income" and deal with various social problems including climate change and the advancement of a digital society realization for building a financial system for simultaneously achieving economic growth and resolution of social issues.

Third, the JFSA will conduct in-depth monitoring to maintain financial institutions' soundness, enforce thorough compliance with laws and regulations, ensure customer-oriented business conduct, and fully perform financial intermediary functions.

Fourth, the JFSA will constantly evolve and deepen its financial administration through enhancing data utilization, strengthening its capabilities to disseminate policy information at home and abroad, and improving its staff members' capacity and quality.



* Published on September 22, 2023: Publication of the summary from "The JFSA Strategic Priorities July 2023-June 2024" <https://www.fsa.go.jp/en/news/2023/20230922.html>

I. Support the Economy and People's Lives for Future Growth

Three years have passed since COVID-19 began to spread, and the normalization of social and economic activities is progressing, but there still are many companies facing severe business environments due to price hikes of raw materials and energy, the yen's depreciation, and labor shortage. Additionally, repayment for effectively interest-free and unsecured loans provided by public and private financial institutions has commenced. Under such circumstances, it is important that regional financial institutions, in particular, support local industries and companies and contribute to the recovery and growth of local economies. Accordingly the JFSA encourages financial institutions to provide not only financing support but also support for business improvement and business revitalization in accordance with individual companies' actual conditions by utilizing subordinated capital loans and equity funds by REVIC, etc.

From such perspective, the JFSA will check the status of financial institutions' concrete initiatives through focused hearings on business support and continue dialogue on identified issues, and promote the sharing of knowledge and know-how related to business revitalization support among financial institutions, including regional ones, and the matching of corporate management personnel in order to enhance business support capabilities of financial institutions. Additionally, the JFSA will promote the implementation of the "Reform Program regarding Personal Guarantee Provided by Business Owners" and the early institutionalizing security interests over all assets, aiming to establish lending practices that encourage the sustainable growth of businesses. Through these efforts, the JFSA will support a robust recovery of the Japanese economy toward further growth into the future.

II. Build the Financial System for Achieving Economic Growth and Resolving Social Issues

The JFSA will endeavor to achieve a "virtuous cycle of growth and asset-based income" for achieving sustainable economic growth by leading households' assets that have just been kept idle to investments and having the fruit of growth will be passed on to people widely and will lead to people's asset formation and a further increase in consumption

and investment. For example, the JFSA will promote initiatives aiming to achieve a leading Asset Management Center, such as for the enhancement of the asset management business and strengthening of the functions of asset owners, and it will positively provide information inside and outside of Japan. In addition, the JFSA will promote the dissemination and utilization of the new NISA program and the implementation of the Doubling of Asset-based Income Plan, centered on the enhancement of financial and economic education.

Additionally, amid rapid changes in social and economic structures, Japan needs to deal with various social problems including climate change digital society realization, diversity, achievement of a digital society, and startup support. The JFSA will develop a financial environment so that our efforts for solving those social problems lead to the creation of new markets, with the aim of achieving both economic growth and solutions to social problems. For example, for facilitating smooth funding for start-ups, the JFSA will consider improving the environment for equity crowdfunding and easing the requirements for approval of Proprietary Trading Systems (PTs). For accelerating corporate governance reform and enhancing disclosure of corporate information, the JFSA will also review the large shareholding reporting rule, enhance disclosure of non-financial information, and review quarterly disclosure. Furthermore, the JFSA will promote sustainable finance by enhancing corporate sustainability disclosure, promoting dialogue between industry and financial institutions toward GX and impact investment. The JFSA will also promote the entry of FinTech businesses and create an environment for digital money and crypto-assets for achieving a digital society.

III. Ensure Stability and Confidence in the Financial System

In order to have financial institutions fully fulfill financial intermediary functions, while maintaining the soundness even as the environment surrounding them is changing, the JFSA will accurately identify the financial, economic, and global situations and also conduct in-depth monitoring of financial institutions through data analysis and dialogue with them.

For example, the JFSA will keep a close watch over the trends in global financial and economic situations, including domestic and foreign monetary policy and interest rate developments, and analyze the impact of those trends on financial system stability. Additionally, to ensure that financial institutions develop sustainable business models, the JFSA will also conduct monitoring their business infrastructure, financial bases, governance, arrangements for managing various risks, including credit, market, and liquidity risks, and internal audit through dialogue, and encourage them to strengthen their business bases in accordance with their respective situations. From the perspective of ensuring convenience for users, the JFSA will require financial institutions to enforce thorough compliance with laws and regulations, and encourage them to establish systems for the origination, sale, management, etc. of financial instruments that contribute to the best interest of customers, including the handling of high-risk financial instruments, for ensuring customer-oriented business conduct. Furthermore, regarding financial institutions AML/CFT, cybersecurity, economic security, and system risk management, the JFSA will encourage financial institutions to act appropriately based on the global developments.

IV. Constantly Evolve and Deepen JFSA's Financial Administration

From the perspective of constantly evolving and

deepening its financial administration the JFSA will work to further enhance financial administration by enhancing data utilization, promoting further collaboration with Local Finance Bureaus, and strengthening the ability to advocate its policies as well as public relations domestically and internationally. At the same time, the JFSA will endeavor to maximize its power as a body in charge of financial administration by letting all staff members exercise their abilities to the extent possible. For example, in order to accurately ascertain the business conditions of financial institutions and the resilience and the vulnerability of the financial system as a whole, the JFSA will grasp the actual conditions in a multifaceted manner through enhanced data utilization and reflect the results thereof in monitoring through dialogue, etc. with financial institutions. Additionally, in order to raise people's interest in and understanding of financial policies, the JFSA will strengthen its capabilities to disseminate policy information at home and abroad and properly communicate its initiatives. Furthermore, the JFSA will also endeavor to improve its staff members' capacity and quality by preparing training programs in various fields in accordance with individuals' needs to enhance their expertise, and create a workplace where every staff member can have unrestricted discussions and work actively, while fully exercising their abilities, with their voluntary and autonomous efforts valued.

The JFSA Strategic Priorities July 2023-June 2024

I. | Support the Economy and People's Lives for Future Growth

- Encouraging financial institutions (FIs) to provide their clients with tailored business support, such as management improvement and business revitalization, including the use of subordinated capital loans and Regional Economy Vitalization Corporation of Japan (REVIC). The JFSA will confirm the status of FIs' initiatives through focused hearings on business support and continue dialogue on identified issues.
- Enhancing business support capabilities of the regional FIs through encouraging them to share their knowledge and know-how related to business revitalization and promoting the matching of corporate management personnel.
- Establishing lending practices that encourage the sustainable growth of businesses through implementing the "Reform Program regarding Personal Guarantee Provided by Business Owners" and working on the early institutionalization of security interests over all assets.

II. | Build the Financial System for Achieving Economic Growth and Resolving Social Issues

- Promoting Japan as a leading Asset Management Center, the JFSA will promote the sophistication of the asset management and enhancing capabilities of the asset owners. Along the Doubling Asset-based Income Plan, the JFSA will establish the new public organization with the private sector to accelerate financial and economic education activities and actively promote the new NISA through various communication channels.
- Facilitating smooth funding for start-ups, by considering improving the environment for equity crowdfunding and easing the requirements for approval of proprietary trading systems (PTSs).
- Accelerating corporate governance reform from form to substance and enhancing corporate disclosure, by reviewing the large shareholding reporting rule, enhancing disclosure of non-financial information, and reviewing quarterly disclosure.
- Promoting sustainable finance, by enhancing corporate sustainability disclosure, promoting dialogue between industry and FIs toward GX, and impact investment.
- Working to realize a digital society, by promoting the entry of FinTech businesses and creating an environment for digital money and crypto-assets.

III. | Ensure Stability and Confidence in the Financial System

- Monitoring developments in global financial and economic conditions and analyzing their impact on financial system stability.
- Developing sustainable business models at FIs, by monitoring their governance, risk management systems, and internal audits, and encouraging them to strengthen their business bases.
- Requiring FIs to enforce thorough compliance with laws and regulations for user protection.
- Ensuring customer-oriented business conduct, by encouraging the establishment of systems for the origination, sale, management, etc. of financial products that contribute to the best interests of customers, including the handling of high-risk financial products.
- Strengthening FIs' AML/CFT, cybersecurity, economic security and system risk management by encouraging FIs to act appropriately based on the global developments.

IV. | Constantly Evolve and Deepen JFSA's Financial Administration

- Enhancing the JFSA's financial administration, by working to enhance data utilization, promoting further collaboration with Local Finance Bureaus, and strengthening the ability to advocate JFSA's policies as well as public relations both domestically and internationally.
- Improving the JFSA's organizational capabilities, by working to improve the capabilities and qualities of our employees, and creating a workplace where every staff member can work actively, with their voluntary and autonomous efforts valued.

Monitoring Priorities for Securities Businesses (July 2023 - June 2024)

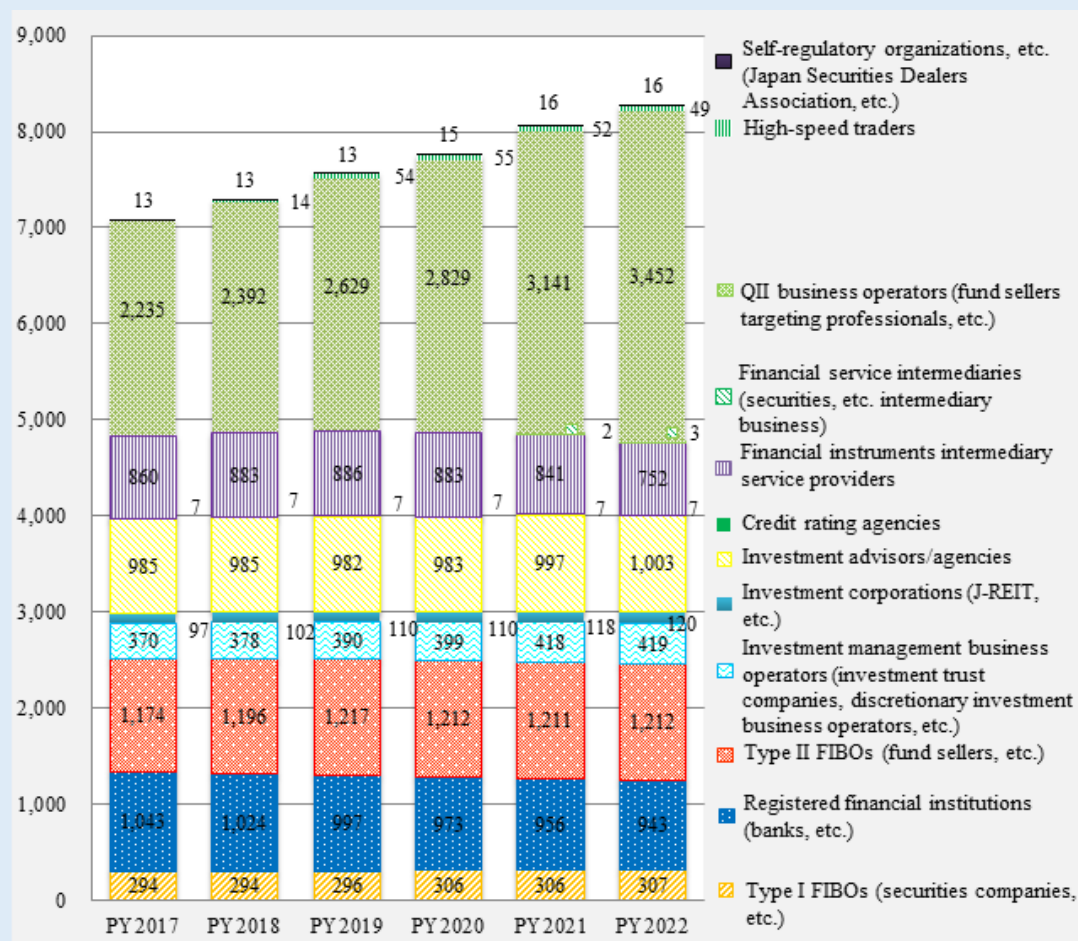
HAYAKAWA Shino, Deputy Director
IWAMOTO Hirotaka, Section Chief

Securities Business Monitoring Division, Executive Bureau, Securities and Exchange Surveillance Commission

In order to conduct securities business monitoring* for over 8,200 financial instruments business operators (FIBOs), such as securities companies and investment management business operators, in an effective and efficient manner, the SESC appropriately ascertains the effectiveness of governance, characteristics of businesses, such as services and products and transaction types, the appropriateness of risk management, and financial conditions, etc., and selects FIBOs for inspection in accordance with the characteristics of risks faced by FIBOs.

Considering the environment surrounding FIBOs and changes to regulatory frameworks, and findings through the securities business monitoring over the past business year, and the JFSA's policies, such as "The JFSA Strategic Priorities" the SESC conducts securities business monitoring in cooperation with relevant JFSA divisions.

[Changes in the numbers of monitored FIBOs (as of the end of each program year)]



* Securities business monitoring covers both "inspections (on-site monitoring)" and "wide range of monitoring activities other than inspections for widely gathering information on FIBOs (off-site monitoring)."

1. Industry-wide monitoring priorities

As industry-wide monitoring priorities, the following five are cited.

- (i) Internal control environments with a focus on appropriate investment solicitation based on the principle of suitability, and appropriate sales operations based on customer-oriented business conduct (for instance, sale of complex or highly-risky products, not limited to structured bonds)
- (ii) Business model changes along with progress in digitalization, etc., and the development of internal control environments in response to such changes
- (iii) Sufficiency of cybersecurity measures (including countermeasures against unauthorized access in online trading), and system risk management (including management of system development and operation and management of trustees) in response to progress in digitalization
- (iv) Firm establishment of internal control environments for AML/CFT
- (v) Implementation of measures to improve or prevent the recurrence of matters pointed out in internal audits or SRO examinations

In addition to the above, the SESC will flexibly examine other themes in accordance with concrete efforts being made in light of the environment surrounding FIBOs, such as the implementation of the "Doubling Asset-based Income Plan" and fundamental reform of the asset management business, etc., as well as in response to changes in the relevant environment.

2. Monitoring priorities by FIBOs' size and business type

The following are some examples of monitoring priorities by size and business type.

- Major securities business groups: The development of control environments for governance and risk management that support global business operations, and internal control environments, including those for detecting and preventing market misconduct, etc.; For the three mega banking groups' securities companies, also the development of control environments for managing customer information in line with their promotion of bank-securities business relationships
- Foreign securities firms: The development of internal control environments in response to the overseas outsourcing of back-office operations, and control environments for system risk management

- Online securities firms: The development of management of outsourcing contractors, in line with their business model of using financial instruments intermediary service providers to expand face-to-face sales activities, and internal control environments, including effective trade management that can deal with rapid increases in newly opened accounts and transaction volume, etc.
- Semi-major/regional securities firms, etc.: Inappropriate solicitation and other forms of conduct that are inappropriate from the viewpoint of investor protection, including whether following the principle of suitability; Development of internal control environments at those securities firms whose major shareholders or business management systems have changed, from the viewpoint of their business models or governance, etc.
- Foreign currency margin transactions business operators: Development of adequate internal control environments for relevant advertising and sales/solicitation regulations, etc.
- Investment management business operators: Actual investment practices and development of control environments for managing investment (including those outsourced) and conflicts of interest
- Investment advisors/agencies: Misleading advertisement and solicitation through false explanation, etc.
- Type II FIBOs, and business operators, etc. engaging in specially permitted businesses for qualified institutional investors: Funds claiming high returns and the existence of investment projects
- Financial instruments intermediary service providers: Appropriateness of their investment solicitation, and sufficiency of the management by their entrusting FIBOs
- Unregistered business operators: Exercising investigative authority proactively to file a petition with the court for a prohibition and stay order against illegal conduct, and enhancing information dissemination, including the public disclosure of their and their representatives' names and illegal conduct, etc.

[Number of inspections completed (Unit: cases)]

Category	Year	PY2017	PY2018	PY2019	PY2020	PY2021	PY2022
	Number of inspections completed		41	56	76	53	32
FIBOs		33	49	66	44	28	39
Type I FIBOs		21	31	46	35	22	24
Type II FIBOs		6	7	4	2	0	3
Investment advisors/agencies		4	7	11	3	2	5
Investment management business operators		2	4	5	4	4	7
Registered financial institutions		0	2	3	0	2	1
QII business operators		5	2	2	0	0	2
Financial instruments intermediary service provider		2	3	1	4	0	2
Credit rating agencies		0	0	0	2	0	0
Self-regulatory organizations, etc.		0	0	2	0	2	0
Investment corporations		0	0	1	1	0	4
Others		1	0	1	2	0	0

3. Approach to monitoring securities businesses

The SESC collaborates with relevant JFSA divisions to identify and assess at FIBOs for risk-based inspection. Mainly for the following cases, the SESC will conduct inspections.

- (i) an FIBO has breached a relevant law and/or regulation or has concerning business operations, which necessitates prompt in-depth verification.
- (ii) an FIBO offers a financial instrument with unclear risk profile, which necessitates examination of its solicitation activities.
- (iii) an FIBO's actual business operations cannot be fully comprehended through monitoring-based information analyses alone (including where it has been long since the last time the FIBO was inspected).
- (iv) an FIBO poses a possible serious problem in terms of investor protection (e.g., inadequate segregation of customer assets).

In its inspections, the SESC will endeavors to conduct verification and point out problems in a practically meaningful manner, to analyze the whole picture of the problems to identify their root causes, and to help develop effective measures to prevent recurrence, rather than merely pointing out problems and taking such actions as making recommendation for administrative disciplinary actions. Furthermore, if the SESC identifies the need to improve business operations before any potential issues materialize, to shares the awareness with the inspected FIBOs to encourage actions such as building effective internal control environments.

4. Cooperation with relevant organizations and dissemination of inspection results and other initiatives

The SESC and Local Finance Bureaus, etc. will work closely from the planning stage of monitoring and inspections, and conducts joint inspections as needed.

With regard to security tokens, the SESC will analyze information, including how they are issued and distributed, in collaboration with relevant JFSA divisions.

The SESC will continue close collaboration with SROs, shares detected matters and awareness in a timely manner, and thereby conducts its securities business monitoring effectively and efficiently.

The SESC will encourage voluntary improvement efforts by inspected FIBOs, including, as necessary, by providing feedback on problems and root causes found, and by sharing inspection results also with their audit-related staff and outside directors at review meetings.

The SESC will also endeavor to provide information about its perspectives in a specific and straightforward manner, including through the "Overview of Securities Business Monitoring and Case Studies." Names of the businesses to which the SESC made recommendations based on inspection results came to be published in this document, starting with the one published on August 1, 2023.

2023 Campaign to Strengthen Consultation Services for Multiple Debtors (September to December)

The Headquarters for Measures for Multiple Debtors (headed by the Minister of State for Financial Services) carries out a nationwide campaign to strengthen local governments' systems of consultation services for multiple debtors every year.

The issue of multiple debtors has calmed down compared to the past, but there is still a certain number of people with large debts and we need to continue taking measures therefor.

Accordingly, this year as well, the Headquarters, Japan Federation of Bar Associations, Japan Federation of Shihō-Shōshi Lawyer's Associations, and Japan Legal Support Center (Houterasu) are jointly carrying out the 2023 Campaign to Strengthen Consultation Services for Multiple Debtors from September to December.

During this campaign period, prefectural governments, jointly with bar associations, Shihō-Shōshi Lawyer's Associations, Small and Medium-sized Enterprise Associations and Local Finance Bureaus of respective prefectures, carry out initiatives such as holding free consultation events targeting consumers and businesses (including the extension of hours for accepting consultations of permanent consultation offices and the acceptance of consultations by phone).

During a consultation, staff members first empathically endeavor to ascertain the current situations of respective consulters with multiple debts and then work with them to solve their problems, while introducing specialists or specialized agencies as necessary.

If you are struggling to pay back debts or have any trouble, such that you cannot pay back loans, you have borrowed money from a loan shark at an unreasonable interest rate, or you are addicted to gambling, please feel free to have a consultation with us, or if you know someone in trouble, we would appreciate it if you would tell that person about this campaign.

The schedules for free consultation events are available on the [FSA website](#) (you can also access it from the following QR code).



Additionally, the FSA website introduces a voluntary lending restriction system, which prevents borrowers from borrowing new loans for lavish spending or gambling if the borrowers are subjected to lending restrictions through their own initiative or their legal representatives' reports to the Japan Financial Services Association or the Personal Credit Information Center of the Japanese Bankers Association in such cases as where the borrowers' lavish spending practices or their heavy dependence on gambling could disrupt their and their families' lives.

In implementing the campaign this year, the FSA gives sufficient consideration to people affected by COVID-19.

[Poster for the Campaign to Strengthen Consultation Services for Multiple Debtors]

家計のお悩み
相談してみませんか?

肩代わり・借金・ローン
ギャンブル依存・債務・ヤミ金融など

一人で悩まず、多重債務相談窓口には是非ご相談ください。

中小事業者・個人事業者の方からのご相談も受け付けています。

相談窓口では、収入・支出と借入れ・ローンのバランスから債務の整理、生活再建のためのセーフティネット制度などの活用についてサポートしています。

ギャンブル等へののめり込みによる借金の場合、安易な肩代わりはやめましょう。ギャンブル等依存症については、医療・相談機関（お住まいの地域の保健所・精神保健福祉センター等）に、借金返済については、お住まいの都道府県・市区町村や最寄りの財務局に相談しましょう。

多重債務者相談強化キャンペーン2023 9月1日(金)~12月31日(日)

多重債務相談窓口に関するお問い合わせは、お住まいの都道府県・市区町村や最寄りの財務局まで。

法テラス・サポートダイヤル

0570-078374

[受付時間] 平日/9:00-21:00 土曜/9:00-17:00 (祝日・年末年始除く)



※法テラスとは国が設立した公益的な法人です。全国の法テラス事務所では、収入や資産が一定額以下であるなどの条件を満たした個人の方を対象に無料法律相談を実施しています。

主催/多重債務者対策本部、日本弁護士連合会、日本司法書士会連合会、日本司法支援センター（法テラス）

Beware of Fraudulent Remittances through Phishing!

Regarding financial damage, such as fraudulent withdrawals of deposits, etc. by the use of forged cash cards, stolen cash cards, or stolen passbooks, or through internet banking services or payment services linked to bank accounts (linked services), the FSA compiles the situation of the occurrence of damage and compensation by financial institutions based on reports by individual financial institutions, and publishes the results regularly.*1

Since last year, there have been many cases where internet banking users' IDs and passwords were stolen and their bank deposits were fraudulently remitted probably by phishing using email, short message services (SMS), or other message tools. The situation had calmed down to some extent after a rapid increase

in damage from late August to September last year, but damage has been increasing again from February. As of August 4, 2023, the number of cases in the first half of this year hit a record high at 2,322 cases and the amount of damage is approximately 3 billion yen. In light of such rapid increase in damage, the FSA broadly called for attention on its website*2 and official X (formerly Twitter) page, etc., in collaboration with the National Police Agency.

Please note the following points so as to avoid becoming a victim.

You may think "I am OK." However, you must always be on your guard.

Points to note so as to avoid becoming a victim of phishing

- **Do not open unexpected SMS.** (Financial institutions will never ask you about your ID or password using SMS.)
- When accessing a financial institution's website, **do not use an URL stated in SMS.** You should bookmark correct URLs in advance and access a financial institution's website from the bookmarked URL, or use the official app provided by the relevant financial institution.
- If you are receiving many phishing emails, you should **strengthen your spam filtering settings.**
- **Use multifactor authentication or another authentication system** recommended by financial institutions.
- If **antivirus software is provided free of charge** on a financial institution's official website, **consider using it.**
- **Upgrade the antivirus software** on your computer **to the latest version.**
- Activate the function to report the status of use of internet banking services and pay attention to whether there have been any suspicious transactions (such as logins, password changes, or remittances). You should check the balance and details of account activities often, and **when you notice any unknown transaction, you should make an inquiry with the financial institution promptly.**

*1 For the details of the latest publication, see "[Situation of financial damage caused by forged cash cards, etc.](#)" (Available in Japanese) published on September 29, 2023.

*2 "[Rapid increases in cases where internet banking user's bank deposits were fraudulently remitted probably by phishing](#)" (Available in Japanese) published on August 8, 2023

不正送金被害急増中!!

電子メール等のリンクから
アクセスしたサイトに
IDパスワード・個人情報
を入力しないで下さい

不安にさせるメールに注意!!

個人情報の再確認・・・
不正アクセス通知・・・
口座を解約・・・

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



Financial Services Agency



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

★Contact the following for any inquiries.

FSA's Counseling Office for Financial Services Users	TEL: 0570-016811 *03-5251-6811 when you use an IP phone. Service hours: 10:00 am-5:00 pm on weekdays
Police	TEL: #9110 (Non-emergency counseling hotline of prefectural polices)
Japanese Bankers Association's Counselling Office	TEL: 0570-017109 * 03-5252-3772 when you use and IP phone. Service hours: 9:00 am-5:00 pm on weekdays

– Explanation of Recommendations for Administrative
Monetary Penalty Payment Orders –



The Securities and Exchange Surveillance Commission ("SESC") posts explanation of recommendations that it has issued on its website as an article titled "Message to the Market."

The content of "Message to the Market" posted on September 21, 2023, is as below.

* For the full text of "Message to the Market," please access the SESC's website:

< Reference URL >

<https://www.fsa.go.jp/sesc/message/20230921.html>

(Available in Japanese)

Recommendation for an administrative monetary penalty payment order against a person for a violation in regard to making false statements in DDS CO. LTD's disclosure documents

The Securities and Exchange Surveillance Commission (SESC) made a recommendation that the Prime Minister and the Commissioner of the Financial Services Agency impose an administrative monetary penalty order^{*1} against a person on August 4, 2023, as the following fact of legal violation was found as a result of an inspection regarding the person's specified involvement^{*2} pertaining to false disclosure documents submitted by DDS CO. LTD. (DDS).

[Summary]

In order to prevent the revelation of excessive recording of receivables from a foreign corporation, etc., DDS committed a series of acts of subscribing to shares of the foreign corporation at a price based on an overestimated share price and contributing all the aforementioned receivables in kind, and thereby making the foreign corporation its subsidiary, and then settling accounts inappropriately, such as excessively recording goodwill, etc. based on these transactions. DDS submitted an annual securities report, etc. thus containing "a false statement about a material particular."

The person engaged in work to calculate the value of the aforementioned foreign corporation's shares as requested by DDS and calculated the value per share excessively above the subscription price although the

actual price was below that subscription price, and prepared a written calculation of the foreign corporation's share price and submitted it to DDS, while the person had known from the beginning that DDS would use the relevant document to pretend that the subscription price was based on reasonable grounds in committing the aforementioned series of acts. In this manner, the person had DDS use the document in the aforementioned series of acts.^{*3}

The person's acts facilitated the submission of the false disclosure documents, and the person took part in the series of DDS's acts for disguising part of the fact that serves as the basis for the accounting process, which was necessary for preparing the false disclosure documents, while being aware of the reality. It is found that the person's acts fall under the "specified involvement" prescribed in Article 172-12 paragraphs (1) and (2) of the Financial Instruments and Exchange Act.

This is the first case in which the SESC made a recommendation for an administrative monetary penalty payment order against specified involvement.

The SESC will take rigorous actions against non-traditional and new types of violations as well, including specified involvement as in this case.

^{*1} Specified involvement refers to an act to facilitate the submission of an annual securities report, etc. containing a false statement about a material particular or an act to encourage the submission of such document (excluding an audit certification by a certified public accountant or an audit corporation).

^{*2} "Recommendation for an administrative monetary penalty payment order against a person for a violation in regard to making false statements in DDS CO. LTD's disclosure documents" published on August 4, 2023: https://www.fsa.go.jp/sesc/news/c_2023/2023/20230804-1.html (Available in Japanese)

^{*3} "Decision on an administrative monetary penalty payment order against a person for a violation in regard to making false statements in DDS CO. LTD's disclosure documents" published on February 9, 2023: <https://www.fsa.go.jp/news/r4/shouken/20230208-1.html> (Available in Japanese)

JFSA's Major Activities in September (September 1 to September 30, 2023)



- [Publication of "FSA Analytical Notes"\(September 29, 2023\)](#)
- [Summary of Results of the Fifth Survey on the Use of LIBOR\(September 29, 2023\)](#)
- [Updated : Trends in High-Speed Trading\(September 29, 2023\)](#)
- [Appointment for First Chair of FSB Transition Plan Working Group \(TPWG\) \(September 28, 2023\)](#)
- [The fourth meeting of the Working Group on Tender Offer Rule and Large Shareholding Reporting Rule of the Financial System Council \(September 25, 2023\)](#)
- [Publication of the summary from "The JFSA Strategic Priorities July 2023-June 2024" \(September 22, 2023\)](#)
- [2023 International Association of Insurance Supervisors \(IAIS\) Annual General Meeting \(AGM\) and Annual Conference \(AC\) \(September 8, 2023\)](#)
- [Updated : Japan Weeks for the Realization of an International Financial Center \(September 6, 2023\)](#)
- [The third meeting of the Working Group on Tender Offer Rule and Large Shareholding Reporting Rule of the Financial System Council \(September 1, 2023\)](#)
- [Publication of the Revised Draft of "Guidelines for Creating, Recordkeeping and Reporting of Transaction Information specified in Article 4\(1\) of the Cabinet Office Order on the Regulation of Over-the-Counter Derivatives Transactions, etc." - Open for Public Comments \(September 1, 2023\)](#)

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



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

Editorial Postscript

The clear autumn weather continues. Enjoying the fresh morning air, I must agree with the idea that it is good to wake up at the same time every morning. Nevertheless, data on my smartphone shows a clear pattern of getting up gradually later from Monday to Friday. Seeing is believing, so I can't argue with the data. I'm striving to sharpen my senses and improve my daily habits, while enjoying the repetition of data checking and correction made possible by visualization thanks to technological advancement.

These days, I am thinking about what kind of PR activities we can carry out to properly communicate financial policies to financial markets and to the general public. Luckily, I have met many experts and seniors as well as talented young people, and I feel that our ideas are being deepened one by one through exchanges with these people. Checking and correcting repeatedly in light of our current standpoint... I'll probably stay up late again tonight.

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

(*The opinions expressed in this report are the personal views of the author and do not necessarily reflect the organization with which the author is affiliated.)