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⇐ Access the online version here

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

Parliamentary Vice-Minister Kanda Appears in A Financial and Economic Education Video for Parents and Children

The FSA is conducting various activities to enhance households' financial literacy. One of those activities is supporting the Nikkei Money Class website, which is hosted by Nikkei Inc. Nikkei Money Class is a website that elementary school (fourth to sixth grade) and junior high-school (seventh to ninth grade) children and parents can learn about financial and economic affairs. It carries videos and information created by Nikkei Inc., the FSA and financial institutions to provide financial education with elements of entertainment. It also enables viewers to deepen their understanding while answering quizzes asked by former "University of Tokyo Quiz King" IZAWA Takeji. We hope that children and parents will access the website in order to enhance their financial literacy.

"Nikkei Money Class" website (opened on July 31, 2020)

URL: <https://ps.nikkei.co.jp/okanenokyoshitsu/>

◆ Parliamentary Vice-Minister Kanda Appears in a Video "Let's Learn about Money Together with Wa-NISA"

From the FSA, Parliamentary Vice-Minister Kanda Kenji appeared in a video for children titled "Let's Learn about Money Together with *Wa-NISA*." In the video, he provides tips for controlling expenditures through record-keeping while talking about e-money and QR code settlements, which are becoming more and more popular as new forms of financial settlement. He also refers to smart use in relation to four ways of using money—spending on immediate needs, saving, lending (financial assistance to the needy, and increasing (investment). Finally, based on his experience of providing consultation to small and medium-size enterprises struggling with finance as a certified public tax accountant, he expressed his sincere hope that people will use money carefully and avoid wasteful use.

Tsumitate Wa-NISA, a mascot character for the FSA, also appeared in the video. Until now, this mascot character had been used mainly in printed media such as posters and pamphlets, but in this video, it appears as an animated mascot acting as an assistant, helping explain how investment works while talking with Parliamentary Vice-Minister Kanda.

In another video, titled "Money Lesson," an FSA employee talks about the history and types of money and explains how to use money. In this video, too, *Tsumitate Wa-NISA* appears, acting as an assistant.

At many elementary and junior high schools, the summer break has been cut short to make up for school closures due to the COVID-19 crisis. However, it may be a good idea for parents and children to think about money together as a homework research theme for the summer break.



Photo above: Parliamentary Vice-Minister Kanda and Mascot Character *Wa-NISA*
Photo below: *Tsumitate Wa-NISA* Acting as Assistant



Publication of "Corporate Disclosure, Financial Reporting and Audit of Listed Companies in Consideration of the Impact of the COVID-19 (Novel Coronavirus) Infection (Outline)"

KUNISHIMA Kae, Deputy Director, Disclosure Enforcement Office, Policy and Markets Bureau

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

On July 2, the FSA published "Corporate Disclosure, Financial Reporting and Audit of Listed Companies in Consideration of the Impact of the COVID-19 (Novel Coronavirus) Infection (Outline)." Explained below is the background to and an overview of this document.

1. Background

The Networking Group on the Corporate Disclosure, Financial Reporting and Audit of listed companies in Consideration of the Impact of the COVID-19 (Novel Coronavirus) Infection was established (April 3) at the FSA as a forum for sharing the perception of the current status of corporate disclosure, financial reporting, and auditing, and for discussing how to handle those affairs in consideration of the impact of the COVID-19 pandemic. The Networking Group, which is comprised of relevant organizations such as the Japanese Institute of Certified Public Accountants, the Japan Business Federation, the Accounting Standards Board of Japan, and the Tokyo Stock Exchange, held nine telephone conferences until July 2. The document published at this time summarizes the main points of the Networking Group's discussions.

2. Overview

The document cites the following as activities conducted by members and concrete activities based on the declaration of state of emergency:

- A cabinet ordinance and other regulations related to corporate disclosure were revised in order to enable the FSA to extend the deadline for the submission of securities reports, quarterly reports and other documents based on the Financial Instruments and Exchange Act until the end of September 2020 universally, without receiving application for extension individually from companies.
- A statement calling for a study on holding shareholders' meetings differently than in usual years, including postponing general shareholders' meetings and holding adjournment meetings, was issued in the name of the Networking Group. The FSA, the Justice Ministry, and the Ministry of Economy, Trade and Industry published a joint statement clarifying points of attention regarding the holding of adjournment meetings.
- The FSA, the Accounting Standards Board of Japan, the Japanese Institute of Certified Public Accountants, and the Securities Analysts Association of Japan issued a written request expressing strong hopes for disclosure of substantial and specific corporate information concerning the impact of the COVID-19 pandemic.
- The Tokyo Stock Exchange notified listed companies of its request to reconsider the schedule of the announcement of financial results.
- The Japan Business Federation published a model extraordinary convocation notice of a general shareholders' meeting that takes into consideration the impact of the COVID-19 pandemic.

The document also provides the following points as a summary of the discussions at the Networking Group:

- The Networking Group appreciated the fact that financial reporting and audit work have proceeded without significant disruptions, such as an outbreak of clusters, including during the peak period of infection.
- Going forward, the Networking Group will support companies that consider changing the reference date for the exercise of shareholders' voting rights, and it will continue to hold discussions with relevant organizations on how to address medium and long-term practical challenges, such as promoting digitalization regarding financial reporting and audits.

As for the future schedule of the Networking Group, the document stated as follows:

- The Networking Group will be wound up for the moment after the July 2 meeting, but it may be reopened should the situation change.

Further details of the above activities are available for viewing in a list through the following link:

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

(Reference) Trends in the timing of announcement of financial results and holding of general shareholders' meetings by companies that close their annual account book in March

<Trends concerning announcement of financial results (as of June 30)>

Timing of announcement	Number of companies (share)
Already announced (before May 15) (within 45 days from the closing of the annual account book)	1,732 (74.1%)
Already announced (between May 16 and the end of May)	519 (22.2%)
Already announced (between June 1 and the end of June)	66 (2.8%)
Subtotal (number of companies that already announced financial results)	2,317 (99.2%)
Planning to announce in July or later	11 (0.5%)
The timing of announcement undecided	8 (0.3%)
Total	2,336 (100.0%)

<Trends concerning the holding of general shareholders' meetings (among companies that made disclosure before the end of June)>

Item	Number of companies
Changed the reference date for the exercise of shareholders' voting rights	57
Planning to hold an adjournment meeting	30
Planning to hold an extraordinary general shareholders' meeting (*)	4

* An extraordinary general shareholders' meeting for the purpose of reporting on financial statements is scheduled to be held later.

Results of Monitoring Customer-Oriented Business Conduct of Investment Trust Distributors (2019 Business Year)

NAGASAWA Toshio,

Chief Senior Inspector, Risk-Involving Financial Instruments Sales Monitoring Team
Risk Analysis Division, Strategy Development and Management Bureau

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

On July 3, 2020, the FSA published "Results of Monitoring Customer-Oriented Business Conduct of Investment Trust Distributors (2019 Business Year)."^{*1} This corner outlines the monitoring results and measures to be taken.

1. Past initiatives by the FSA and issues (summary of the monitoring results)

In order to promote people's shift from "savings" to "asset building," the FSA developed and published "Principles for Customer-Oriented Business Conduct"^{*2} (hereinafter referred to as "the Principles") in March 2017, with the aim of encouraging financial institutions to compete in providing high quality financial instruments and services from a customer-oriented perspective. Since then, the FSA has endeavored to (i) promote the visualization of the initiatives being made by financial institutions that have adopted the Principles, (ii) promote initiatives through talks with investment trust distributors, and (iii) grasp the reality of customer evaluations concerning initiatives by the FSA and financial institutions^{*3} (Figure 1).

Major points of the monitoring results in the 2019 business year are summarized as below.

(1) Systems for the sale of foreign-currency-denominated insurance products

In the monitoring of investment trust distributors for the 2018 business year, the sales of foreign-currency-denominated insurance products which had been considered as relatively superior products under a low interest rate environment have significantly increased with an accompanying increase in related complaints. Accordingly, the FSA monitored financial institutions' sales systems mainly for such insurance products.

As a result, although there were some good practices, the FSA recognized a challenge on the development of performance evaluation systems that do not cause excessive incentives for the sale of those insurance products, as the underlying possibility that performance evaluation systems would exert an influence on salespersons' incentives to sell foreign-currency-denominated insurance products was observed. Specifically, distributors showing an increase in their sales of foreign-currency-denominated insurance products tend to evaluate salespersons' sales of those insurance products as higher than those of other types of risk-involving financial products. Additionally, we examined whether the sale of yen-denominated insurance products and the sale of foreign-currency-denominated insurance products are treated differently in performance evaluation and the relationship between that difference and the percentages accounted for by sales amounts of foreign-currency-denominated insurance products among the total sales amounts of single premium policies. While the relevant percentages are found to be decreasing for distributors that have made the evaluation of earnings from foreign-currency-denominated insurance products close to or the same as the evaluation of earnings from yen-denominated insurance products (Figure 2, left), the percentages of foreign-currency-denominated insurance products have remained at a level of 80% or over for distributors that evaluate earnings from foreign-currency-denominated insurance products as much higher than those from yen-denominated insurance products. In particular, distributors that have newly introduced a higher evaluation for foreign-currency-denominated insurance products characteristically show sharp increases in the percentages of foreign-currency-denominated insurance products (Figure 2, right). Also, some issues were observed from the perspective of customer protection in which distributors sold such insurance products by only emphasizing their superiority in interest

Figure 1 FSA's initiatives for the establishment of customer-oriented business conduct

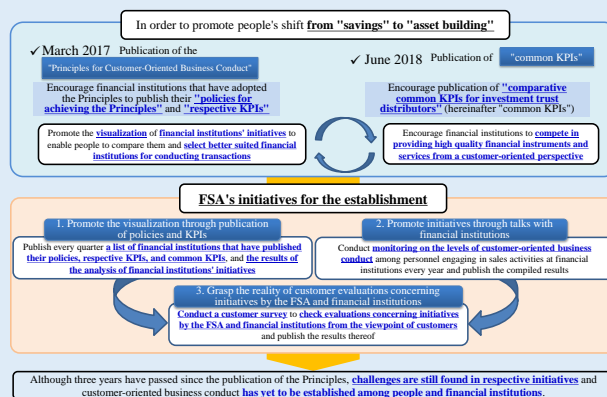
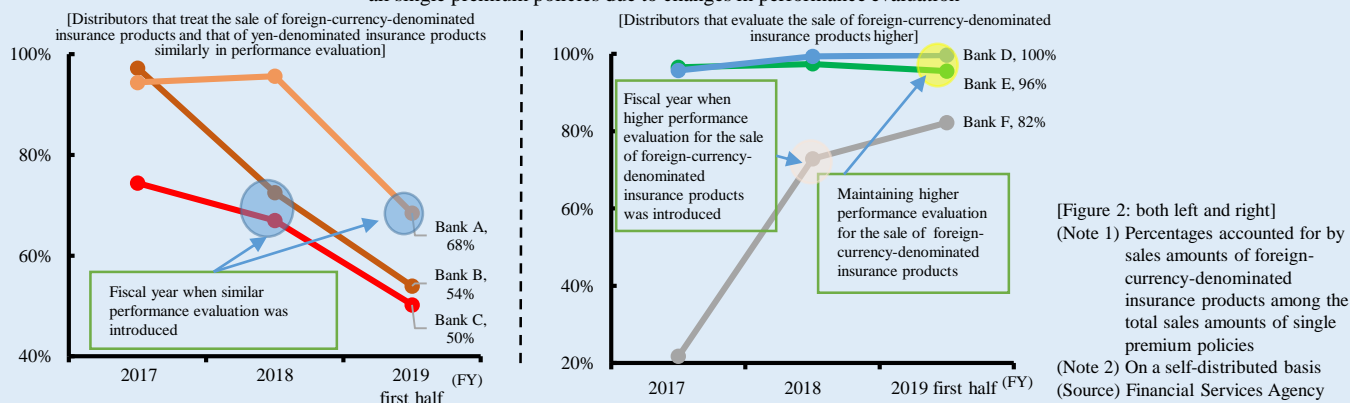


Figure 2 Trends in percentages accounted for by the sale of foreign-currency-denominated insurance products among the sale of all single premium policies due to changes in performance evaluation



[Figure 2: both left and right]
(Note 1) Percentages accounted for by sales amounts of foreign-currency-denominated insurance products among the total sales amounts of single premium policies
(Note 2) On a self-distributed basis
(Source) Financial Services Agency

^{*1} "The results of Monitoring Customer-Oriented Business Conduct of Investment Trust Distributors (2019 Business Year)" published on July 3, 2020

URL: https://www.fsa.go.jp/news/r2/kokyakuhoni/202007/fd_kouhyou.html

^{*2} "Principles for Customer-Oriented Business Conduct" published on March 30, 2017 URL: <https://www.fsa.go.jp/news/28/20170330-1/02.pdf>

^{*3} For the results of the customer survey, see "Customer Survey on the Sale of Risk-Involving Financial Instruments (Final Report)" published on August 9, 2019.

URL: https://www.fsa.go.jp/news/r1/sonota/20190809/fd/fd_kouhyou.html

rates without establishing specific sales policy and expected target customers, and caused complaints from customers alleging that they had been led to misunderstand the products as simple deposits.

Aforementioned differences in distributors' initiatives which were observed in their operations including for the sale of foreign-currency-denominated insurance products would be reflected not only by their sales capacity but also by each distributor's business policy for long-term profits and investment, etc. in the field of retail business.

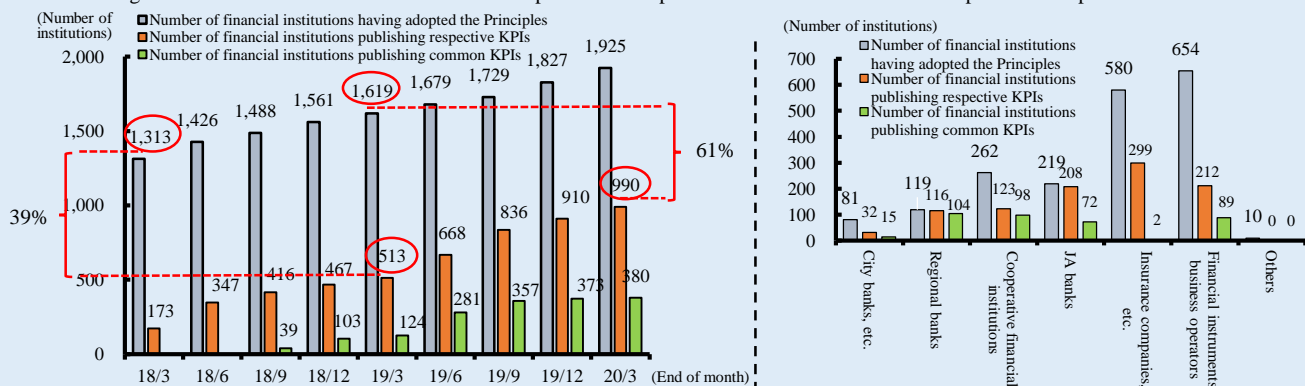
(2) Visualization of financial institutions' initiatives for customer-oriented business conduct

In order to ensure that people can compare financial institutions' initiatives for customer-oriented business conduct and can select better suited financial institutions for their asset building, the FSA has encouraged financial institutions that have adopted the Principles to publish their policies for the Principles and their achievements (respective KPIs and common KPIs⁴⁾ (visualization of initiatives). Regarding financial institutions that have adopted the Principles and have published their policies, the FSA has published their names and policies on its website.

Looking at the status of how financial institutions' initiatives were made visible, the number of financial institutions that have adopted the Principles increased in the 2018 business year (Figure 3), but there were many cases of limited initiatives to ensure the policy of the Principles among personnel engaging in sales activities. Therefore, the FSA changed its policy for publication of financial institutions on its website in the 2019 business year to only list up financial institutions that also publish their achievements. As a result, the percentage of financial institutions that published their achievements among all financial institutions that have adopted the Principles increased to 61% as of the end of March 2020, showing an improvement from the end of March 2019 (39%).⁵ However, when reviewing the published content, it was found that financial institutions' policies for achieving the Principles are often only conceptual and that their moves to devise means to provide information on their initiatives and achievements to customers in an easy-to-understand manner are still limited.

As the background, it is presumed that people do not generally accept the following process of financial behavior as being common: a customer compares multiple companies based on the abovementioned information on companies' achievements and selects a company, then, the selected company makes suggestions in consideration of the customer's lifestyle and based on the targeted customers of respective financial instruments, and the customer personally makes comparisons among similar financial instruments and finally decides to purchase one.⁶ It is also presumed that financial institutions do not necessarily have a strong motivation to visualize their initiatives. Therefore, each financial institution needs to make its information more comparable and helpful for customers, and the FSA also needs to strengthen PR activities targeting customers, so that financial institutions' initiatives for the visualization will surely facilitate the abovementioned changes in customers' financial behavior.

Figure 3 Number of financial institutions that adopted the Principles and number of institutions that published respective KPIs and common KPIs



(Note 1) The number of financial institutions publishing respective KPIs is the tabulated number of institutions that published KPIs in their policy during its implementation.
 (Note 2) The number of financial institutions publishing common KPIs is the tabulated number of institutions that published one or more of the three indicators that are considered as common KPIs.
 (Source) Financial Services Agency

(Note 1) As of the end of March 2020
 (Note 2) "City banks, etc." includes foreign banks. "Regional banks" refers to regional banks and their bank holding companies. "Cooperative financial institutions" refers to cooperative structured financial institutions, etc. "Others" includes bank agents, etc. and finance companies.
 (Note 3) Regarding JA banks, 43 banks published KPIs common to all JA banks, 93 banks published figures for the prefectures in which they are respectively located, and 72 banks published figures specific to each JA. Accordingly, those publishing figures specific to each JA are only tabulated as financial institutions publishing common KPIs, while those publishing figures for all JA banks and those publishing figures for respective prefectures are tabulated as financial institutions publishing respective KPIs.
 (Source) Financial Services Agency

2. Measures to be taken

Due to the spread of the COVID-19 infection, financial markets have been significantly fluctuating since early 2020, and customers are apt to feel vaguely insecure about assets investments and are reluctant to continue investments. Financial institutions are required to encourage customers to act calmly under such circumstances and should endeavor to have them understand the effectiveness of long-term, installment-type, diversified investment aiming to secure stable gains, instead of speculative investment taking advantage of unstable markets with the aim of obtaining short-term gains. The FSA will further strengthen its initiative to enhance people's financial literacy and asset building, in collaboration with related parties, but distributors are also expected to provide explanations to customers sufficiently in ordinary communication and upon making suggestions on investment.

The FSA will continue monitoring distributors from the perspective of whether they are providing customer-oriented high quality services and pursuing customers' best interests, and will encourage their improvements through dialogues.

⁴ Comparative common KPIs for investment trust distributors URL: <https://www.fsa.go.jp/news/30/sonota/20180629-3/20180629-3.html>

⁵ It is generally supposed that achievements become clear after a lapse of one year after adopting the Principles. Accordingly, the percentage of institutions that published their achievements at that point in time is considered as an evaluation indicator and comparisons are made based on calculation results as of the following base dates.

- End of March 2019: 39% (= Number of institutions that published respective KPIs [end of March 2019]: 513 / Number of institutions that have adopted the Principles [end of March 2018]: 1313)
- End of March 2020: 61% (= Number of institutions that published respective KPIs [end of March 2020]: 990 / Number of institutions that have adopted the Principles [end of March 2019]: 1619)

⁶ The customer survey of the 2018 business year showed the following results: 40% of the customers responded that they select a financial institution from which they purchase risk-involving financial instruments after comparing several institutions; 70% responded that they have never changed the financial institutions that they mainly use; and 70% responded that, upon purchasing risk-involving financial instruments, they have not received any explanations comparing them with other financial instruments.

Publication of a Report on Activities Related to IT and Cybersecurity

MIZUTANI Tsuyoshi, Director, Cyber Security Policy Office, Strategy Development Division, Strategy Development and Management Bureau

KATAYOSE Sayuri, Chief Financial Inspector, Risk Analysis Division, Strategy Development and Management Bureau

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On June 30, 2020, the FSA published a report that summarized the status of IT governance and cybersecurity at financial institutions and common challenges as identified through activities conducted in the current program year in order to strengthen the exercise of IT governance and cybersecurity.

1. "Report on the Results of A Survey on IT Governance at Financial Institutions"

"IT governance," which refers to a mechanism whereby financial institutions' management exercises leadership in creating enterprise value through a combination of IT and business strategy, is becoming more and more important. In this situation, in June 2019, the FSA published the "Discussion Paper on Dialogues and Practices Regarding Financial Institutions' IT Governance" (hereinafter referred to as "Discussion Paper on Dialogues and Practices"), which presents points of discussion with financial institutions about IT governance.

From among the matters designated for future analysis in the Discussion Paper on Dialogues and Practices, the FSA took up "Regional banks' IT strategy and IT governance" (point of discussion (i)) and "Major life and non-life insurance companies' global IT governance" (point of discussion (ii)) in the current program year and examined the current status concerning these matters. The report published at this time summarizes the results of the examination.

The FSA has conducted examination concerning those two matters because exercising IT governance at the group-wide and global levels has become an urgent challenge for financial institutions as indicated by the following circumstances:

*While some regional banks share a common computer system, their joint computer system center appears to be facing an IT cost problem as the sharing of the system has failed to achieve its initial goal of reducing cost.

*In some cases, major life and non-life insurance companies are failing to achieve sufficient synergy effects or are facing significant delays and cost overruns in their development of computer systems for international operations amid the expansion of overseas business operations.

An overview of the results of the examination and analysis are as follows:

[Point of discussion (i)]

Overview of the examination analysis results	<ul style="list-style-type: none"> ✓ Efficiency and appropriateness of IT cost <li style="padding-left: 20px;">(i) The cost at the joint computer system center for regional banks is relatively high compared with the cost at similar centers for shinkin banks and credit unions. <li style="padding-left: 20px;">(ii) Regional banks with a smaller profit scale are facing a more difficult cost structure problem. ✓ Although regional banks appear on the surface to have made progress in the use of new technology, the reality is merely that external services used by them have introduced new technology.
Future direction	<ul style="list-style-type: none"> ✓ Regional banks should make sure that their IT systems can flexibly adapt to their business strategy while optimizing IT cost.

[System-related expenditure/deposit amount by business type]

	Regional banks (104 banks)	Shinkin banks <Estimate>	Credit unions <Estimate>	Specialized internet banks
BS Amount of deposits (average)	¥3.3 trillion	¥554.0 billion ^{*3}	¥141.9 billion ^{*3}	¥2.6 trillion
P/L System expenditure (average)	¥4.7 billion ^{*1}	¥0.66 billion ^{*2}	¥0.15 billion ^{*2}	¥5.8 billion ^{*1}
Indicators System expenditure/Amount of deposits	0.18%	0.12%	0.11%	0.32%
Operating expenditure/core business profit	71%	79%	71%	66%

^{*1} Source: The results of a questionnaire survey conducted by the FSA in September 2019

^{*2} Source: The actual (estimated) average amount of system-related expenditure in FY2018 by business type (208 shinkin banks and 43 credit unions) from among the results of a questionnaire survey with financial institutions published by FISC (Center for Financial Industry Information Systems) for its members

^{*3} The amounts of deposits represent the averages for all shinkin banks (259 banks) and for all credit unions (146 unions) in the business year that ended in March 2019.

[Activities related to new IT and digital technologies]

	Using or not using	Example of use	Upper row: general-purpose use of external service
			Lower row: dedicated use for own business operations
Cloud service	86.5%	Email, sales support, e-learning, etc.	More than 30%
		Enterprise system (including a private cloud)	Approx. 10%
AI technology	51.9%	Robot advisor, marketing, etc.	Approx. 20%
		Use for loan business, Detection and investigation system, etc.	Less than 10%
RPA	70.2%	Computerized routine work, such as data inputting	Approx. 70%
		AI-assisted non-routine work, such as analysis and judgement	—
Use of data	66.3%	Use of inhouse data	Less than 60%
		Use of data acquired from outside sources, including SNS.	Less than 10%

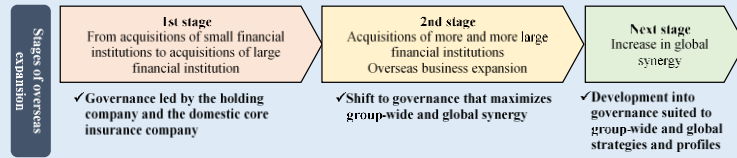
[Point of discussion (ii)]

Overview of the examination analysis results	<ul style="list-style-type: none"> ✓ What form of IT governance and IT management system is necessary depends on the progress in overseas business expansion. Precedents and challenges for adapting to the change have been recognized with respect to IT organization, IT strategy, and system risk management. For example, while some insurance companies have established a global IT organization integrated with the management team, and have formulated and implemented global IT strategy, others have not made progress in considering how to effectively exercise IT governance through global organizational changes.
Future direction	<ul style="list-style-type: none"> ✓ Insurance companies should reform IT governance in order to maximize IT-related group synergy in accordance with the progress in overseas business expansion.

The FSA will continue to deepen dialogue toward the exercise of IT governance by financial institutions, including strategic use of IT, while making use of this report in addition to the Discussion Paper on Dialogues and Practices Regarding Financial Institutions' IT Governance.

The FSA will continue to hold discussions with the various types of financial institutions and experts and provide support through the "Enterprise System and Frontrunner Support-Hub," which was established in March this year. At the same time, in light of the challenges for the joint computer system center for regional banks that have become clear at this time, the FSA will promote discussions and research among relevant parties within and outside the agency on the possibility of reducing the cost of switching between enterprise systems.

[Stages of insurance groups' overseas expansion]



2. "Financial Sector Cybersecurity Report"

In October 2018, the FSA updated the "Policy Approaches to Strengthen Cybersecurity in the Financial Sector" ("Approaches"), which represents a cybersecurity strategy for the financial sector, and the public and private sectors have been working together to conduct activities to enhance cybersecurity in the financial sector.

In the Financial Sector Cybersecurity Report, the FSA revealed the status and common challenges of cybersecurity as identified through activities conducted in each program year based on the Approaches. This report is the second edition following the one published last year. Through the publication of this report, the FSA aims to promote common recognition concerning cybersecurity among the FSA, financial institutions and other relevant organs so that cybersecurity countermeasures in the financial sector can be strengthened.

With respect to cybersecurity countermeasures taken by financial institutions, both "cybersecurity countermeasures as usual," which focus on defense against cyberattacks, and "incident response," are important.

As seen in the diagram below, regarding cybersecurity countermeasures as usual, in principle, financial institutions should identify their own information assets, then assess their risk related to cybersecurity. Regarding incident response, in principle, financial institutions should first formulate contingency plans in preparation for the occurrence of incidents.

However, it is not sufficient for enhancement of cybersecurity only by conducting risk assessment and formulating contingency plans. The next challenge is improving the effectiveness of measures through vulnerability scan and cyber exercises.

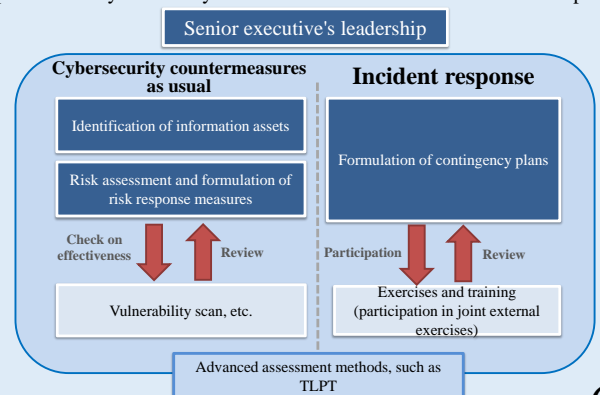
Based on this thinking, in September last year, the FSA asked regional banks, shinkin banks and credit unions to scan vulnerabilities and participate in exercises and trainings in cooperation with industry organizations in promoting these activities. As a result, many financial institutions have completed vulnerability scan and participated in exercises and trainings by the end of March this year. The FSA will follow-up adequately on financial institutions lagging in these activities.

Meanwhile, major financial institutions have generally scanned vulnerabilities and participated in exercises, and have made progress in using advanced assessment methods, such as TLPT,* which deals with simulated attacks by white hat hackers. In Program Year 2019, regarding large financial institutions, the FSA mainly checked the status of enhancement of group-wide and globally integrated management systems and use of TLPT through dialogue and encouraged further enhancement.

The activities to enhance financial institutions' cybersecurity, such as asking financial institutions to scan vulnerabilities and participate in exercises and trainings, have been conducted in view of the Olympics and Paralympics in Tokyo that were scheduled in July this year. While the postponement of the Olympics and Paralympics was announced in March this year due to the impact of the COVID-19, cybersecurity risk is growing because of an increase in cyberattacks and the increased use of remote work under the COVID-19. Therefore, the activities to secure the effectiveness of cybersecurity measures that the FSA has been promoting until now have become all the more important.

In addition to promoting the activities to secure the effectiveness of cybersecurity measures, the FSA will actively collect information on the trends in new security threats in light of changes in the cybersecurity environment due to the COVID-19 pandemic, the increased use of remote work, and encourage financial institutions to take necessary measures.

Approaches to cybersecurity countermeasures as usual and incident response



3. Conclusion

In order to exercise IT governance and strengthen cybersecurity measures, it is essential for the senior executives of financial institutions to recognize the importance of doing that and exert leadership and proactively involve themselves in those activities. The FSA will promote the exercise of IT governance by financial institutions and activities to enhance cybersecurity measures by sharing challenges indicated in each report through dialogue with and monitoring of financial institutions, including their senior executives.

*TLPT stands for Threat-Led Penetration Testing.

Information Related to the July 2020 Heavy Rains

The FSA will provide support as follows to assist with recovery and rebuilding following the July 2020 Heavy Rains disaster.

❑ Toll-free FSA consultation hotline for people affected by the July 2020 Heavy Rains

The FSA has set up a toll-free FSA consultation hotline for people affected by the July 2020 Heavy Rains disaster. The affected people should feel free to consult with the FSA about their dealings with financial institutions and other concerns. (Available in Japanese)

0120-156811 (toll-free) [Weekdays, 10:00-17:00]
*IP phone users should call 03-5251-6813.

❑ Meticulous support by financial institutions

The FSA and Local Finance Bureaus, together with the Bank of Japan, have issued a joint request to financial institutions in the nine prefectures to which the Disaster Relief Act has been applied(*) concerning the following items pertinent to recovery and rebuilding. The people affected by the disaster should consult with their financial institutions and insurance companies.

*Yamagata, Nagano, Gifu, Shimane, Fukuoka, Saga, Kumamoto, Kagoshima and Oita Prefectures.

- Financial institutions should take a flexible approach in refunding deposits (when depositors have lost passbooks and official seals, they should receive refunds based on the confirmation of the identity using some other practical method).
- Financial institutions should grant loan repayment grace or accept other changes to the terms of loans as necessary.
- Insurance companies should pay out life and non-life insurance claims as quickly as possible.

❑ Request for financial institutions concerning donations related to the July 2020 Heavy Rains

In light of the purposes of donations, including livelihood rebuilding, the FSA requested financial institutions to be particularly careful about foreclosure of donations in order to avoid causing impediments to the livelihood rebuilding of the disaster-affected people.

❑ To mortgage and other loan borrowers affected by the disaster

People hard-pressed to repay mortgage or other loans because of the recent disaster are eligible for assistance in the form of mortgage payment exemption or reduction under the “Guidelines for Restructuring Debts of Natural Disaster Victims.” Please consult with your financial institution to take advantage of this assistance.

❑ To life and non-life insurance policyholders affected by the disaster

In areas to which the Disaster Relief Act has been applied, associations of insurance companies are accepting inquiries regarding contracts from customers who have lost key documentation/information on their contracts with insurance companies because their homes have been destroyed or washed away. (Available in Japanese)

• Inquiries concerning life insurance

Life Insurance Association of Japan — Center for Locating Life Insurance Contracts in Disaster Areas:

0120-001731 (toll-free)

[Inquiry hours] Monday-Friday (excluding national holidays and year-end/new-year holidays), 09:00-17:00

• Inquiries concerning non-life insurance

General Insurance Association of Japan — General Insurance Contracts Inquiry Center for Natural Disasters

0120-501331 (toll-free)

[Inquiry hours] Monday-Friday (excluding national holidays and year-end/new-year holidays), 09:15-17:00

Foreign Non-Life Insurance Association of Japan — General Insurance Contracts Inquiry Center for Natural Disasters 03-5425-7850

[Inquiry hours] Monday-Friday (excluding national holidays and year-end/new-year holidays), 09:00-17:00

❑ A measure related to the deadline for the submission of securities reports affected by the July 2020 Heavy Rains

When companies have failed to submit securities reports and other documents by the mandated deadlines, they shall be exempted from administrative and criminal liability if they submit those documents by October 30, 2020.

* A special site has been set up on the FSA website offering a summary of relief measures available for the disaster-affected people. (Available in Japanese)

See the details at: <https://www.fsa.go.jp/ordinary/heavyrain202007/press.html>

"Kasumigaseki Dialogue" to Be Held to Link Kasumigaseki with Local Communities

In August 2020, the Regional Resolutions Support Team, in cooperation with like-minded groups at various ministries and agencies, will hold a "Kasumigaseki Dialogue."* The first Kasumigaseki Dialogue was held in January 2020. In a questionnaire survey conducted at that time, participants from financial institutions and local governments praised the dialogue as having increased their familiarity with ministries and agencies, expressed appreciation for cross-ministerial efforts, and requested the continuation of such dialogue.

As requests for another dialogue have continued to come amid the COVID-19 crisis, the Regional Resolutions Support Team has decided to hold the second Kasumigaseki Dialogue. The first dialogue was attended by around 200 employees from financial institutions and local governments. The second dialogue will be held online using the Zoom video conference service in order to avoid the "Three Cs"—close spaces, crowded places, and close-contact settings—that are supposed to facilitate the transmission of COVID-19 from person to person.

* "Kasumigaseki Dialogue": This dialogue has been devised jointly by the Regional Resolutions Support Team and the Public Relations Office. It is intended to deepen understanding on measures taken by ministries and agencies to realize regional revitalization and promote effective implementation of the measures through dialogue between front-line employees of financial institutions and local governments and ministry and agency personnel in charge of practical affairs.

The second dialogue will be held under the theme "Support Programs Amid the COVID-19 Crisis" in light of the impact of the pandemic on business operators. Although ministries and agencies have launched various support programs amid the COVID-19 crisis, there have been complaints about confusion over the multitude of programs and requests for information on the cases that are eligible for the programs and examples of the use of the programs.

To respond to those complaints and requests, like-minded personnel from ministries and agencies will get together and explain the key points of support programs useful for dealing with the COVID-19 crisis. At the moment, the dialogue is scheduled to be attended by like-minded personnel from the Small and Medium Enterprise Agency, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of the Environment, the Japan Tourism Agency, the Immigration Services Agency, the secretariat of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan, and the FSA. (Up to 150 participants from financial institutions and local governments will be accepted through application on a first-come-first-served basis).

The second dialogue will be attended by dedicated ministry and agency personnel in charge of practical affairs. Participants will hold group discussions on selected measures on which more detailed information is required. Please feel free to apply for participation in order to express opinions from the standpoint of front-line workers.

地方創生応援企画！ちいきん会 スピンオフ

ONLINE 霞が関ダイアログ 2Days

～霞が関と地域をつなぎ、コロナ禍でこそ役に立つ制度・情報を伝えます！～

2020 8.24 月 26 水 18:00～19:30

参 加 無 料

※事前にzoomのインストールをお願いします

定員	各日 150名 (先着順)	Peatix申込
対象	地域金融機関、自治体の 熱い想いを持つ職員有志	
参加方法	事前申込の上、zoomにて参加	<div style="background-color: #003366; color: white; padding: 5px; font-weight: bold; text-align: center;">ちいきん会 Facebook</div>
申込方法	peatixにて募集いたします	

<https://dialog-kasumigaseki-202008.peatix.com/>

- **棒読み厳禁！**
- 各省庁の事業説明
- 関心のある事業ごとのグループセッション
- 資料や名簿は参加者に配付します。

JFSA's Major Activities in July

(July 1 to July 31, 2020)



- [Updated statistics of money lending business \(July 30, 2020\)](#)
- [FSA updated Information on COVID-19 \(Novel Coronavirus\) \(July 30, 2020\)](#)
- [FSA publishes English translation of monthly magazine, Access FSA No.203 \(July 29, 2020\)](#)
- [Partial revision of the "Reference Cases", etc. regarding the "Independent Agent Exemption" of fund managers \(July 22, 2020\)](#)
- [The results of monitoring customer-oriented business conduct of investment trust distributors\(2019 business year\) \(July 22, 2020\)](#)
- [Stewardship Code : 284 institutional investors have signed up to the Principles for Responsible Institutional Investors as of June 30, 2020 \(July 3, 2020\)](#)
- [At the FSB workshop on Policy Responses to COVID-19 - Introductory remarks by HIMINO Ryozyo, Vice Minister for International Affairs \(July 3, 2020\)](#)

- FSA Weekly Review
<https://www.fsa.go.jp/en/newsletter/index.html>

- JFSA's official English Twitter account
https://twitter.com/JFSA_en



**We are promoting
information
dissemination using
Twitter!**

Editorial Postscript

Thank you very much for reading the August issue of "ACCESS FSA."

As the July 2020 Heavy Rains caused severe damage, the government as a whole is devoting efforts to rapid recovery and rebuilding. The FSA is also making every possible effort, including opening a consultation hotline for the disaster-affected people and requesting financial institutions to provide meticulous support to the affected borrowers.

The August issue also provides explanations about reports summarizing activities related to customer-oriented business conduct and monitoring of cybersecurity in the previous program year.

We hope you will enjoy reading the August issue.

WADA Yoshitaka, Director, Public Relations Office, FSA

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