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Speech by State Minister AKAZAWA Ryosei at the Second FinCity Global Forum

On February 2, 2021 (Tuesday), the "Second FinCity Global Forum—Tokyo's role as a global financial city in a post-COVID19 era and the future of asset management," co-organized by Nikkei Inc. and the Organization of Global Financial City Tokyo (FinCity.Tokyo) was held, and State Minister for Financial Services AKAZAWA Ryosei made a speech in a video message.

Presented here is the text of State Minister AKAZAWA's speech. The video footage of the forum is available for viewing at Nikkei Inc.'s website*1.



State Minister AKAZAWA delivering the speech.

Good afternoon, everyone. I am AKAZAWA Ryosei, State Minister for Financial Services. I would like to express my sincere appreciation for being given the opportunity to make a speech at the FinCity Global Forum.

Today, my speech is distributed online, and exactly for that reason, anyone with interest can view it despite the barrier of physical distance. I offer my heartfelt congratulations on the successful holding of this forum in this format amid the impact of the COVID-19 infection.

At the opening of the forum, I would like to talk about expectations for the asset management industry and the Financial Services Agency's (FSA's) efforts to enhance asset management.

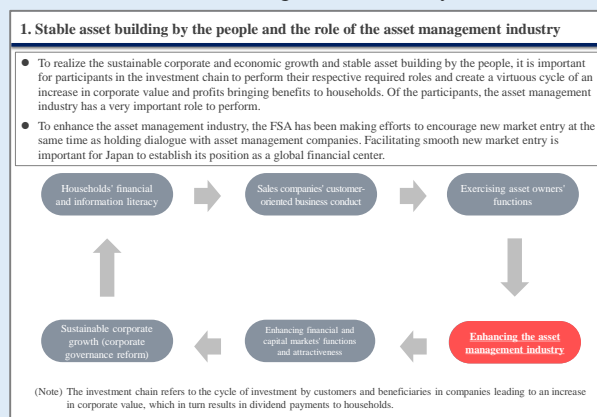
As for the agenda of my speech today, I will first mention the role of the asset management industry and then look at the trends in household financial assets. Subsequently, I will explain the current status of and challenges for the asset management industry, and finally I would like to talk about the course of actions to be taken by the FSA in the future.

Please look at Figure 1. In order to secure sustainable corporate and economic growth through financial and capital markets and realize stable asset building by households, it is important to view the flow of investment finance in a holistic manner, such as "an investment chain." The investment finance flows through pension funds, other asset owners, asset management companies, financial and capital markets, and investee companies, in addition to brokerage firms and banks which sell financial products. It is important to create a virtuous cycle of funds in which participants in the investment chain

respectively perform their expected roles and bring the benefits of an increase in corporate value and investment incomes to households.

Of the participants in the investment chain, asset managers, which is the core of the chain, has a very important role. As will be explained later, this industry has huge growth potential.

(Figure 1) Stable asset building by the people and the role of the asset management industry



Meanwhile, in order to enhance the asset management business, the FSA has been making efforts to promote new entry into the industry at the same time as engaged in a series of dialogues with asset management companies. Facilitating smooth entry of foreign asset management companies with a high level of professional expertise is important for Japan to establish its position as a global financial center, and to that end, the FSA is strengthening its organizational system. For example, on January 12 this year, the FSA opened the Financial Market Entry Office, which provides an English-language single point of contact that covers various matters of concern for foreign asset management companies, including pre-application consultation, registration, and supervision.

*1 Nikkei Inc.'s website

Regarding the asset management industry, the FSA is taking various measures with respect to each stage of the investment chain.

Next, let us look at the trend in household financial assets. Of the approximately 1,900 trillion yen's worth of household financial assets in Japan, 53%, or around 1,000 trillion yen's worth, is held in the form of cash and deposits, and this is very different from the situations in the United States and the United Kingdom. As for the trend in recent years as well, the predominant share of cash and deposits in Japan has not changed much.

For 20 years from 1999, the macro-level amount of household financial assets increased 2.8-fold in the United States and 2.2-fold in the United Kingdom, but the increase in Japan was only 1.4-fold. According to our analysis of the background factors, the difference in the increase in the size of investment returns is also a significant influencing factor. The increase was 2.8-fold in the United States and 1.6-fold in the United Kingdom, but in Japan, it was much smaller, 1.1-fold.

In light of this state of household financial assets in Japan, asset management companies are expected to perform the important role of contributing to stable asset building by households by strengthening their investment management capabilities to achieve favorable medium to long-term performance. At the same time, the current state of household financial assets indicates that the asset management industry has huge growth potential, and therefore, asset management companies are expected to strengthen their profit foundation by gaining customers' favor and confidence.

To support the growth of the asset management industry, in June last year, the FSA published the Progress Report on Enhancing the Asset Management Business 2020,^{*2} which described the current state of and challenges for the asset management industry and actions to be taken by the FSA in the future.

Let me explain the key points of this report. First, on the current state of the Japanese asset management industry, the report made the following statements:

- The amount of assets under management regarding Japanese publicly offered investment trusts, excluding the ETFs held by the Bank of Japan, has remained flat despite the stock market having been relatively bullish.
- Compared to the total net assets of US investment companies, the balance in Japan's market is still less than one-twentieth the scale of the U.S. market, even including the ETFs held by the Bank of Japan.

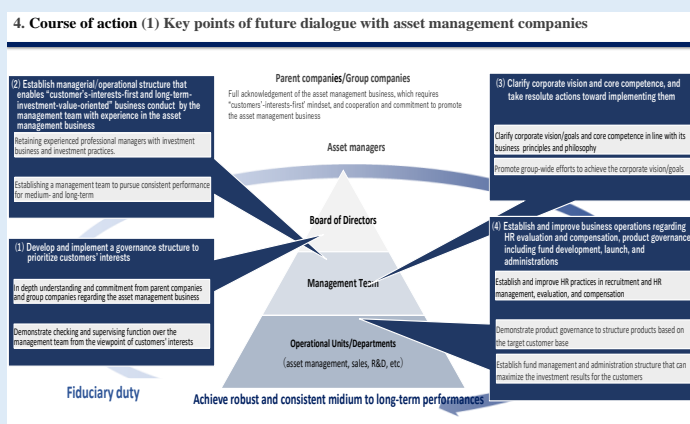
As one of the background factors of the stagnant growth in the balance of assets under management regarding publicly offered investment trusts and a lack of sufficient favor and confidence from customers, the oversupply of small-size investment trusts, whose performance tends to be low, has been pointed out.

Around 40% of all publicly offered investment trusts in Japan are small-size investment trusts with an asset size of less than 1 billion yen. As the performance is lower for investment trusts of smaller size, most small-size investment trusts may be unable to earn sufficient performance-based fees to do more than cover management cost.

Regarding the lack of sufficient progress so far in redemptions and consolidation of funds in Japan due to burdensome procedures, the Progress Report pointed out that it is important to redeem or consolidate small-size funds that do not serve customers' interests, such as unprofitable funds that hardly cover their own costs and funds with poor medium to long-term performance. The report also insisted that cooperation with distributors is essential as well as efforts by asset management companies.

Now, I will explain the direction of actions to be taken by the FSA. Please look at Figure 2. First, in order to support asset management companies' efforts to enhance investment capability, the FSA will continue dialogue with individual asset management companies on the following four challenges.

(Figure 2) Direction of actions to be taken (1) Key points of future dialogue with asset management companies



The first challenge is developing and implementing a governance structure to prioritize customers' interests. In Japan in particular, many asset management companies belong to financial groups, and to implement reforms, understanding and cooperation from their parent companies are essential. It is important to make a commitment to efforts to enhance investment capability

^{*2} "Publication of 'Progress Report on Enhancing the Asset Management Business 2020,'" published on June 19, 2020 in Japanese (<https://www.fsa.go.jp/news/r1/sonota/20200619/20200619.html>), and published on October 7, 2020 in English (<https://www.fsa.go.jp/en/news/2020/20201007.html>)

on a groupwide basis.

The second challenge is establishing a managerial/operational structure that enables “customer’s-interests-first and long-term-investment-value-oriented” business. It is important that a management team knowledgeable about asset management business establish a management system that places the top priority on customers' interests.

The third challenge is clarifying a corporate vision and core competencies. I understand that among the thousands of publicly offered investment trusts in Japan, there are some funds that are delivering excellent results. It is important for asset management companies to clarify their core competencies and enhance their competitiveness so that they can deliver high-level investment results over the medium to long term in active investment, which is a particularly serious test of the companies' investment capability.

The fourth challenge is developing a business operation system to implement the corporate vision. It is important to improve the evaluation and compensation systems for executives and employees and ensure strict control over the management and administration of funds from the viewpoint of placing the top priority on customers' interests and placing emphasis on investment performance.

While I understand that asset management companies are already making efforts to address these challenges, the FSA would like to continue dialogue about specifically how asset management companies are addressing the challenges and move in step with them toward enhancing investment capability and achieving the growth of the asset management industry by supporting excellent efforts.

Let me introduce to you other efforts that should be made in the future. Please look at Figure 3.

(Figure 3) Direction of actions to be taken (2) Other measures

4. Course of action (2) Other measures

Visualization of investment performance

- ① Conduct surveys, analyze, and disclose the survey result regarding the status and issues of privately placed investment trusts and discretionary investment, which are mainly used by institutional investors such as regional banks and corporate pensions, through information gathering from asset managers, trust banks, and insurance companies.
- ② Extend research on the performance of public offered investment trusts by including research on foreign investment trusts (mutual funds) and the individual funds of each company besides the company-as-a-whole, and make it more regular basis and publish the results of the research to a wide range of stakeholders, including consumers, in a comprehensible manner.

Other initiatives

- ① Consider what roles the alternative investment funds such as PE funds are expected to play in the future economic climate, and the necessary policy treatments.
- ② Research and analyze the impact of the SDGs and ESG on the Japanese asset management business.
- ③ Research and analyze the functions of index providers in the asset management market.

[Reference] Public comments received

- It is important to focus attention on the attitudes of not only producers (asset management companies) but also providers (sales companies)
- In order to place the top priority on customers' interests and implement long-term investment and management, it is important to ensure that suitable investment philosophy and corporate cultures take hold.
- It is necessary to shift to a "professional firm" model that makes it easier for professionals to exercise their capabilities.
- To promote the consolidation of small-size investment trusts, some measures must be taken.
- Analysis should be conducted after the details of various fees incurred by customers have been clarified.

Conduct further survey and analysis, hold dialogue with asset management companies, etc. and compile a report on progress in enhancement of the asset management business by summer 2021.

The Progress Report focuses mainly on the current state of publicly offered investment trusts intended for individual investors, but enhancing investment capability

is necessary for the entire asset management industry, including privately placed investment trusts intended for institutional investors and discretionary investment management.

Moreover, in order to enhance the asset management industry, it is also important to promote appropriate competition between asset management companies, and therefore, it is necessary to promote efforts to enhance the transparency of the performance of publicly offered investment trusts and to implement measures to encourage new entry.

When this report was published, we solicited opinions and received various opinions. Based on those opinions, surveys and analysis, and dialogue with asset management companies, the FSA plans to prepare a new report by summer this year.

I will talk about two matters which we have surveyed since the publication of the Progress Report last year for the purpose of the enhancement of asset management.

First, it was pointed out that asset management companies develop multiple new index fund products with low trust fees using the same benchmark instead of lowering trust fees for existing index funds. This is one factor of creating too many small size investment trusts. As a result, in some cases, a sales company's product lineup includes multiple index funds with different levels of fees although the funds are intended to be linked to the same benchmark.

Generally speaking, among index funds linked to the same benchmarks, trust fees tend to be higher for those which have existed for a longer period of time. As a result, people who have been customers for a longer period of time tend to hold funds with relatively high fees.

Next, amid the growing interest in ESG (Environmental, Social and Governance) and SDGs (Sustainable Development Goals), the development and sales of active funds related to ESG and SDGs are increasing. On the other hand, as fees for those funds are at a relatively high level, it has been pointed out that the fund's selection criteria of investment asset class are not necessarily clear. The FSA will keep a close watch on the current state of the cost-performance balance of ESG-related funds and the criteria for selecting investment asset class that take into consideration the ESG factors.

Finally, the FSA will continue to solicit opinions widely from people involved in the asset management industry and engage in constructive exchanges of opinions with them in order to resolve challenges faced by the industry. I will appreciate your continued cooperation.

Thank you for your kind attention.

"Holding of the Second Japan-China Capital Market Forum"

TAKASHIMA Sayaka, Director for International Cooperation
KONISHI Tatsuya, Investigator Specialized in Chinese Finance
International Affairs Office, Planning and Management Division, Strategy Development and Management Bureau

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

The FSA held the second Japan-China Capital Market Forum jointly with the Japan Securities Dealers Association, Japan Exchange Group Inc. and the Investment Trusts Association* on January 25, 2021. We will explain here the background and outline of the Japan-China Capital Market Forum and the expansion and reinforcement of ETF connectivity announced by the forum.

1. Background

The forum is held reciprocally between Japan and China as a platform to strengthen multi-layered cooperation between government and market officials and promote specific measures for securities market cooperation based on an agreement at a Japan-China summit meeting in October 2018. At the first forum held in Shanghai in April 2019, participants discussed the reinforcement of cooperation between the Japanese and Chinese securities markets, innovation and role of capital markets. In addition, a signing ceremony was held for a "Japan-China ETF Connectivity" agreement between Japan Exchange Group Inc. and the Shanghai Stock Exchange for an early realization of mutual listing of ETFs. At the second forum held online because of the COVID-19 problem, representatives from the financial authorities and securities industries of Japan and China discussed the future of capital market cooperation between the two countries.

Securities market cooperation between Japan and China has greatly moved forward as Japan Exchange Group Inc., the Shanghai Stock Exchange and the Shenzhen Stock Exchange announced the expansion and reinforcement of ETF connectivity, etc. during the second forum session. In addition, Japanese and Chinese securities industry organizations announced, among others, specific achievements of cooperation.

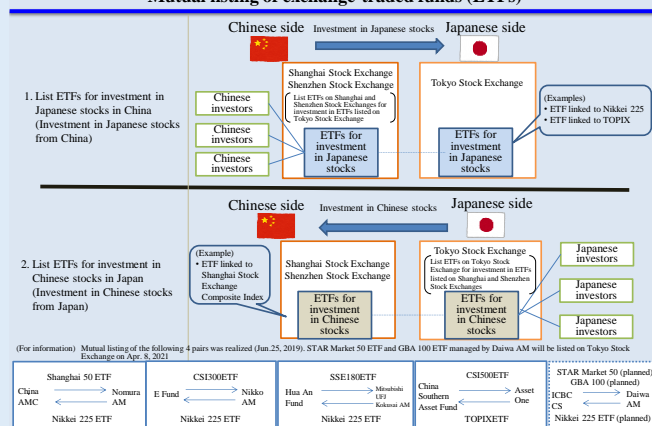
2. Expansion and reinforcement of ETF connectivity

The mutual listing of ETFs between Japan and China was realized on June 25, 2019, based on a memorandum of understanding for the establishment of ETF connectivity signed at the first forum. With Japanese and Chinese ETF management companies pairing, four Japanese and as many Chinese ETFs, based mainly on leading indexes such as the Nikkei 225, TOPIX, SSE 50 and CSI 300, have debuted on the Tokyo Stock Exchange and the Shanghai Stock Exchange, utilizing the ETF connectivity. While an ETF for investment in Chinese stocks has already been listed in Japan, the latest case represents the first of ETFs for investment in Japanese stocks in China. It is fair to say that the mutual listing of ETFs between Japan and China, which maintains strict capital control, is an extremely great achievement. At the second forum, furthermore, Japan Exchange Group Inc. announced the conclusion of a memorandum of understanding with the Shanghai Stock Exchange and the Shenzhen Stock Exchange for the establishment and further improvement of ETF connectivity to further strengthen the cooperative relationship. The latest MOU will open a wider channel to Japanese and Chinese ETFs and further improve access to the Chinese markets in Japan where the STAR Market 50 Index ETF and the Greater Bay Area Innovation 100 ETF will be listed. As ETF connectivity is expected to play an important role for activating cross-border trading between Japan and China, we expect the two countries' exchanges to further strengthen their cooperative relations.

3. Conclusion

Financial cooperation between Japan and China has greatly advanced in recent years due in part to efforts by financial industry officials. The FSA will continue promoting financial cooperation between Japan and China through unified public-private efforts and will also pursue tie-ups with the authorities and market officials in China to make this forum into a platform to facilitate specific measures of cooperation between the two countries.

Mutual listing of exchange-traded funds (ETFs)



* "On Holding of the 2nd Japan-China Capital Market Forum" as announced on January 26, 2021

Main Points of the "First Report by the Working Group on Capital Market Regulations" of the Financial System Council

OTAWARA Masanobu, Director, Financial Markets Division, Policy and Markets Bureau

(*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.)

The "First Report by the Working Group on Capital Market Regulations" (hereinafter called "the report") of the Financial System Council was published on December 23, 2020*. We will explain here the main points of the report.

1. Introduction

In light of developments in the economy and society after COVID-19, it is vital that Japan's banking system and capital markets will strongly support a recovery of the real economy and industrial structural reforms after COVID-19.

It is expected that financial institutions' operations and transactions will become geographically diverse and deployed beyond national borders given the various changes occurring in the international economy and society such as the pandemic. Establishing international financial hub functions in Japan would contribute to creating employment and industries and strengthening the nation's economic power. Moreover, Japan would play a significant role in establishing international financial hub functions for Asia and the rest of the world by helping increase the resilience of Asia's and global financial markets through international diversification of risks.

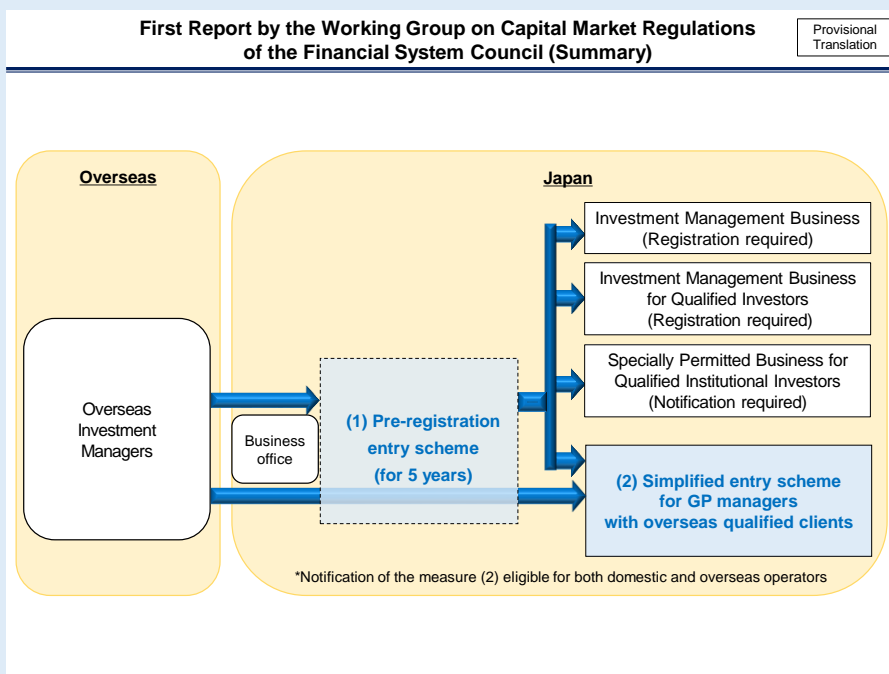
A pressing issue in establishing international financial hub functions in Japan is further expediting the development of the environment for promoting the entry of overseas financial institutions, especially investment managers, and such efforts must be undertaken promptly. At the same time, regulations should be revisited to ensure a level playing field between Japanese and overseas financial institutions in conducting international business.

Based on such a background, the Minister of State for Financial Services delivered the following consultation in September 2020:

"In light of the emergence of the post-COVID society and economy, such issues should be reviewed as approaches to facilitating provision of capital for growth, innovation and business restructuring, facilitating the entry of overseas financial institutions and sharing of clients' information between securities firms and banks, with the aim of recovering the economy and achieving sustainable growth through the better-functioning of Japan's capital markets, while giving due consideration to investor protection."

In response to this consultation, the Working Group on Capital Market Regulations (chaired by Professor KANDA Hideki at the Department of Legal Affairs of Gakushuin University Law School) was established under the Financial System Council. This report summarizes the results of the Working Group's discussions on two of the issues: facilitating the entry of overseas investment managers and revising the firewall regulations concerning overseas corporate clients.

In response to this consultation, the Working Group on Capital Market Regulations (chaired by Professor KANDA Hideki at the Department of Legal Affairs of Gakushuin University Law School) was established under the Financial System Council. This report summarizes the results of the Working Group's discussions on two of the issues: facilitating the entry of overseas investment managers and revising the firewall regulations concerning overseas corporate clients.



2. Facilitating the Entry of Overseas Investment Managers

(1) Overview of the Current Regulatory Framework and Issues

Operating in Japan as an investment manager, even investment managers serving overseas professional investors, in principle requires registration under the Financial Instruments and Exchange Act. The process of registration requires a set amount of time even for those having track records overseas.

The following issues have been pointed out with regard to facilitating the entry of overseas investment managers:

- The current regulatory framework does not necessarily take into account overseas investment managers mainly managing foreign funds, and
- Neither overseas track records nor the ongoing supervision by foreign authorities is considered upon the entry and in the subsequent supervision of overseas investment managers managing only foreign funds.

* "Publication of the First Report by the Working Group on Capital Market Regulations of the Financial System Council" on December 23, 2020 https://www.fsa.go.jp/en/refer/councils/singie_kinyu/20210126.html

(2) Recommendations on Reforms of the Regulatory Framework

Based on the above-mentioned issues, the working group proposed the simplified entry scheme for:

- (i) Overseas investment managers managing funds mainly provided by overseas qualified investors (foreign corporations and individuals resident overseas with a certain level of assets); and
- (ii) Overseas investment managers managing only foreign funds which hold valid authorization by foreign authorities and have track records of managing foreign funds.

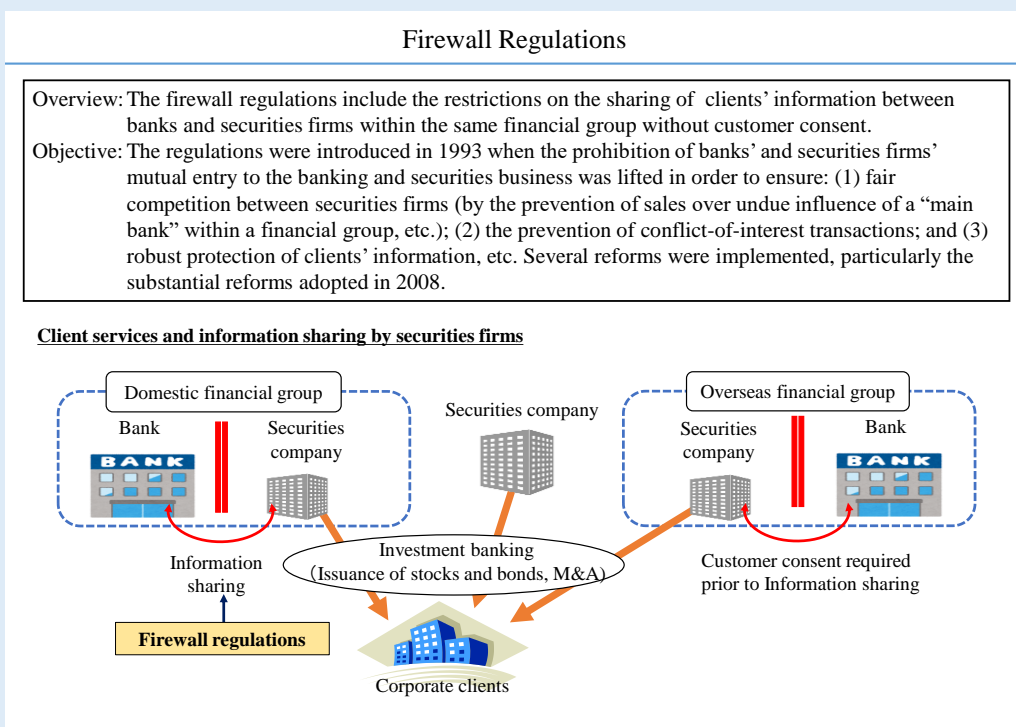
More specifically, as far as (i) is concerned, it would be appropriate to prepare new type of investment management business mainly with foreign corporations and individuals resident overseas with a certain level of assets that may operate in Japan with notification as a permanent measure. With regard to (ii), the new exemption should be prepared that permits the continuation of operations in Japan with notification for a specified period given their proven track records and authorization by foreign authorities in specified foreign countries.

3. Revising firewall regulations concerning overseas corporate

(1) Overview of the Current Regulatory Framework and Issues

The firewall regulations include the restrictions on the sharing of clients' material non-public information between banks and securities firms within the same financial group without customer consent. The firewall regulations require in principle securities firms to obtain prior written consent from clients to share clients' material non-public information between banks and securities firms within a same financial group.

For example, a Japanese bank or securities firm seeking to share clients' material non-public information within the same financial group in order to undertake a cross-border M&A would in principle need to obtain prior written consent.



Concerns have been raised in this regard that:

- Obtaining written consent from companies located in countries without similar regulations has proven difficult, putting Japanese financial institutions at a competitive disadvantage vis-à-vis overseas financial institutions that are not subject to the regulations; and
- The regulations would limit corporate clients' access to holistic proposals from Japanese financial institutions as a group.

(2) Recommendations on Reforms of the Regulatory Framework

Regarding the concerns raised above, the following views were expressed on the firewall regulations concerning overseas corporate clients:

- The regulations should be reviewed, aimed at ensuring regulatory equivalence with global standards and strengthening international competitiveness vis-à-vis overseas financial institutions, etc.;
- With developments of practices for customer protection such as conflicts of interest management in other countries, it would not be necessary to additionally require compliance with Japanese regulations as well as with the regulations applicable in countries where corporate clients conduct business.

Based on these views, it would seem appropriate to lift the restriction on the sharing of clients' information concerning overseas corporate clients.

4. Conclusions

Based on the policy directions shown in the report, the FSA will take appropriate measures including: submitting to the 2021 ordinary session of the Diet the bill concerning facilitating the entry of overseas investment managers; and advancing work necessary for amendments to Cabinet Office Order.

The working group will continue discussions on the remaining issues including approaches to facilitating the provision of capital for growth, innovation and business restructuring, and the firewall regulations concerning domestic corporate clients.

Message to the Market (February 24, 2021)

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

The "Message to the Market" posted on February 24, 2021, is summarized below.

*The complete Japanese text is available on the SESC website:

<https://www.fsa.go.jp/sesc/message/20210224-1.htm> (Available in Japanese)



- **Recommendation for administrative monetary penalty payment orders against an employee of Asahi Broadcasting Corporation who violated the information transfer regulations for a material fact and against an information recipient who committed insider trading following the reception of information concerning the material fact.**
- **Recommendation for administrative monetary penalty payment orders against a person who was involved in business tie-up negotiations with DLE Inc. for Asahi Broadcasting Group Holdings Corporation and violated both the insider trading and information transfer regulations and against an information recipient who committed insider trading based on received information of a material fact.**

Based on the results of its investigation, the SESC recommended administrative monetary penalty payment orders on January 15, 2021.*

[Outline of the case]

The two persons subject to the administrative monetary penalty payment orders (offenders) violated the insider trading regulations and the information transfer regulations related to shares of Asahi Broadcasting Corporation (ABC)※ and DLE Inc. (DLE)

※ The trading name of ABC was changed to Asahi Broadcasting Group Holdings Corporation (ABGHD) in April 2020.

Shares of ABC

Offender (1) was an employee of ABC and came to know a material fact (material fact 1) that ABC's decision-making body for the execution of operations had decided to split the company. Before the announcement of material fact 1, Offender (1) informed Offender (2) of material fact with the intention of letting Offender (2) earn profit (Violation of the information transfer regulations: Violation A).

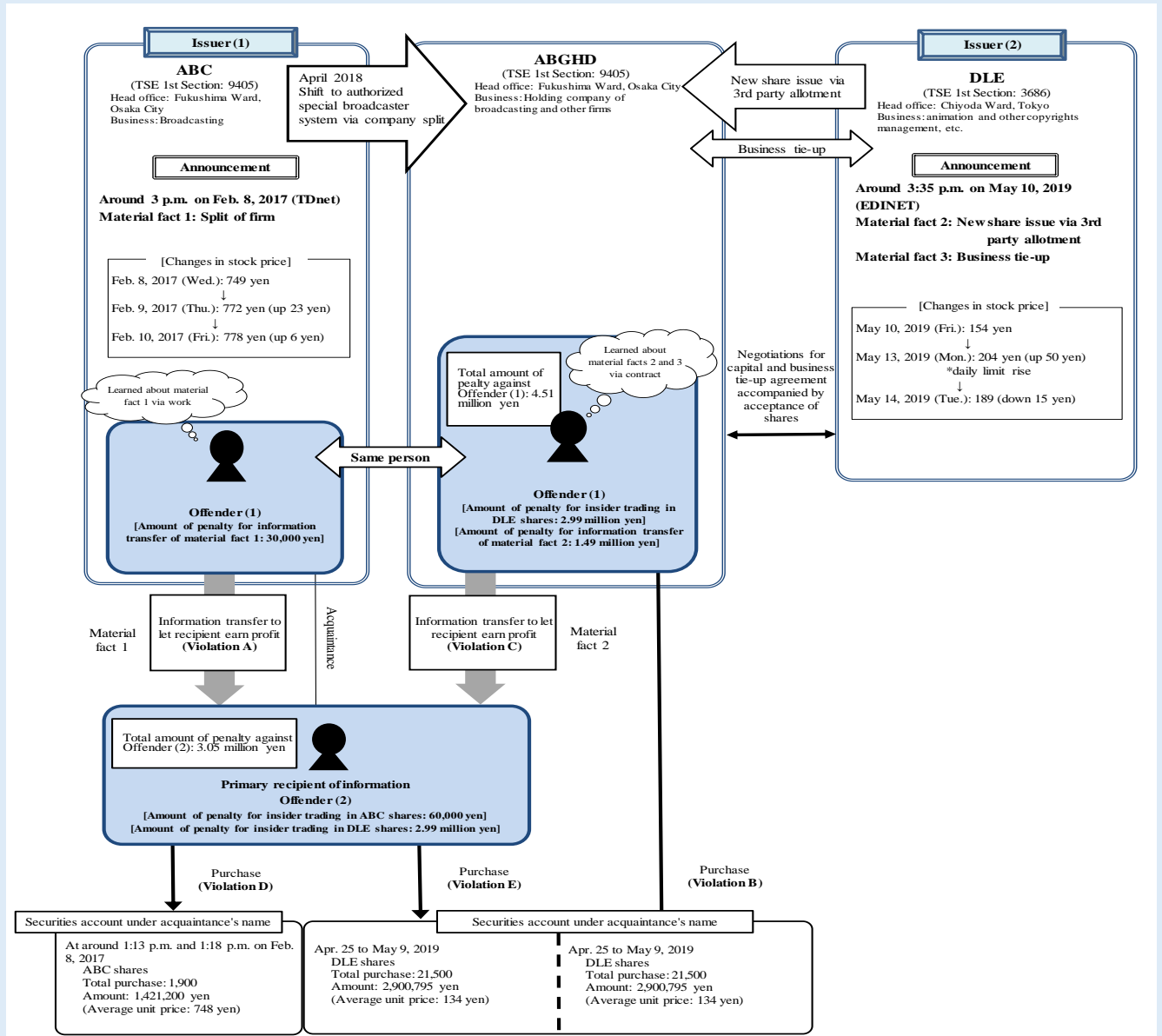
Informed of material fact 1 by Offender (1), Offender (2) purchased shares of ABC on Offender (2)'s own account before the announcement of the material fact (Violation of the insider trading regulations: Violation D).

Shares of DLE

Offender (1) was involved in negotiations between ABGHD and DLE for a capital and business tie-up agreement and came to know, in connection with the negotiations, a decision by DLE's decision-making body for the execution of operations to solicit underwriters of shares to be issued by DLE (material fact 2) and another decision to form a business tie-up with ABGHD (material fact 3). Before the announcement of these material facts, Offender (1) purchased shares of DLE on Offender (1)'s own account (Violation of the insider trading regulations: Violation B)

*"Recommendation for administrative monetary penalty payment orders against an employee of Asahi Broadcasting Corporation who violated the information transfer regulations for a material fact and against an information recipient who committed insider trading following the reception of the material fact." and "Recommendation for administrative monetary penalty payment orders against a person who was involved in business tie-up negotiations with DLE Inc. for Asahi Broadcasting Group Holdings Corporation and violated both the insider trading and information transfer regulations and against an information recipient who committed insider trading based on received information of a material fact." published on January 15, 2021: https://www.fsa.go.jp/sesc/news/c_2021/2021/20210115-1.htm (Available in Japanese)

In addition, Offender (1) informed Offender (2) of material fact 2 with the intention of letting Offender (2) earn profit before the announcement of material fact 2 (Violation of the information transfer regulations: Violation C). Informed of material fact 2 by Offender (1), Offender (2) purchased shares of DLE on Offender (2)'s own account before the announcement of the material fact (Violation of the insider trading regulations: Violation E)



[Message from the SESC]

This case is an extremely malignant violation of the insider trading regulations as an offender abused insider information obtained as part of his work and engaged in trading more than once, collaborating with an acquaintance and using another person's securities account.

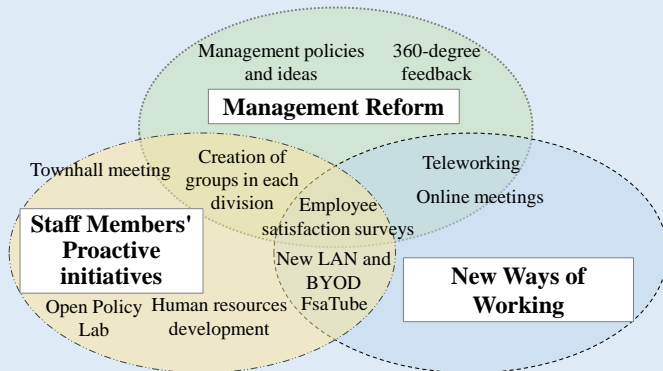
While violations of the insider trading and related regulations show no sign of an end, trading, based on the knowledge of undisclosed material facts, is an illegal conduct and subject to investigations even if it is small in scale. Wishful thinking that trading does not come to light as long as it is made via other person's securities account or is small in scale does not go well. The SESC keeps tabs on trading at all times and conducts strict investigations into unfair transactions that hamper the fairness and soundness of the securities market. The SESC recommends orders for administrative monetary penalty payments and criminal accusations if legal violations are identified.

Reform of the JFSA

The JFSA has kept reforming itself in line with "The Reform of the JFSA -- To become an agency capable of constantly reforming itself for the sake of the people and national interest" announced in July 2018. We will introduce major initiatives for the reform in this section.

- The environment surrounding the financial market is changing and citizens' needs are diversifying. Against this background, in order to steadily implement measures for the COVID-19 crisis and enable Japan to win global growth competition in the post-COVID world, we need to improve the quality of financial administration. To this end, it is important for us to organizationally and strongly support our staff with diverse backgrounds so that they can proactively work on their tasks, while fully unleashing their strengths, and organically connect their initiatives to generate results that contribute to the national interest.
- Specifically, we will develop an environment that supports staff members' proactive initiatives including by encouraging open communication and by increasing opportunities for staff members' voluntary participation. Moreover, we will conduct organizational operations with more management awareness and establish new ways of working as needed to address the COVID crisis.

Measures for Organizational Activation (Conceptual Diagram)



< Major initiatives >

Creation of groups in each division

- ◆ In the light of human resources development, especially for young people, and invigoration of the organization, we form groups of about 5 to 10 members in each division so that no one feels isolated. The program is also aiming for creating an environment that facilitates active two-way communication among members and enables them to support one another.

Townhall meeting

- ◆ To increase opportunities for communication between staff members and senior officials.

Development of human resources

- ◆ To develop human resources in each area of expertise, we clarified officials in charge, worked out educational plans, created a database of human resources and expanded the range of sharing information on human resources, among others, and strengthened cooperation between training programs and personnel allocation.

Open Policy Lab

- ◆ A framework for encouraging staff members to voluntarily propose policies with the aim of incorporating new ideas and helping formulate fresh and unique policies

Management policies and ideas, employee satisfaction surveys and 360-degree feedback

- ◆ To conduct organizational operations with more management awareness than ever, we have top management and directors share management policies and ideas with their subordinates and evaluate the status afterwards, including through employee satisfaction surveys and 360-degree feedback.

FsaTube (Collection of videos for internal use)

- ◆ With the COVID-19 crisis causing a decrease in communication between staff members, we opened FsaTube on our internal website with the aim of enabling them to readily share information and improve their abilities by watching videos.

(Examples)

- ✓ Introduction of work at each department and office
- ✓ Lectures by senior officials
- ✓ Results of surveys on work
- ✓ Training programs, etc.

New LAN (internal website) and BYOD

- ◆ We have been promoting the streamlining of operations, such as the reform of working practices and paperless work. In January last year, we renewed LAN service as "New LAN" with new functions for "Work From Home" and vitalization of communication. We are also accelerating the introduction of lightweight PCs in place of existing ones. Starting in March this year, we are pushing ahead with a "Bring Your Own Device" program.

To Bank Customers

- Request for the Prevention of COVID-19 Infection -

Dear valued customers

– COVID-19 safety precautions and considerations –

As a bank, we will work to provide essential banking to support our customers' everyday life and business through these challenging times.

As we rise to meet these challenges, the health and safety of our customers remain our top priority. With that in mind, we have implemented measures in order to avoid the "Three C's"; closed spaces, crowded places and close-contact settings.

We also would like to kindly ask our customers to consider the below actions in order to minimize the spread of the COVID-19.

01 When visiting a branch

Social Distancing



We are limiting the number of customers permitted in our branch at one time so you may experience longer than normal wait times.

Masks and temperature checks



Please consult your bank prior to your visit for any urgent services you may need to perform when feeling sick.

02 Other banking options

- Please refrain from visiting a branch on dates that are expected to be crowded.
- Please consider using other channels available to you aside from visiting our branch by using online & ATM service and call centers.
- Customers also have the option to use ATM and online services such as "Pay-easy" for their tax and utility payments.

Expected crowded dates in Apr. 2021

■ the expected crowded dates.

SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

Services available as usual

Deposits and withdrawals of ordinary account

Cancellation of time deposits, investment trust etc.

–Transfer funds
–Taxes and utility bill payments

Reporting of lost items

–Issuance of new passbook and card
–Magnetic malfunction of card

Help with borrowing loans

Services for you to kindly reconsider performing on crowded dates

Opening and closure of accounts

Depositing money into a time deposit account

Notice of amendment and bank statements

Request to withdraw certain coins and banknotes

Property accumulation products

Money exchange

※ Please ask the bank or check its website for the details of transaction handled.

※ Please consult the bank for your specific reasons of the needed transaction.

JFSA's Major Activities in February

(February 1 to February 28, 2021)



- [Updated statistics of money lending business \(February 26, 2021\)](#)
- [The FSA publishes the status of loans held by all banks as of the end of September 2020, based on the Financial Reconstruction Act \(February 26, 2021\)](#)
- [FSA updated Information on COVID-19 \(Novel Coronavirus\) \(February 25, 2021\)](#)
- [FSA updated Information on COVID-19 \(Novel Coronavirus\) \(February 19, 2021\)](#)
- [Public Consultation on the Cabinet Office Order to Partially Amend the Regulation for Enforcement of the Insurance Business Act \(February 15, 2021\)](#)
- [Stewardship Code : 293 institutional investors have signed up to the Principles for Responsible Institutional Investors as of December 31, 2020 \(February 12, 2021\)](#)
- [FSA updated Information on COVID-19 \(Novel Coronavirus\) \(February 12, 2021\)](#)
- ["The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code" the Twenty-Fourth Council \(February 8, 2021\)](#)
- [FSA publishes English translation of monthly magazine, Access FSA No.209 \(February 8, 2021\)](#)
- [Joint session of the 45th general meeting of Financial System Council and the 33rd meeting of Sectional Committee on Financial System \(February 3, 2021\)](#)

- 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

It is already March and we feel signs of Spring here and there.

Recently, I was asked by personnel division staff to participate in FSA's recruitment activities and deliver a talk under the theme of "China×Finance" targeting students undergoing job-seeking endeavors. Honestly, I wondered whether such theme would truly attract job-seeking students, but an unexpectedly large number of students joined the event online. It was a nice surprise.

This March issue also picked up the holding of the 2nd Japan-China Capital Market Forum as a topic showing progress of financial cooperation between Japan and China. I have owed a lot to Mr. KONISHI of the International Affairs Office since I was assigned to Beijing and I would like to take this opportunity to thank him again.

Additionally, under the theme of "Reform of the JFSA," we asked the Organizational Strategy Administrators' Office (HR Office) to contribute an article explaining the recent activities for organizational reform. I secretly expect that students endeavoring to find a job will take a look at this issue and understand the JFSA's self-reform initiatives keeping a distance from government offices where employees are often exploited.

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