



At [“Interviews with related parties concerning insurance solicitation by banks, etc.”](#) Senior Vice Minister Shozo Azuma (center) gives greeting, with Parliamentary Secretary Takashi Wada (left) (May 27)

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Great East Japan Earthquake - Related Information

We give our deepest condolences for people who died in the 2011 Great East Japan Earthquake, and our heartfelt sympathy for the victims who suffered losses.

The FSA is providing “Great East Japan Earthquake - Related Information” in the following places.

1. Great East Japan Earthquake - Related Information: We are putting all efforts into financial countermeasures

The FSA created a [Great East Japan Earthquake - Related Information](#) section on its web site, providing information for each of the following items.

(1) [For depositors](#)

- Even for people who have lost their bank deposit book or hanko, if the depositors present documents that make it possible to identify them, the depositors will get access to their deposits at their financial institutions.
- Even if one has lost documents which make it possible to identify them, the financial institutions are striving to provide flexible responses: asking the person’s name, address, and other personal information, confirming that these match registered details, then providing access to deposits, etc.
- If family members of deceased or missing immediate relatives provide vital documents, family members can get access to deposits.
- The Japanese Bankers Association provides information on deposits of deceased or missing people on request of their families.
- Even if one has been displaced, one can still get access to deposits at financial institutions other than your own.
- It is very important to support disaster victims by donations from many people, and that victims working to rebuild their lives can smoothly open bank accounts. Therefore, necessary actions are being taken for personal identification procedures.
Refer [here](#) for details. Also, [be careful of fraud in donations, etc.](#) (Available in Japanese only)

(2) [For borrowers](#)

- Financial institutions are working to respond as much as possible when there are requests for grace periods for loan repayments or provisions for stop-gap funds, etc. from borrowers directly and indirectly affected by the disaster.
- Grace periods will be given for non-payment of drafts and checks which cannot be settled because of the disaster.
- Financial institutions are also working to handle loan applications flexibly and quickly. For example, financial institutions are considering the situation of disaster victims, and will minimize the required documents for submission for loans.

(3) [For insurance policy holders](#)

- Life insurance and non-life insurance companies are working on fast and easy procedures of insurance payouts.
- Even if insurance certificates or documents enabling personal identification are lost, there will be flexible responses to each individual customer’s situation. If one does not know which insurance company one has policies with, ask an insurance association or any insurance company.
- A customer who is a disaster victim can receive a grace period for insurance premium payments, if requested.

2. Great East Japan Earthquake - Related Information: FSA cell phone website

The FSA created cell phone web pages for earthquake disaster related information.

* For details, please go to the FSA web site and access [“FSA cell phone website.”](#) or use the QR code (below).



[FSA cell phone website](#)

3. FSA Twitter

FSA has used Twitter to provide information to the public on finance related to the Great East Japan Earthquake. As three months have passed since the earthquake, in addition to earthquake-related information, we will now also provide information on various initiatives for finance.

* For details, please go to the FSA web site and access [“FSA Twitter”](#). (Available in Japanese only)



[“FSA Twitter”](#)

Enforcement of the Act for Partial Revision of the Act for Partial Revision of the Insurance Business Act, etc.

The Act for Partial Revision of the Act for Partial Revision of the Insurance Business Act, etc. (2010 Act No.51; hereinafter referred to as “2010 Revision Act”) has been enforced since May 13, 2011. Along with this enforcement, among organizations, etc. which carried on specified insurance business on the promulgation date (May 2, 2005; hereinafter referred to as “Promulgation Date”) of the 2005 Act for Partial Revision of the Insurance Business Act (2005 Act No.38; hereinafter referred to as “2005 Old Revision Act”), for those meeting certain requirements, obtaining authorization from an administrative agency makes it possible for the time being to continue that business within the scope of the specified insurance business carried out on the Promulgation Date.

This document provides an outline of the “Cabinet Order for Partial Revision of the Cabinet Order for Partial Revision of the Order for Enforcement of Insurance Business Act,” “Order on Authorized Specified Insurers, etc.” and “Comprehensive Guidelines for the Supervision of Authorized Specified Insurers.”

Note: Public comments were accepted on “Cabinet Order for Partial Revision of the Cabinet Order for Partial Revision of the Order for Enforcement of Insurance Business Act,” “Order on Authorized Specified Insurers, etc.” and “Comprehensive Guidelines for the Supervision of Authorized Specified Insurers” from March 11 to April 10, 2011. A total of 444 comments were received from 28 individuals and 64 organizations. With consideration of these comments, these orders and guidelines were enforced on May 13, 2011.

Outline of Cabinet Order for Partial Revision of the Cabinet Order for Partial Revision of the Order for Enforcement of Insurance Business Act

The Cabinet Order for Partial Revision of the Order for Enforcement of Insurance Business Act (2006 Cabinet Order No.33) mainly made the following revisions.

1. Insurance contracts, etc. excluded from comprehensive transfer
 - (1) In a comprehensive transfer of insurance contracts, insurance contracts, etc. for which an insured event already occurred before the transfer of insurance contracts was publicly announced are excluded from those insurance contracts which must be comprehensively transferred.
 - (2) Insurance contracts, etc. for which an insured event already occurred on the date of application for authorization of dissolution, etc. are not reasons to not approve the dissolution, etc. of an authorized Specified Insurer.
2. Rights concerning insurance contracts subject to payment, etc. due to objection in a merger

The scope of rights to insurance claims, etc. subject to payment, etc. due to objection in a merger is limited to rights to insurance claims, etc. which already arose before the merger was announced.
3. Situation in which an insurance contract application cannot be withdrawn, etc.

In this situation, an insurance contract application cannot be withdrawn, etc.: If the applicant, etc. provided notification of the date in advance and visited a business office, etc. of the authorized specified insurer, etc., and clarified in that notice or visit that the purpose of the applicant’s visit was for an insurance contract application, and applied at that business office, etc.
4. Delegation of authority

Part of the authority delegated from the Prime Minister to the Commissioner of the FSA is delegated to the Director-General of the Finance Bureau, etc. with jurisdiction over the location of the main office of the authorized specified insurer.

Outline of Order concerning Authorized Specified Insurers, etc.

By an order jointly issued by the Prime Minister and the Minister with jurisdiction over administration concerning supervision of operations of former public interest corporations, mainly the following items are established.

1. Approval of Specified Insurance Business

(1) Significance of person who has a close relationship with a person who carries on specified insurance business

This establishes that a general incorporated association or general incorporated foundation which, considering the aims of the applicant and the composition of officers, etc., is deemed to be substantially identical to a Former Specified Insurer, and is a person who has a close relationship with a person who was carrying on specified insurance business on the Promulgation Date (hereinafter referred to as “Former Specified Insurer”).

(2) Documents attached to applications for authorization

In addition to the documents attached to applications for authorization as established in the 2005 Old Revision Act after revision by the 2010 Revision Act (hereinafter referred to as “2005 Revised Act”), this designates the certificate of registered matters, business plans for three business years, final balance sheets and income statement, name list of employees, founders and councilors, etc.

(3) Items required to clarify the substantial identity of specified insurance business

This establishes the following as items required to clarify conformance with the standards of the 2005 Revised Act, Supplementary Provisions, Article 2, Paragraph 7, No.2: types of insurance, scope of policyholders, scope of aims of insured persons or insurance, and grounds for payment of insurance claims, concerning specified insurance business actually carried out by the authorization applicant, etc. on the promulgation date.

(4) Items written in statement of business procedures, etc.

This establishes the following as items which must be written in the statement of business procedures, etc.: items concerning types of insurance, scope of policyholders, scope of aims of insured persons or insurance, insurance claim amounts and insurance period. It also establishes the examination standards.

(5) Examination standards concerning financial basis

This establishes as examination standards concerning financial basis that the applicant (1) has net assets of 10 million yen or more, or (2) aims to have 10 million yen or more net assets as soon as possible and has a plan which conforms with such requirements as taking appropriate measures expected to be required to achieve that aim, and achievement of that plan is expected.

2. Operations

(1) Asset management methods

This establishes the following as asset management methods: acquisition of securities (national government bonds, local government bonds, bonds or stocks issued by listed companies, etc.), deposits, certain money trusts, conclusion of life insurance contracts, other methods that obtained approval of an administrative agency, etc.

(2) Measures concerning operation of business

This establishes measures that must be taken to ensure the sound and appropriate operation of the business: explanation to customers on important items concerning that business, proper handling of customer information acquired in that business, appropriate execution of that business if that business is outsourced to a third party, etc.

(3) Insurance agency business

This establishes the scope of insurance agency business that can be carried on without obtaining approval of an administrative agency.

3. Accounting

(1) Disclosure documents

This establishes the items written in explanation documents provided for viewing by policyholders, etc.

(2) Policyholder dividends

This establishes standards for policyholder dividends and reserves for policyholder dividends.

(3) Price fluctuation reserve

This establishes the assets subject to price fluctuation reserve, their accumulation standards, etc.

(4) Policy reserve

This establishes standards for the accumulation of policy reserve and payment reserve, etc.

(5) Appointment of actuary

This establishes the absence of underwriting long term insurance, which requires the accumulation of premium reserve as a requirement for being an authorized specified insurer that is not required to appoint an actuary, and establishes items the actuary participates in, actuary qualification requirements, confirmation operations, etc.

4. Solicitation

This establishes the avoidance of prohibiting certain legally prohibited acts, such as a prohibited act concerning the conclusion of insurance contracts and insurance solicitation.

5. Other

This establishes the details of a system concerning the comprehensive transfer of insurance contracts, transfer or receiving transfer of business, outsourcing of management of operations or assets, dissolution, merger and liquidation, and stipulates requirements for approval application procedures for carrying on another business, other application related procedures, procedures for submission of documents, notification items, etc.

Outline of Comprehensive Guidelines for the Supervision of Authorized Specified Insurers

With the enforcement of the 2010 Revision Act, Comprehensive Guidelines for the Supervision of Authorized Specified Insurers were created. The main contents of these supervisory guidelines are as follows.

1. Basic Concepts for Supervision of Authorized Specified Insurers

- (1) The 2010 Revision Act aims to protect policyholders, etc. by ensuring the sound and appropriate operation of business, for those Former Specified Insurers who obtain authorization from an administrative agency and carry out specified insurance business (authorized specified insurers).
- (2) Regulations are established to ensure the sound and appropriate operation of the business of the authorized specified insurer and the fairness of insurance solicitation, considering that the specified insurance business that can be carried out by an authorized specified insurer differs from the insurance business carried out by an insurance company, etc. in that it must in principle be the same as that carried out on the promulgation date, and that “for the time being” is the period during which the authorized specified insurer can carry out the specified insurance business. Also, these supervisory guidelines systematically develop basic concepts for supervisory administration, focus points for supervision, specific supervision methods, etc.
- (3) Considering the events until now, an authorized specified insurer could have diverse actual situations in the aspects of its conditions and systems, etc. Therefore, in application of these supervisory guidelines, one must keep in mind that even if each evaluation item is not handled literally, it is not necessarily inappropriate, and one must take care to not fall into applying the guidelines mechanically and uniformly.

2. Evaluation items in Supervision of Authorized Specified Insurers

(1) Governance

The effectiveness of the governance of authorized specified insurers shall be verified from the following viewpoints.

- a. Responsibilities and duties of representative director, directors and board of directors
- b. Business supervision function by management
- c. Assurance of functions and independence of internal audit units
- d. Roles of actuaries
- e. Execution of actuarial related operations (*if appointment of actuary is not obligatory)
- f. Complete and strong examination management system, etc.

(2) Soundness of finance

The management system to ensure the soundness of finance of an authorized specified insurer shall be verified from the following viewpoints.

- a. Appropriateness of accumulation of policy reserve, etc.
- b. Early warning system

- c. Setting of account assignment
- d. Appropriateness of reinsurance-related risk management system
- e. Appropriateness of insurance underwriting risk management system
- f. Appropriateness of asset management risk management system
- g. Appropriateness of liquidity risk management system, etc.

(3) Appropriateness of operations

Management systems to ensure appropriateness of operations of an authorized specified insurer shall be verified from the following viewpoints.

- a. Appropriateness of legal compliance system
- b. Appropriateness of insurance solicitation system
- c. Appropriateness of complaint handling system
- d. Appropriateness of accountability to users, management system for payment of insurance claims, etc.
- e. Appropriateness of system for managing information on users, etc.
- f. Prevention of harm by antisocial forces
- g. Appropriateness of management systems for clerical risks and IT system risks, etc.

3. Points to Keep in Mind for Administrative Processing concerning Supervision of Authorized Specified Insurers

(1) Supervision administrative flow

The following points shall be kept in mind concerning the flow of supervision administration.

- a. Main points to keep in mind for off-site monitoring
- b. Cooperation between supervision units, and with inspection units
- c. Internal delegation (supervision administration is in principle delegated to the Finance Bureaus), etc.
- d. Complaints and providing information about an authorized specified insurer
- e. Response when receiving inquiries for legal interpretations, etc.

(2) Administrative processing concerning authorized specified insurers

The following points shall be kept in mind concerning the administrative process in authorization examination administration for specified insurance business.

- a. Points to keep in mind in receiving authorization applications for specified insurance business
- b. Points to keep in mind in examination for authorization of specified insurance business
 - Examination of a person who has a close relationship with a former specified insurer

If the applicant is not a Former Specified Insurer, it shall be confirmed whether the applicant is a general incorporated association, etc. that is closely related to a former specified insurer.
 - Examination of substantial identity of specified insurance business

Substantial identity with the specified insurance business carried out on the promulgation date by the former specified insurer shall be confirmed.
 - Examination of financial basis

Especially if net assets are less than 10 million yen, the validity of its improvement plan, etc. shall be verified.
 - Examination of ability to execute operations

Sufficient human resources to properly perform the specified insurance business shall be confirmed.
 - Examination of insurance products

It shall be confirmed that content written in ordinary insurance policy provisions, the business method document and the methods of calculating insurance premiums and policy reserves are not in danger of being deficient in consideration of the protection of policyholders, etc.

c. Points to keep in mind in authorization of asset management methods

The situation of asset management concerning specified insurance business carried out on the promulgation date shall be considered, and it shall be examined whether it is deemed that there is little danger of insufficient protection of policyholders, etc. Specifically, it shall be confirmed whether there are unavoidable reasons for

adopting those management methods, whether the asset management can appropriately handle various risks concerning that management, etc.

d. Points to keep in mind in authorization of other simultaneous businesses

- It shall be examined whether there is the risk of impeding the appropriate and certain carrying out of the specified insurance business.
- It shall be examined whether there will be demarcation between the accounting concerning the specified insurance business and accounting concerning other business, if other business is carried out.

e. Points to keep in mind in approval of subsidiaries

It shall be examined whether there are no problems from the viewpoints of the sound and appropriate operation of the specified insurance business or of the protection of policyholders, etc.

f. Points to keep in mind in approving changes in articles of incorporation

Examination shall be done on whether the substantial identity of the specified insurance business is ensured after the articles of incorporation are changed.

g. Preparation and viewing of explanation documents, etc..

(3) Points to keep in mind when providing administrative guidance, etc.

(4) Points to keep in mind when applying an administrative action, etc.

(5) Opinion exchange system

* For details, please go to the FSA web site and access [“Related cabinet orders and draft competent ministry ordinances accompanying enforcement of the ‘Act for Partial Revision of the Act for Partial Revision of the Insurance Business Act, etc.’ – Results of public comments, etc.” \(May 10, 2011\)](#) from the Press Releases section. (Available in Japanese only)

Also, a FAQ on authorized Specified Insurers was put together in Q&A format, so please go to the FSA web site and access [“Authorized Specified Insurers under the Revised Insurance Business Act” \(May 13, 2011\)](#) from the Press Releases section. (Available in Japanese only)

Standards and Guidelines for Execution of Requested Inspections as Determined in the Agricultural Co-operatives Act

The Policy for Handling Regulations and System Reform was decided in the Cabinet in June 2010. Based on this, the Ministry of Agriculture, Forestry and Fisheries, and FSA jointly created the standards and guidelines for conducting inspections of agricultural cooperatives in cooperation with the relevant prefectures and the Ministry of Agriculture, Forestry and Fisheries (Standards and Guidelines for Execution of Requested Inspections as Determined in the Agricultural Co-operatives Act). These were announced on May 13, 2011. An outline of the Standards and Guidelines for Execution of Requested Inspections as Determined in the Agricultural Co-operatives Act is explained below.

1. Background

The Policy for Handling Regulations and System Reform was decided in the Cabinet on June 18, 2010. This includes “Financial inspections of agricultural cooperatives.” This states, “In order for the FSA to smoothly perform inspections of the credit business of agricultural cooperatives, the Ministry of Agriculture, Forestry and Fisheries, and FSA shall jointly create standards and guidelines, etc., while considering the preparation status of the FSA’s (Financial Bureaus’) inspection system for agricultural cooperatives. They shall include standards of the prefectural governor’s request. For example, if there is at least a certain size of deposit amounts, or if there are doubts about the appropriateness of the legal compliance system and various risk management systems, etc. that could result in a reoccurrence of scandals, then the FSA (Financial Bureau) and Ministry of Agriculture, Forestry and Fisheries will cooperate with the prefectures to conduct inspections. They will thereby boost the effectiveness of agricultural

cooperative inspections.”

Considering this cabinet decision, etc., the Ministry of Agriculture, Forestry and Fisheries, and FSA jointly created the “Standards and Guidelines for Execution of Requested Inspections as Determined in the Agricultural Co-operatives Act,” based on the Agricultural Co-operatives Act, which aims to encourage the prefecture, Ministry of Agriculture, Forestry and Fisheries, and FSA to cooperate in performing inspections (hereinafter referred to as “Three-Party Inspection”), when a prefecture’s request is received.

2. Content of Standards and Guidelines

Considering the above cabinet decision, under the standards and guidelines, the competent Minister shall work to develop an inspection system, assuming there will be requests from prefectural governors for Three-Party Inspections of (1) agricultural cooperatives that the prefectural governor considers has large effects on the region’s financial system and economy, taking into account that the agricultural cooperative has a. at least 100 billion yen of savings, or b. a savings amount above the average of the agricultural cooperatives located in the prefectural area to which that agricultural cooperative pertains, or (2) agricultural cooperatives in which a reoccurrence of a wrongful event or scandal is found.

3. Outline of Three-Party Inspections

A Three-Party Inspection shall be done if there is a request from the prefecture, and the competent Minister deems it is required. Also, the scope of a Three-Party Inspection shall be the “situation of operations or accounting regarding credit business of the single agricultural cooperative,” based on the provisions of the Agricultural Co-operatives Act.

In a Three-Party Inspection, the prefectural governor, Ministry of Agriculture, Forestry and Fisheries (Director-General of Cooperatives Inspection Department, etc.), and FSA (Director-General of Finance Bureau, etc.) each appoint a person responsible for the inspection (Chief Inspectors). Also, to ensure appropriate coordination and cooperation among the three parties, the three parties shall hold sufficient discussions before starting the inspection. Moreover, each person responsible for the inspection (Chief Inspectors) shall take sufficient care and execute operations so that they are conducted under close cooperation in the Three-Party Inspection, which shall be launched under the names of the prefectural governor, Ministry of Agriculture, Forestry and Fisheries (Director-General of Cooperatives Inspection Department, etc.), and FSA (Director-General of Finance Bureau, etc.).

* For details, please go to the FSA web site and access [“Standards and Guidelines for Execution of Requested Inspections as Determined in the Agricultural Co-operatives Act” \(May 13, 2011\)](#), published from the Press Releases section. (Available in Japanese only)

Partial Revision of Public Notice on Capital Adequacy Ratio Regulations (1st Pillar and 3rd Pillar)

The Basel Committee on Banking Supervision announced the “final package of measures to enhance the three pillars of the Basel II framework” in July 2009. In response, Japan also revised its public notices concerning capital adequacy ratio regulations for banks, etc. This public notice shall be applied starting December 31, 2011, based on international agreement.

Similar revisions were also made to public notices concerning capital adequacy ratio regulations for final designated parent companies of securities companies.

The main points of these revisions are as follows.

1. Revision of Treatment of Securitization Products in Banking Accounts (1st Pillar)

(1) Raise the risk weight of resecuritization exposure

Regarding exposure related to securitization transactions which are the underlying assets for securitization exposure (resecuritization exposure), considering the complexity of those risks, this stipulated imposition of risk weights with a multiple from 1.1 to 3.5 compared to usual securitization exposure. However, considering the economic situation, it stipulated that the following securitization transactions do not correspond to a resecuritization

transaction.

- There is a single underlying asset pool, and risk characteristics did not change substantially before and after the securitization transaction.
- Meets certain requirements such as the securitization transaction mainly aims to facilitate finance of small and medium enterprises, it involves the national government, etc.

(2) Introduction of required monitoring concerning securitization exposure

To reduce excessive reliance on external ratings, regarding development of a system for monitoring the use of external ratings, the following is stipulated.

- Development of system required to continually understand information on comprehensive risk characteristics.
- Development of system required for timely understanding of information on comprehensive risk characteristics and performance of underlying assets.
- Development of system required to understand structural characteristics regarding securitization transactions.

2. Trading Account Related Additional Provisions (1st Pillar)

Trading accounts for the purpose of short term trading were one cause of the recent financial crisis. Therefore, their treatment was strengthened by the following provisions.

- If an internal model method is used in the calculation of market risk amount, calculate VaR under stress, and add it to current VaR.
- If an internal model method is used in the calculation of individual risks, calculate the incremental capital charge on additional risks for bonds, etc. (default risk and rating transition risk)
- Securitization exposure shall be measured so it has the same level of capital charge as on banking accounts.
- Also, treatment of special priority reference type credit derivatives and correlation trading.

3. Expansion and Enhancement of Disclosure Items (3rd Pillar)

Along with the revisions described above, for items of disclosure done by financial institutions, disclosure of the system of monitoring of use of external ratings and its operating status and demarcation of resecuritization exposure were also stipulated.

* For details, please go to the FSA web site and access "[Draft Partial revision of Public Notice on Capital Adequacy Ratio Regulations \(1st Pillar and 3rd Pillar\)](#)" – Results of public comments, etc. (May 27, 2011) and "[Draft Partial Revision of Public Notice on Consolidated Capital Adequacy Ratios of Final Designated Parent Company \(1st Pillar and 3rd Pillar\)](#)" – Results of public comments, etc. (May 27, 2011) from the Press Releases section. (Available in Japanese only)

Notices

● Use of KAN's BLOG

In November 2010, as part of information delivery by the Prime Minister's Office, the KAN's Blog was created, with a section written by Prime Minister Kan and transmission of videos of the Prime Minister's speeches. This blog provides a wide variety of information.

The FSA also received a request from the Cabinet Public Relations Office to cooperate in utilizing the KAN's Blog. Its banner is shown on the FSA web site and the web sites of the Financial Research Center, SESC and the Certified Public Accountants and Auditing Oversight Board. (See below)



To get update information of the KAN's Blog in "the KAN's Blog" emails delivered (update notice email delivery registration), go to the URL below.

- KAN's Blog
<http://kansblog.kantei.go.jp/>
- Reader registration (Update notice email delivery registration)
<http://www.mmz.kantei.go.jp/foreign/blog/index.html>

● e-Gov Electronic Application System use (Available in Japanese only)

As an initiative to improve convenience and service for the people, for applications and notices of the Financial Services Agency, you can use the [e-Gov Electronic Application System](#) to send electronic applications and notices, etc. Please take advantage of it.

To see which applications and notices etc. can be processed in this system, please check [Search by List of Laws & Ordinances](#), on the page [Procedure Instructions for Applications & Notices, etc.](#)

To use this system, you must agree with the [e-Gov Electronic Application System Usage Agreement](#)

● Advantages of using the e-Gov Electronic Application System

Anytime

- You can do procedures 24 hours without time restrictions, even at night or on holidays.

Note: When this system requires maintenance, there can be times when the system stops working.

Anywhere

- You can do procedures via Internet at home, work, and even far away.

Note: For attached documents, when you must submit originals such as public institution certificates, you may have to send them separately by post, etc.

* For details on how to use the e-Gov Electronic Application System, see [Electronic Applications](#) on the [e-Gov home page](#).

● Is That Money-Making Scheme Safe?

Beware of fraudulent investment solicitation!

There have been frequent cases of fraudulent investment solicitation related to unlisted stocks and investment funds. Please watch out for such fraudulent investment solicitation.

Warning about transactions related to “unlisted stocks” and “privately placed bonds”

- Generally speaking, it is inconceivable that a broad range of investors will be solicited to make transactions related to unlisted stocks and privately placed bonds.
 - As solicitation for such investments may be an illegal act, investors should take care never to be involved in such transactions.

Warning about “investment funds”

- Under law, only business operators registered with the FSA (or a Local Finance Bureau) are permitted to solicit a broad range of investors to invest in investment funds.
 - As solicitation made by an unregistered business operator may be an illegal act, investors should take care never to be involved in such cases.

It is important to make a decision as to whether or not to actually make an investment based on an adequate understanding of the contents of the transaction. If there are any suspicious points, we advise you to act cautiously, such as by refraining from making the transaction.

- On the FSA web site, you can obtain more detailed information and check whether the business operator soliciting you is registered with the FSA (or a Local Finance Bureau).
- Please note that even if business operators are registered with the FSA (or a Local Finance Bureau):
 - their creditworthiness is not assured; and
 - they are prohibited from making solicitation by suggesting the principal is guaranteed or the transaction is sure to bring profits, for example.

When you have detected suspicious solicitation activity, be sure to contact the FSA’s Counseling Office for Financial Services Users.

- Counseling Office for Financial Services Users (Phone calls are accepted from 10 a.m. to 4 p.m. on weekdays.
Phone No. (Navi Dial Service number): 0570-016811
*Phone calls from an IP phone or a PHS phone are to be made to 03-5251-6811.
FAX: 03-3506-6699

- * For further details, please refer to the following FSA websites (available only in Japanese)
- [Watch Out for Suspicious Investment Solicitation, etc.](#)
- [List of licensed \(registered\) Financial Institutions](#)

● Protecting the markets with information received from the public!

The mission of the [Securities and Exchange Surveillance Commission \(SESC\)](#) is to ensure the fairness and transparency of Japan's markets and to protect investors, through exerting its authority of market surveillance, inspections of securities companies, administrative monetary penalties investigations, disclosure documents inspections and investigations of criminal cases.

The SESC receives a wide range of information from the general public via phone, mail, fax and the internet, relating to suspected misconducts in the market such as those below. Information received is effectively used as reference material in its investigations, inspections and other activities. During business year 2009, the SESC received 7,118 items of information.

Information on specific stocks

- Market manipulation (through “misegyoku” (false orders), short selling, etc.)
- Insider trading (selling off of stocks by a corporate insider prior to publication of material facts, etc.)
- Spreading of rumors (false rumors through posts to online bulletin boards or email magazines, etc.)
- Suspicious disclosure (annual securities reports, timely disclosure, etc.)
- Suspicious financing (fictitious capital increases, suspicious allottees, etc.)
- Problems of internal control for listed companies etc.

Information on financial instruments business operators, etc.

- Wrongful acts by securities companies, foreign exchange margin (FX) traders, management firms, investment advisories/agencies, etc. (inadequate explanation of risks, system-related problems, etc.)
- Problems related to business management systems or financial conditions (risk management, customer asset segregation, calculation of capital adequacy ratio, etc.) etc.

Other information

- Information on suspicious financial instruments, suspicious funds (fraudulent fund-raising schemes, etc.) or on unregistered business operators
- Information on market participants who are likely to impair the fairness of markets (so-called speculator groups, etc.) etc.

If you have any information like that described above, please be sure to submit it to the SESC. In addition to information on shares, the SESC also accepts a wide range of information on derivatives, bonds and other financial instruments. (Please note that the SESC does not accept individual requests for dispute resolution and inspections.)

To submit information via the internet, please access [the Securities Watch & Report Portal](#) on the SESC website. (Available in Japanese only)



Poster calling on the general public to provide information

◆ SESC Securities Watch & Report Portal

Central Government Office Building No.7, 3-2-1 Kasumigaseki, Chiyoda-ku, Tokyo, JAPAN 100-8922

Direct line: +81 (3) 3581-9909

Fax: +81 (3) 5251-2136

<https://www.fsa.go.jp/sesc/watch/>

● Subscribing to the Email Information Service (Japanese/English)

The Financial Services Agency provides an **Email Information Service (Japanese and English)** through its website. If you register your email address on the Japanese subscription page, we will email you once a day with the latest information, such as the monthly publication, “Access FSA,” and daily press releases.

If you register on the English subscription page, we will email you once a day with the latest information, such as the “What’s New” information on the English website as well as the “FSA Newsletter.”

To register in Japanese, please access [「新着情報メール配信サービス」](#), and to register in English, please access [Subscribing to E-mail Information Service](#).

● Subscribing to the SESC Email Information Service

The Securities and Exchange Surveillance Commission (SESC) provides an **Email Information Service (Japanese/English)** through its website. If you register your email address, we will email you with the latest information from the SESC website, such as recommendations relating to administrative action against financial instruments business operators and recommendations relating to orders for the payment of administrative monetary penalties.

* For further details and to register in Japanese, please access [「新着情報メール配信サービス」](#), and to register in English, please access [Subscribing to E-mail Information Service](#) on the SESC website.

● Subscribing to the CPAAOB Email Information Service

The Certified Public Accountants and Auditing Oversight Board (CPAAOB) provides an **Email Information Service (Japanese/English)** through its website. If you register your email address, we will email you with the latest information from the CPAAOB website.

* To register in Japanese, please access [「新着情報メール配信サービス」](#), and to register in English, please access [Subscribing to E-mail Information Service](#) on the CPAAOB website.



Press Releases in May

May 2	Access	Financial administration internship system implemented at the FSA
May 9	Access	Notice of closing business, etc. of foreign audit firm, etc.
May 10	Access	Results of public comments, etc. on draft cabinet orders and competent ministry ordinances accompanying enforcement of the “Act for Partial Revision of the Act for Partial Revision of the Insurance Business Act, etc.”
May 13	Access	“Standards and Guidelines for Execution of Requested Inspections as Determined in the Agricultural Cooperatives Act” published
	Access	Authorized Specified Insurers under the Revised Insurance Business Act
	Access	Administrative action against Katsuhisa Tahira (Tahira Investment Advisors)
	Access	Statement by Shozaburo Jimi, Minister for Financial Services
May 16	Access	Draft Partial Revision of “Comprehensive Guidelines for the Supervision of Regional Financial Institutions” – Results of public comments, etc.
May 17	Access	Administrative action against Universal Data Co., Ltd.
May 18	Access	“Draft Cabinet Office Ordinance for Partial Revision of the Cabinet office ordinance on Audit Attestation on Financial Statements,” etc. published
May 19	Access	Small and Medium Enterprise Accounting Study Team Working Group (5th) Program
May 20	Access	Administrative action against Moon Light Capital Ltd.
	Access	Interviews to be held with related parties concerning insurance solicitation by banks, etc.
May 24	Access	Results of the Field Tests of Economic-Value Based Solvency Regime

	Access	FAQ on “Clarification of Special Measures and Operation of the Financial Inspection Manual and Supervisory Guidelines regarding Damage by the 2011 Tohoku-Pacific Ocean Earthquake”
May 25	Access	Mergers of non-life insurance companies
May 26	Access	“Draft Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of Money Lending Business Act,” etc. published
May 27	Access	“Draft Partial Revision of Public Notice on Consolidated Capital Adequacy Ratios of Final Designated Parent Company (1st Pillar and 3rd Pillar)” – Results of public comments, etc.
	Access	“Draft Partial Revision of Public Notice on Capital Adequacy Ratio Regulations (1st Pillar and 3rd Pillar)” – Results of public comments, etc.
May 30	Access	Situation of changes in lending conditions based on the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc.
May 31	Access	Administrative Actions against Mizuho Bank and Mizuho Financial Group
	Access	Decision to order an administrative monetary penalty for false statements in annual securities reports relating to SBI Net Systems Co., Ltd.
	Access	Money lending business related documents updated
	Access	Interviews with related parties concerning insurance solicitation by banks, etc.
	Access	Publication of the Cabinet Office Ordinance for Partial Revision of the Cabinet Office Ordinance concerning Temporary Measures to Facilitate Financing for SMEs, etc.

[Access](#) is a link to the publication web page.

Web Pages Most Accessed in May

This section shows the May Press Releases web pages which were accessed the most.

To see the web pages most accessed in the past, go to the FSA web site’s [Web pages most accessed \(past data, etc.\)](#)

(Available in Japanese only)

- [Financial institutions being inspected by FSA](#)
- [List of licensed \(registered\) financial institutions](#)
- [Situation of responses to recent disaster by FSA, Local Finance Bureaus and financial institutions](#)
- [Financial Facilitation Measures for Small and Medium-sized Enterprises](#)
- [List of Issuers of Gift Certificates which are in Repayment Procedures based on the Act on Fund Settlement](#)
- [Results of public comments, etc. on cabinet orders and competent ministry ordinances accompanying enforcement of the “Act for Partial Revision of the Act for Partial Revision of the Insurance Business Act, etc.”](#)
- [Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of Money Lending Business Act](#)
- [Names of Parties which Engage in Financial Instruments and Exchange Business while Unregistered](#)
- [Beware of fraudulent investment solicitation!](#)
- [Mergers of non-life insurance companies](#)