FSA Newsletter August 2007

Minister Yamamoto had a meeting Hsieh Fu Hua, CEO, SGX （July 2）

Minister Yamamoto had a meeting from Goh Chok Tong, Chairman of the Monetary Authority of Singapore. （July 2）

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[TOPICS]

High-Level Dialogue Between the FSA and the U.S. SEC

1. On June 29, 2007, the Financial Services Agency (FSA) and the U.S. Securities and Exchange Commission held their third regular high-level bilateral dialogue on securities markets in Tokyo. The dialogue was attended by senior officials including FSA Commissioner Hirofumi Gomi and SEC Commissioner Kathleen Casey.

2. In this meeting, the FSA and the SEC discussed a broad range of issues, including regulatory matters pertaining to the increasingly cross-border nature of capital markets, the cross-border integration of exchanges, the convergence of accounting standards and supervisory issues.

3. The fact that the FSA and the SEC have deepened their dialogue and mutual understanding is quite significant amid the increasingly cross-border nature of securities transactions, which has generated a number of problems that require action on the part of both parties. As there are not many occasions for officials from the FSA and the SEC to meet face-to-face, this latest meeting served as a valuable opportunity for further development of this cooperative relationship.

Meeting between Minister of Financial Services Yamamoto and European Commissioner McCreevy

1. Mr. Yuji Yamamoto, Minister for Financial Services, met with Mr. Charlie McCreevy, Commissioner for the Internal Market and Services of the European Commission (EC), in Tokyo on June 13. At this meeting, Minister Yamamoto and Commissioner McCreevy exchanged views on recent developments in the Japanese and EU capital markets, including the introduction of Japan's Financial Instruments and Exchange Law and the EU Markets in Financial Instrument Directive.

In addition, Minister Yamamoto explained Japan's efforts to enhance the attractiveness of its financial and capital market as a global financial center. Commissioner McCreevy showed a particular interest in initiatives being considered for future implemention, including measures related to the firewalls regulation.

2. Minister Yamamoto and Commissioner McCreevy also exchanged views on the convergence of accounting standards and cooperation in issues related to auditing, including audit oversight systems. Minister Yamamoto emphasized the importance of maintaining openness in the European market and explained the progress made in the convergence work implemented by the Accounting Standards Board of Japan (ASBJ). Commissioner McCreevy showed his appreciation of the progress made in this area. Both parties agreed on the

need for cross-border cooperation between regulatory authorities in the area of auditing, as companies are increasingly operating on a global scale.

※For details concerning this meeting, please access the relevant press release at the following URL:

http://www.fsa.go.jp/en/news/2007/20070614.html

3. Since 2005, the EU has been requiring EU companies listed in the region to use international accounting standards in the compilation of consolidated financial statements. In addition, beginning in 2009, the EU plans to require all EU-listed companies in non-EU countries such as Japan, the United States and Canada to use international accounting standards or equivalents thereto. Therefore, the EU plans to complete by June 2008 its assessment of the equivalence of accounting standards adopted in Japan, the United States, Canada, etc. and international standards.

Regarding auditing, from the end of June 2008, the EU plans to require non-EU auditing firms that audit non-EU companies listed in the EU to subject themselves to the direct oversight of the authorities of the relevant EU countries by registering with those authorities, or to the oversight of equivalent regulatory regimes as specified in the relevant EU directive in their home countries. The EU is therefore conducting equivalence assessment in relation to this.

4. Having agreed on a framework of the Japan-EU Monitoring Meeting on Developments, Japan and the European Commission (EC) have since November 2006 been holding discussions within this framework.

The FSA plans to continue active dialogue with the EC.

Visit to Singapore by Minister Yamamoto

Minister of Financial Services Yuji Yamomoto visited Singapore on July 1-4.

In Singapore, Minister Yamamoto held talks with leaders of the country's government, exchange and government-funded public investment organization, including Former Prime Minister Goh Chok Tong, who now serves concurrently as Senior Minister and Chairman of the Monetary Authority of Singapore.

During these talks, Minister Yamamoto asked the Singaporean officials about Singapore's experience in establishing itself as a financial center, and he agreed with them on a plan to strengthen collaboration between the two countries, including the establishment of a forum for regular consultations between the FSA and the Monetary Authority of Singapore.

In addition, Minister Yamamoto discussed the partnership between the Tokyo Stock Exchange and the Singapore Exchange with the relevant officials. Moreover, Minister Yamamoto asked the Singaporean officials about the trading environment at the Singapore Exchange, which handles a broad range of products,

and the asset management status of Singapore's public investment organization, which has achieved risk dispersion and high returns by securing excellent human resources from around the world.

The FSA intends to take advantage of the knowledge and information gained by Minister Yamamoto during his visit to Singapore in its formulation of a plan tentatively called the "Program for Strengthening Financial and Capital Markets", which will be drawn up by the end of this year, and to further deepen cooperation and mutual trust between the authorities of Japan and Singapore.

Publication of Position Paper by Business Accounting Council

On June 20, 2006, the Act for Partial Revision of the Certified Public Accountants Act, etc. was enacted at the 166th session of the Diet (promulgated on June 27, 2006).

Since organizational audits are becoming ever more important due to the diversification and increased complexity of business activities, the increasingly complicated and advanced level of audit services, and the presence of cases where inappropriate audits have been conducted by certified public accountants, this Act revises the audit firm system and other aspects in order to better deal with the current situation.

The Act provides for revisions in the following areas:

(1) Strengthening quality management, governance and disclosure by audit firms

(2) Securing the independence and strengthening the position of auditors

(3) Reviewing the supervision on audit firms, etc. and the responsibilities of audit firms, etc.

Each area of revision is explained in more detail below.

1. Strengthening quality management, governance and disclosure by audit firms

(1) Obligating audit firms to develop a service management framework

Each audit firm must develop a service management framework that includes measures for securing the fair execution of services and formulation and implementation of policy on service quality management. (Article 34-13 of the Certified Public Accountants Act)

(2) Making persons who are not certified public accountants also qualified to become members of audit firms

- A person who is not a certified public accountant can become a member of an audit firm if he/she has obtained registration from the Japanese Institute of Certified Public Accountants as a specified member. (Article 34-4 and Articles 34-10-8 to 34-10-17 of the Certified Public Accountants Act)

- Lower limits were set for the proportion of members who are certified public accountants out of

all members of an audit firm and such proportion of all members of a decision-making collegial body formed within an audit firm. (Article 34-4 and Article 34-13 of the Certified Public Accountants Act)

(3) Obligating audit firms to disclose information

Each audit firm must, in each business year, prepare explanatory documents concerning the status of business and property, keep them at its office and make them available for public inspection. (Article 34-16-3 of the Certified Public Accountants Act)

2. Securing auditors' independence and strengthening their position

(1) Establishing provisions on auditors' independence

It was provided in the provisions on the professional responsibilities that certified public accountants and audit firms must provide services from an independent standpoint. (Article 1-2 and Article 34-2-2 of the Certified Public Accountants Act)

(2) Expanding the scope of restriction on employment to the parent company and consolidated subsidiaries of the audit client company

The scope of restriction on employment for a certified public accountant who has provided audit or certification services has been expanded so as to prohibit him/her from becoming an officer, etc. of not only the audit client company, but also its consolidated companies, etc. (the parent company and consolidated subsidiaries, etc.). (Article 28-2 and Article 34-14-2 of the Certified Public Accountants Act)

(3) Introducing the "rotation rule"

- A rotation rule with five years of consecutive audits and a five-year interval has been stipulated for the chief accountant, belonging to a large audit firm, who provides audit and certification services to a listed company. (Article 34-11-4 of the Certified Public Accountants Act)
- In the case where a certified public accountant or an audit firm has provided audit-related services to a newly listed enterprise, the rotation rule will be applied by adding to the consecutive audit period the specified accounting period(s) preceding the accounting period that includes the day on which the enterprise is to be listed. (Article 24-3 and Article 34-11-5 of the Certified Public Accountants Act)

(4) Stipulating the step to be taken when discovering a wrongful or illegal act

In the case where an auditor discovers a wrongful or illegal act that has a serious impact on financial documents, if no appropriate measure has been taken, still, after a process to encourage the audit client company to take a voluntary corrective measure, such as reporting the company auditor, etc., the auditor is required to offer an opinion to the competent authorities.

(Article 193-3 of the Financial Instruments and Exchange Act)

3. Reviewing the supervision on the responsibilities of audit firms, etc.

(1) Diversifying administrative dispositions

- The authorities are to issue necessary instructions or dispositions in the case where operation of services by a certified public accountant has been found to be grossly inappropriate. (Article 31 and Article 34-2 of the Certified Public Accountants Act)
- The following were added to the types of administrative dispositions against audit firms:

(a) Order to improve the service management framework (Article 34-21 of the Certified Public Accountants Act)

(b) Order to prohibit any members who are found to be seriously responsible for illegal conduct from participating in all or part of the services or decision-making of the relevant audit firm (Article 34-21 of the Certified Public Accountants Act).

(2) Introducing an order for payment of a surcharge

When a certified public accountant or an audit firm has intentionally made a false certification or made a serious false certification in negligence of due care, a surcharge* in an amount corresponding to the profit will be imposed from the viewpoint of appropriately deterring illegal conduct. (Payment of the surcharge is not ordered when it is found inappropriate to issue such an order in some cases where an admonition is issued, suspension of services is ordered, registration is cancelled or dissolution is ordered.) (Article 31-2 and Article 34-21-2 of the Certified Public Accountants Act)

* When intentional: 1.5 times the amount of audit fees received during the accounting period pertaining to the false certification-

When being negligent of due care: An amount corresponding to audit fees received during the accounting period pertaining to the false certification

(3) Introducing a system of audit firms in the form of limited liability organizations

- A system of audit firms in the form of limited liability organizations was introduced, wherein the members bear the responsibility of paying liabilities to the extent of the value of their capital contribution. (Articles 34-24 to 34-34 of the Certified Public Accountants Act)
- The following requirements have been set for limited liability audit firms:

(a) Minimum amount of capital (Article 34-27 of the Certified Public Accountants Act)

(b) Deposit money (all or part of it can be replaced with liability insurance) (Article 34-33 and Article 34-34 of the Certified Public Accountants Act)

(c) Disclosure of financial statements (an audit report must be attached in the case of an audit firm exceeding a certain scale) (Article 34-32 of the Certified Public Accountants Act)

(4) Revising the scope of delegation of authority to collect reports and conduct on-site inspections to the Certified Public Accountants and Auditing Oversight Board

Of the general authority of the Commissioner of the Financial Services Agency to collect reports from and conduct on-site inspections of audit firms, those related to reports of quality management reviews by the Japanese Institute of Certified Public Accountants had been delegated to the Certified Public Accountants and Auditing Oversight Board. However, while maintaining such a basic framework, a revision has been made in consideration of the practices to date. This revision alters the scope of delegation of authority so as to allow the Board to collect reports and conduct on-site inspections without using the quality management review in limited, exceptional cases, such as the following:

(a) When the audit firm is new and has not undergone a quality management review

(b) When there is a problem in the report of the quality management review results due to such reason as the audit firm being uncooperative in the review

(Article 49-4 of the Certified Public Accountants Act)

(5) Introducing a system of notification of foreign audit firms, etc.

- It was provided that the authorities must be given advanced notification when a foreign audit firm provides audit and certification services pertaining to securities reports or other financial documents to be submitted by a foreign company, etc. (such notified foreign audit firm shall be referred to as a "foreign audit firm, etc."), and necessary provisions concerning the system of notification of foreign audit firms, etc. were established. (Articles 34-35 to 34-39 of the Certified Public Accountants Act)
- The authority (necessary instructions, collection of reports and on-site inspections) of the authorities against foreign audit firms, etc. has been stipulated. (Article 34-38 and Article 49-3-2 of the Certified Public Accountants Act)

4. Effective Date

The revising provisions shall take effect from the date specified by a Cabinet Order within a period not exceeding one year from the day of promulgation.

* For details, access the "Bill Submitted to the Diet (166th Session of the Diet)" (Japanese only) from "Bills Submitted to the Diet, etc." on the Financial Services Agency website.

[Featutred]

"Interim Summary of Discussions (First Report),"Published by the "Study Group on the Internationalization of Japanese Financial and Capital Markets"

The "Study Group on the Internationalization of Japanese Financial and Capital Markets," which was established on January 30, 2007 under the Financial System Council's Sectional Committee on Financial System, held 14 meetings by June this year and published its "interim summary of discussions (first report)" on June 13 based on the deliberations thus far conducted.

The interim summary covers a broad range of issues, including:

*Issues related to market systems such as the diversification of products handled by exchanges and the expansion of opportunities for foreign companies to participate in stock transactions in Japan

*Issues related to market surveillance functions such as a the reviewing of the surcharge system and the establishment of a regulatory environment that enables enhanced foreseeability

*Issues related to market participants such as methods for fostering and securing experts on financial, legal and accounting affairs capable of working across national borders

*Issues related to infrastructure such as the establishment of the urban infrastructure necessary for building a global financial center.

The Financial Services Agency (FSA) intends to conduct further deliberations on specific matters pertaining to the issues covered by the interim report. Regarding issues that require the implementation of institutional measures in particular, including legislative matters, the FSA will conduct deliberations at the Financial System Council. In addition, the FSA plans to draw up a plan tentatively called the "program for strengthening financial and capital markets" by the end of 2007.

Outline of the Electronically Recorded Claims Act

I. Background

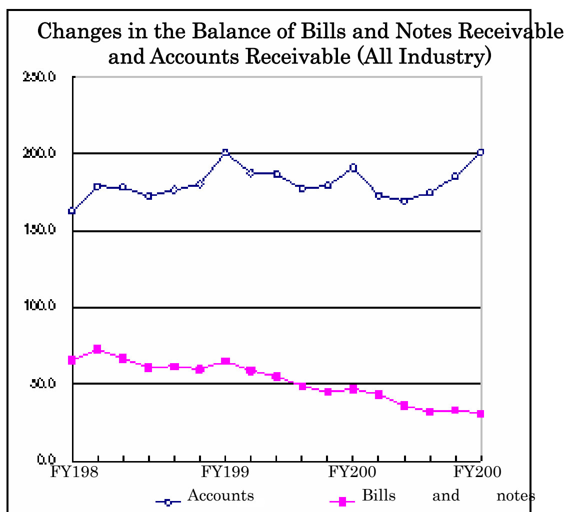
The Electronically Recorded Claims Act (Act No. 102 of 2007) was enacted at the 166th ordinary session of the Diet on June 20, 2007 and was promulgated on June 27. (The effective date is to be a date specified by a Cabinet Order within a period not exceeding one year and six months from the day of promulgation.)

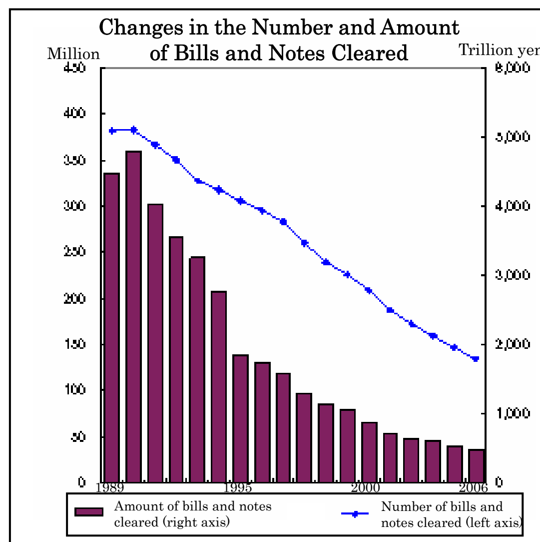
The background of enactment of this Act and developments of discussions on the bill are outlined below.

1. Needs for developing a new fund-procurement environment

Bills and notes, which are means for inter-business credit, have various problems attributable to the use of a paper medium, such as the risk of being lost or stolen or the costs involved in creating or storing them. In addition, nominative claims also have such problems as the risk of double assignment and the costs involved in confirming the existence of claims. These problems had served as restraints to funding activities by business operators.

Due to progress in the use of information technology in the economy and society, services using electronic means have also become popular in the fields of commercial transactions and financial transactions. In such a situation, there have been expectations to introduce a new system to secure the safety of transactions and liquidity of claims by having establishment of claims take effect by electronically recording them, in order to overcome the problems mentioned above and to improve the fund-procurement environment for business operators, including small and medium-sized enterprises (SMEs).





Source: "Financial Statements Statistics of Corporations by Industry" (chronological data of annual surveys), Policy Research Institute, Ministry of Finance

Source: "Annual Report of Settlement Statistics (2006)," Japanese Bankers Association

2. Discussions leading up to submission of the bill

A system of electronically recorded claims has been discussed by the Ministry of Economy, Trade and Industry (METI), the Ministry of Justice (MOJ) and the Financial Services Agency (FSA) since the announcement of "e-Japan Strategy II" in July 2003, based on subsequent decisions of the IT Strategic Headquarters, in order to develop a fund-procurement environment for SMEs and other businesses by promoting assignment of claims using electronic means. In December 2005, METI, the MOJ and the FSA compiled the "Basic Concept of Electronic Claims." Furthermore, the "Three-Year Program for Promoting Regulatory Reform and Privatization (further revised)," which was adopted by the Cabinet in March 2006, stated that the Japanese government will further the discussions toward enactment of an Electronic Claims Act (tentative name) based on the outline of the electronic claims system clarified in December 2005, and will aim at concretizing the legal framework by the end of FY2006.

The Legislative Council (Subcommittee on the Electronic Claims Act) of the MOJ examined the basic characterization of electronically recorded claims and their positioning under private law toward development of the Electronically Recorded Claims Act. At the same time, at the joint meeting between the Second Subcommittee and the Information Technology Innovation Working Group of the Financial Service Council of the FSA, discussions were mainly held on requirements for electronic claim record-keeping organizations (hereinafter referred to as "record-keeping organizations"). As a result, the councils respectively compiled and published the "Outline of the Private Law Aspect of the Legal System of Electronically Registered Claims" (February 2007) and "Toward Enactment of the Electronically Registered Claims Act (tentative name): Focusing on Requirements for the Management Organizations of Electronically

Registered Claims" (December 2006).

Based on these results, the FSA and the MOJ jointly carried out the drafting work and finally submitted the bill to the 166th session of the Diet on March 14, 2007.

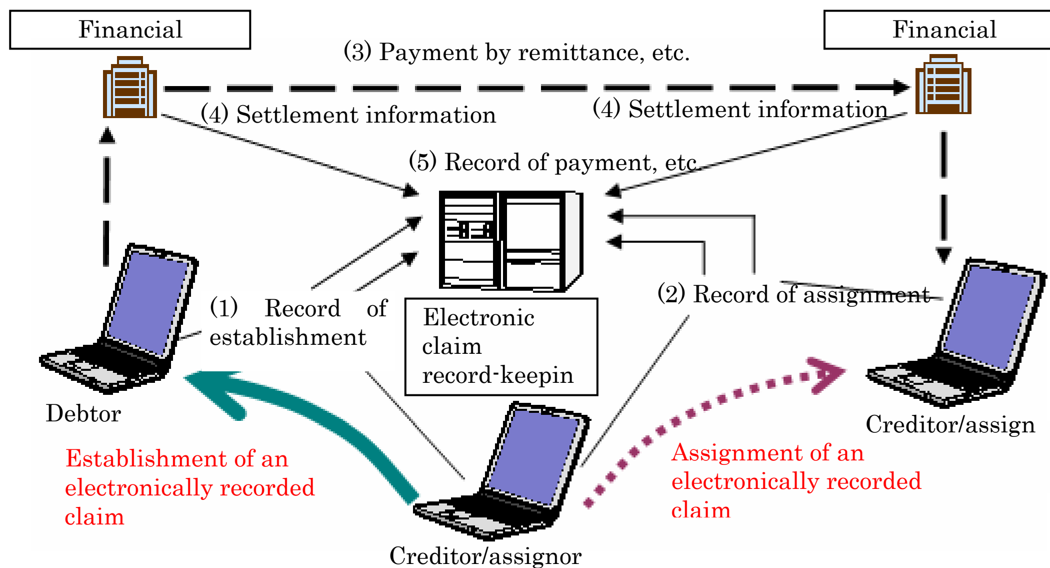
N.B.: While such tentative terms as "electronic claims" and "electronically registered claims" had been used at the discussion phase, the term "electronically recorded claims" was used when submitting the bill.

II. Outline of the Electronically Recorded Claims Act

The Electronically Recorded Claims Act provides for electronically recorded claims of which establishment and assignment need to be electronically recorded in the record registry, prepared by an electronic claim record-keeping organization (hereinafter referred to as a "record-keeping organization"), in order to take effect. The Act also stipulates the necessary matters concerning the operations and supervision of record-keeping organizations that keep such electronic records.

The main contents of the Act are shown below.

[Basic Scheme of Electronically Recorded Claims]



1. Rules on electronically recorded claims under private law

(1) Characteristics of electronically recorded claims

An electronically recorded claim is a monetary claim of which establishment and assignment need to be electronically recorded in the record registry that is prepared in the form of a magnetic disk or such in order to take effect. The contents of the right are decided by the claim record that has been recorded in the record registry.

Various matters (e.g., detailed special provisions on syndicate loans) can be recorded as

voluntarily recorded matters.

(2) Ensuring safety of transactions of electronically recorded claims

(a) Presumption of rights

The person recorded in a claim record as the creditor is presumed to be the holder of the rights concerning the electronically recorded claim (Article 9).

(b) Record-keeping organization's liability for damages

With regard to a claim for damages filed against a record-keeping organization by an injured party who has incurred damages from the record-keeping organization's act of electronically recording a false matter or conducting electronic record-keeping based on a request by an unauthorized agent, the burden of proof is shifted to the record-keeping organization, and the record-keeping organization is liable for such damages, unless it proves that its officers and employees were not negligent of duty of care (Article 11 and Article 14).

(c) Special provisions on invalidation or rescission of manifestation of intention

There are no provisions under the Civil Code to protect third parties in the case where manifestation of intention is invalidated due to concealment of the true intention or due to a mistake or where manifestation of intention has been rescinded due to fraud or duress. However, this Act has provisions to protect such third parties as long as they were without knowledge and gross negligence (Article 12).

(d) Special provisions on the liability of an unauthorized agent

In the case where an unauthorized agent has requested to conduct electronic record-keeping, this Act does not allow the unauthorized agent to be discharged from liability unless there has been gross negligence on the opponent's side, adopting stricter requirements for discharge than under the Civil Code (Article 13).

(e) Acquisition without knowledge and cutoff of personal defense

There is a system of acquisition without knowledge, which allows an assignee to acquire an electronically recorded claim even if the relevant assignment record was invalid, as long as the person who was recorded as the assignee in the assignment record was without knowledge and gross negligence (Article 19). There is also a system to cut off personal defense wherein a debtor cannot duly assert against the assignee by a defense based on his/her personal relationship with the assignor, unless the assignee had an intent to harm (Article 20).

(f) Discharge from payment

There are provisions on discharge from payment, stipulating that a payment is valid as

long as the payment is made to the person who is recorded in the claim record as the creditor, even if such recorded person was not entitled to the rights, provided that the person who made the payment was without knowledge and gross negligence (Article 21).

(3) Others

(a) Consumer protection

Since there is a gap between consumers and business operators in terms of bargaining power and quality of accessible information, consumer protection is given higher priority than safety of transactions of electronically recorded claims. At the same time, however, consideration is to be given to the needs of individuals who are business operators in regards to their use of electronically recorded claims. Specifically, the Act provides as below.

(1) When an individual uses an electronically recorded claim, such provisions as acquisition without knowledge will not be applied.

(2) However, even in the case of an individual, if there is a record stating that the individual is an individual business operator, the provisions including acquisition without knowledge will be applied.

Even when there is a record stating that the individual is an individual business operator, if the individual was in fact using the electronically recorded claim as a consumer, said record will be invalid, and such provisions as acquisition without knowledge will not be applied.

(b) Others

There are provisions on division of an electronically recorded claim, change of recorded matters, guarantee of an electronic record that has similar independence as guarantee of a bill, a system for pledging electronically recorded claims, and disclosure of claim records.

2. Supervision of record-keeping organizations

(1) Securing fairness in operations of record-keeping organizations

(a) Designation of persons who operate electronic claim record-keeping business

Since the contents of electronically recorded claims are fixed by the electronic record-keeping carried out by a record-keeping organization, the electronic claim record-keeping business needs to be operated by credible organizations. Therefore, the competent minister is to receive applications and designate stock companies that have financial basis and appropriate ability to perform tasks as record-keeping organizations, from the viewpoint of ensuring stable and continuous business operation by record-keeping organizations. Record-keeping organizations are important entities that involve in establishment and assignment of electronically recorded claims. Therefore, they are to be stock companies that have a board of directors, a board of company auditors or an audit committee, and accounting auditors, from the perspective of securing credible corporate governance under the Companies Act and flexible and

agile business operation based on diverse fund-procurement means (Article 51).

Electronically recorded claims are expected to be used in various situations, such as using them similarly to bills and notes by recording limited matters or using them for syndicate loans by recording diverse matters. Thus, there should not be just one single record-keeping organization. Instead, several record-keeping organizations should be established in response to the needs of the private sector so that their service quality would improve through competition.

(b) Prohibition of operation of other business

Due to the need to secure fairness and neutrality, such as deterring misappropriation of information, and to eliminate the risk of failure caused by other businesses, record-keeping organizations are not allowed to operate business other than the record-keeping business and business incidental thereto. Because of this, a business company operating another business cannot directly operate the electronic claim record-keeping business, but various entities can enter the electronic claim record-keeping business by establishing a record-keeping organization as a subsidiary (Article 57).

As it is also important to ensure convenience for users of electronically recorded claims and operational efficiency of record-keeping organizations, record-keeping organizations can entrust part of its electronic claim record-keeping business to a bank or any other party by obtaining the approval of the competent minister (Article 58).

(c) Securing simultaneous execution of payment and recording of payment, etc. (a measure concerning settlement of remittance between accounts)

In order to ensure to the greatest extent possible that the payment and the recording of payment, etc. are executed with the same timing, there is a system wherein an agreement is concluded between the record-keeping organization, the debtor and the financial institution. Per this agreement, the financial institution handles payment from the debtor's account to the creditor's account based on information such as the payment date provided by the record-keeping organization. At the same time, the record-keeping organization immediately records the payment, etc. upon its own authority when it has received a notice from the financial institution managing the debtor's account that remittance has been completed for the full amount of the debt, without waiting for a request by the parties concerned (Article 62 and Article 63).

Apart from this method, the record-keeping organization is also allowed to record the payment, etc. upon its own authority when it can be ensured that payment of the debt has been made, based on an agreement between the parties concerned (Article 64 and Article 65).

(d) Others

In addition to the matters above, there are also provisions on the minimum amount of stated capital (an amount specified by a Cabinet Order of not less than 500 million yen),

confidentiality (Article 55), protection of persons using a record-keeping organization (Article 59) and prohibition of unreasonable discriminatory treatment to specific persons (Article 61).

(2) Inspections/supervision of record-keeping organizations

There are provisions on the necessary inspections and supervision for ensuring appropriate and secure execution of business. Specifically, there are provisions on collection of reports and on-site inspections (Article 73), business improvement orders (Article 74), rescission of designation (Article 75) and business transfer orders (Article 76). In addition, record-keeping organizations are required to prepare and submit a report on their business and property every business year (Article 68). It is also provided that reduction of the amount of stated capital (Article 69), a change to the articles of incorporation or operating rules (Article 70), discontinuance (Article 71), and merger or dissolution (Articles 78 to 82) only take effect with the approval of the competent minister.

(3) Others

Since there is a risk of electronically recorded claims being used as a means to conceal criminal proceeds or camouflage fund transfers, record-keeping organizations are obligated to confirm the identity of users and to notify of any suspicious transactions as specified business operators in accordance with the Act on Prevention of Transfers of Criminal Proceeds.

When electronically recorded claims are to be widely traded as financial instruments, the regulatory provisions of the Financial Instruments and Exchange Act will be applied.

III. Future Prospects

Electronically recorded claims can flexibly respond to various business needs and information technology innovations. They are expected to be used not only as substitutes for bills and notes, but for diverse purposes including use for syndicate loans. They are believed to become important infrastructure for the future of electronic financial transactions.

In order for electronically recorded claims to be used in ways that appropriately meet the business needs of the private sector, practical operation rules that comply with the actual uses need to be established by private business operators, just as the widely used system of bills and notes has been operated based on the rules of the private sector.

The government will also exert efforts to lay the groundwork, such as preparing necessary cabinet orders and ministerial ordinances, toward appropriate and smooth implementation of the system, so that the use of electronically recorded claims will be promoted.

It is hoped that record-keeping organizations will be established at an early stage and electronically recorded claims will actually become widely used as a result of such efforts by the private sector and the government.