



**Minister for Financial Services Shozaburo Jimi (right) honors a “Financial institution which contributed to forming a sound consumer finance market, by its efforts to resolve multiple debt problems” (June 20)**



**Minister for Financial Services Shozaburo Jimi greets a joint meeting of the General Meeting of the Business Accounting Council and the Planning Coordination Committee (June 30)**

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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”](#)

## Earthquake related Topics

### **“Promulgation of Cabinet Order on deadline for exemption from responsibility for noncompliance with duty to submit annual securities reports etc., due to the Great East Japan Earthquake” published**

Due to effects of the Great East Japan Earthquake, there arises the possibility of listed companies being unable to submit disclosure documents (annual securities report, quarterly securities report, etc.) based on the Financial Instruments and Exchange Act, by the submission deadline stipulated in the Act. Therefore, as a special measure, the FSA enacted a cabinet order to extend the current new special measure, making it sufficient if the annual securities report, quarterly securities report, etc. are submitted by the end of September 2011, even if they were not submitted by the original submission deadline due to the Great East Japan Earthquake.

Under the “Act on Special Measures concerning Preservation of Rights and Interests of Victims of Specified Disaster (1996 Law No.85)” and “Cabinet Order on Specified Disaster regarding the Great East Japan Earthquake and Specification of Measures which Should be Applied (2011 Cabinet Order No.19),” it was sufficient if these were submitted by June 30, 2011. However, for an annual securities reports etc. for which the original submission deadline arrives after June 30, 2011 (for example, annual securities report of a listed company with March yearend), there is the possibility that submission by that submission deadline is delayed. Therefore, this special measure is a cabinet order enacted to extend the exemption deadline concerning such annual securities reports, etc.

The content of this cabinet order is as follows.

Regarding noncompliance with the duty to submit an annual securities report etc. as stipulated by the Financial Instruments and Exchange Act, due to the Great East Japan Earthquake, based on the stipulations of “Act on Special Measures concerning Preservation of Rights and Interests of Victims of Specified Disaster” Article 4, Paragraph 3, a cabinet order was enacted to extend the deadline of this special measure. The deadline was extended from June 30 to September 30, 2011. This cabinet order was enforced on its promulgation date (June 22, 2011).

The following reports are subject to extension by this cabinet order.

- (1) Annual securities reports (Financial Instruments and Exchange Act, Article 24, Paragraph 1)
- (2) Quarterly securities reports (Financial Instruments and Exchange Act, Article 24-4-7, Paragraph 1)
- (3) Semiannual securities reports (Financial Instruments and Exchange Act, Article 24-5, Paragraph 1)
- (4) Status Report of Parent Company, etc. (Financial Instruments and Exchange Act, Article 24-7, Paragraph 1)

\* For details, please go to the FSA web site and access [“Promulgation of Cabinet Order on deadline for exemption from responsibility for noncompliance with duty to submit annual securities reports etc., due to the Great East Japan Earthquake” \(June 22, 2011\)](#) or [“Special measure on submission deadlines of annual securities reports etc.” \(June 22, 2011\)](#) from “To listed companies” of “Great East Japan Earthquake related Information” from the Press Releases section. (Available in Japanese only)

## Other Topics

### **“Timetable for Restoring Confidence in and Activating Markets for Emerging Companies” published**

The “Action Plan for the New Growth Strategy” (December 24, 2010, FSA) raised items which should be implemented for restoring confidence in and activating markets for emerging companies, in order to supply appropriate growth funds to growing companies.

Also, towards specifying its content, in addition to the FSA, market participants such as each exchange, the Japan Securities Dealers Association (hereinafter referred to as “JSDA”), and the Japanese Institute of Certified Public Accountants (hereinafter referred to as “JICPA”) have been asked to also proactively study, create and publish a timetable in the first half of 2011 to clarify implementation deadlines for specific initiatives.

In response, a timetable was made by the FSA and market participants in the “Discussion Group for Restoring Confidence in and Activating Markets for Emerging Companies.” It was published on June 23. (The timetable’s main points are described below.)

Market participants, etc. will work on initiatives according to the timetable. The FSA will provide necessary cooperation for initiatives by market participants, etc., and use the discussion group as a forum to follow up as needed on progress of initiatives in the timetable.

(Main Points of Timetable)

#### 1. Encourage Pre-listing Companies to List on Markets for Emerging Companies

##### **(1) Encourage use of the Green Sheet**

The JSDA will fundamentally revise the roles and methods of the Green Sheet, considering its history of supporting the fundraising functions of unlisted companies, and the progress on initiatives concerning markets for emerging companies based on this timetable.

(Aim to do this by March 2012)

##### **(2) Create a list of pre-listing companies which ensures a certain level of quality**

In cooperation with the Organization for Small & Medium Enterprises and Regional Innovation, the Ministry of Economy, Trade and Industry is proceeding with preparations to make and publish a list with information on funds operated by venture capitalists, investee companies, etc., and will utilize this list. It will exchange opinions with market participants, based on the status of its utilization in the future.

#### 2. Restore Confidence in Listing Examinations and Reduce their Burdens

##### **(3) Highly detailed information sharing to prevent false statements in annual securities reports**

The JSDA obtained the cooperation of the JICPA and established a “Liaison Group.” This group will proceed to exchange opinions for working on highly detailed information sharing among lead managing securities companies for underwriting, auditors and exchanges, in order to prevent false statements in annual securities reports, etc. (Aim to do this by September 2011)

##### **(4) More proper and clear underwriting examinations**

- It has been pointed out that the JSDA, in cooperation with exchanges and securities companies, etc., should study the handling of people (excluding antisocial forces) who are alleged to be problematic from the view point of market transparency and fairness (so-called “anti-market forces”) promptly after finishing the study for the construction of and access to an antisocial forces database. Considering this, the JSDA will proceed with necessary studies, while working on building a shared understanding among market participants.
- The JSDA will create an outline of preparation items required for listing (reference model). Together with this, the JSDA and exchanges will use each of their web sites etc. to publicize this outline of preparation items (reference model) and outline of listing examination schedule (reference model). (Aim to do this by March 2012)
- Work on the following environmental developments regarding “retroactive audits” of the first year audit for companies preparing to list.
  - i) Due to restrictions on audit scope, it is possible that an opinion other than an “unqualified opinion” will be given in a “retroactive audit.” Therefore, the JICPA and auditors will sort out the preparation items required for listing (reference model including outline of audit schedule), etc., so that there will be prior progress on development of the internal controls system of a company preparing to list of the preparation items. Together with this, the JICPA, auditors, exchanges and securities companies, etc. will publicize the list. (Aim to do this

by March 2012)

- ii) Currently, it is very unusual to see the listing of a company which had a “qualified opinion” two periods earlier. There may be a common misunderstanding that listing will not be approved unless an “unqualified opinion” is obtained. Therefore, exchanges will work to publicize that a “qualified opinion” two periods earlier is permissible. (Aim to do this by December 2011)
- iii) Regarding whether a “disclaimer of opinion” two periods earlier is allowed, the FSA and market participants will continue to exchange opinions on whether the problem of investor protection can somehow be resolved, while considering the execution status of a retroactive audit.

### 3. Reduce Burdens on Listed Companies and Perform Suitable Listing Management

#### **(5) Revision of internal controls system**

- Auditors and exchanges will continue to inform listed companies and companies preparing to list, regarding the content of the recent internal controls reporting system revision and the “Internal Controls Reporting System Casebook.”
- If disclosure companies and market participants have opinions on specific examples, the FSA will collect these and work to improve the “Internal Controls Reporting System Casebook.”

#### **(6) Prioritize support in order to actively create successful examples**

Introduce the status of initiatives of market participants until now.

#### **(7) Encourage continuous delivery and disclosure of information, including on risks**

Exchanges will sort out and publish in stages the basic data necessary to classify risk information corresponding to the rough industrial classifications and characteristics of companies listed on markets for growing companies.

### 4. Promote Shift from Markets for Growing Companies to Other Markets

#### **(8) Clarify roles of markets for emerging companies**

Each exchange shall study the position of the market for emerging companies and take necessary measures to clarify this, based on the actual status of each exchange and market. (Aim to do this by March 2012)

#### **(9) Prepare a place for delisted stocks**

The JSDA shall study the following matters. (Aim to do these by March, 2012)

- Designation criteria and handling period of Phoenix Issues
- To prepare for a situation in which there is an increase in delisted shares, use existing systems of exchanges and proprietary trading systems, develop settlement systems, disclosure and trading management systems, etc.

\* For details, please go to the FSA web site and access [“Timetable for restoring confidence in and activating markets for emerging companies’ published” June 23, 2011](#) from the Press Releases section. (Available in Japanese only)

Also, the timetable mentioned above is posted on the web sites of the following institutions.

[Japan Securities Dealers Association](#)

[The Japanese Institute of Certified Public Accountants](#)

[Sapporo Securities Exchange](#), [Tokyo Stock Exchange](#), [Nagoya Stock Exchange](#), [Osaka Securities Exchange](#),

[Fukuoka Stock Exchange](#)

## Business Sentiment etc. of Small and Medium-sized Enterprises – Questionnaire Survey Results Summary

As part of its ascertaining the actual situations of small and medium enterprise finance, the FSA performed an interview survey via financial bureaus throughout Japan in May 2011, covering 47 chambers of commerce and industry, one for each of Japan's prefectures. Questions included those about the current and future business sentiment and cash flow of member enterprises, currently and in the future. A summary of the survey results is provided below.

The Great East Japan Earthquake struck in March 2011. Accordingly, the survey items concerning negative factors were revised (see Note 4). Therefore, keep in mind that this cannot be simply compared to the previous survey results (February 2011 survey).

1. There was an increase in harsh business sentiment among small and medium enterprises, due to effects of the Great East Japan Earthquake. This had a larger negative current diffusion index for the first time in five quarters, since February 2010.

The largest percent negative factor was “Weak sales,” followed by “Other effects due to the earthquake, etc.”

Category	Diffusion Index (D.I.) (good - bad)		Negative factors (% of responses)				(unit: %)
	Current	Future	(1) Higher procurement prices: crude oil, raw materials prices, etc., and delays in incorporating higher costs into prices, due to relations with customers	(2) Weak sales due to weak demand	(3) Lower sales prices due to excess competition	(4) Effects of global market movements: stocks, FX, etc.	
Manufacturing	-87 (-62)	-81 (-68)	17.4	30.5	10.2	5.4	36.5
Retail	-91 (-77)	-89 (-79)	5.9	43.5	18.8	0.0	31.8
Wholesale	-91 (-68)	-89 (-72)	9.4	39.4	17.6	0.6	32.9
Construction	-83 (-81)	-89 (-85)	18.2	30.7	19.8	0.0	31.3
Services	-83 (-55)	-89 (-68)	5.3	43.0	15.2	0.0	36.4
Real estate	-70 (-74)	-72 (-76)	0.0	59.4	15.6	0.0	25.0
Transport	-79 (-79)	-81 (-81)	24.0	38.4	12.3	0.7	24.7
Average	-83 (-71)	-84 (-76)	12.2	39.3	15.8	1.0	31.7

Note 1: D.I. = (percent of respondents who replied “Good”) – (percent of respondents who replied “Bad”)

Note 2: Multiple replies are possible for negative factors, and ratio is shown with the total of multiple replies as denominator.

Note 3: Figures in parentheses are results of the February 2011 survey.

Note 4: In this May survey, the “negative factor” survey items were revised. “Higher procurement prices” and “Delays in incorporating higher costs into prices” were combined, and “Other effects due to the earthquake, etc.” was added as a new item.

2. There was also an increase in harsh cash flow among small and medium enterprises, due to effects of the Great East Japan Earthquake. This had a larger negative current diffusion index for the first time in five quarters, since February 2010.

The largest percent negative factor was “Small and medium enterprise sales factors,” followed by “Other effects due to the earthquake, etc.”

Category	Diffusion Index (D.I.) (good - bad)		Negative factors (% of responses)					(unit: %)
	Current	Future	(1) SME sales factors: lower sales, long term inventories, etc.	(2) Financial institution lending attitude, loan conditions, etc.	(3) Nonbank lending attitude & trends: effects of Amended Money Lending Business Act enforcement, etc.	(4) Handling by credit guarantee corporations and government financial institutions: safety net loans, guarantees, etc.	(5) Factors due to effects of the Great East Japan Earthquake and The Accident Fukushima Nuclear Power Stations, etc. (not pertaining to (1) to (4)). Examples: Value of security fell due to disaster, payment delays due to customers damaged by disaster	
Manufacturing	-68 (-51)	-64 (-57)	51.5	1.0	0.0	4.1	43.3	
Retail	-74 (-60)	-72 (-66)	62.9	1.0	2.1	2.1	32.0	
Wholesale	-64 (-51)	-66 (-64)	58.2	1.1	0.0	2.2	38.5	
Construction	-79 (-68)	-72 (-72)	54.1	4.5	0.0	1.8	39.6	
Services	-72 (-55)	-70 (-57)	56.8	0.0	1.1	2.1	40.0	
Real estate	-52 (-57)	-52 (-59)	71.7	1.7	0.0	0.0	26.7	
Transport	-62 (-64)	-60 (-68)	65.3	0.0	0.0	2.7	32.0	
Average	-67 (-58)	-65 (-63)	59.1	1.4	0.5	2.2	36.7	

Note 1: D.I. = (percent of respondents who replied “Good”) – (percent of respondents who replied “Bad”)

Note 2: Multiple replies are possible for negative factors, and ratio is shown with the total of multiple replies as denominator.

Note 3: Figures in parentheses are results of the February 2011 survey.

Note 4: In this May survey, the “negative factor” survey items were revised. “Financial institution lending attitude” and “Financial institution loan conditions” were combined, and “Other effects due to the earthquake, etc.” was added as a new item.

Reference: Below are the main comments related to the Great East Japan Earthquake.

- Shops and factories, etc. were damaged, so cannot continue with the business, or it is difficult (Fukushima – manufacturing, Ibaraki – retail, and others)
- Our machines were damaged, and our costs are increasing to compensate for this (Fukushima - manufacturing)
- It became impossible or difficult to procure raw materials and products such as parts and construction materials. Thus we could not do business and our sales fell (Nagano – manufacturing, Kagoshima – retail, Yamaguchi – construction, and others)
- We do not feel secure about parts supply suspensions and raw material deliveries, so the future is uncertain (Nagano – manufacturing)
- We are worried that summer electric power shortages and power saving will affect production activities, and predict less consumption (Yamagata – manufacturing, Fukuoka – manufacturing, Oita – retail, Osaka – small and medium enterprises overall, and others)
- There is a tendency of self-restriction in various things, so sales and profits don’t rise (Hokkaido – small and medium enterprises overall, Saitama – small and medium enterprises overall, and many others)
- Due to cancellations of overnight stays and events, etc., we see weak sales and fewer orders (Ibaraki – services, Nara – services, Gifu – wholesale, and many others)
- The excessive self-restraint mood is resulting in weak consumption, which we fear will prevent recovery (Kagawa - retail)
- Our earnings situation is harsh, partly because client companies in disaster areas are paying late (Iwate – small and medium enterprises overall)

- It is difficult to collect sales accounts payable from disaster area companies (Yamagata – manufacturing, Iwate - services)
- We fear that shipping restrictions and rumors related to the nuclear problem will reduce economic activities (Fukushima - -- small and medium enterprises overall)
- We are concerned about a decrease in agricultural and seafood sales and decreased tourist numbers, etc., due to damage caused by rumors (Niigata – retail, Gifu – services, and others)
- We are worried about effects of rumors of radioactive contamination during the transport demand period for specialty agricultural products, etc. (Yamagata – transportation)
- We are uneasy about the future because of nuclear accident rumors, and radiation affecting procurement (Ibaraki – wholesale, Nagano – wholesale)
- Disasters related demand is boosting orders for in-house electricity generation facilities, but we are facing problems such as difficulty of getting parts and supplies (Aichi – manufacturing, Kagawa – manufacturing, Ibaraki – construction)
- Retail and convenience stores have seen disasters related demand for daily necessities. We see many buyers from the Sendai city area (Yamagata - retail)
- We expect some disasters related demand, but we worry it is temporary (Miyagi – real estate, Miyagi – small and medium enterprises overall)
- Financial institutions are positive about new loans and loan condition changes (Kanagawa – small and medium enterprises overall, Ehime – small and medium enterprises overall, and others)
- Financial institutions are meeting demand, for businesses working on planned improvement and reform (Chiba – wholesale)
- Fundraising such as disaster loans from financial institutions is easing our cash flow problems (Miyagi – manufacturing, and others)
- Financial institutions are responding flexibly and quickly for businesses affected by disasters (Chiba – manufacturing, and others)
- We are worried that national public construction work budgets will be reduced, to allocate them to recovery budgets for disaster areas (Yamagata – construction, Shimane – construction, and others)
- It is predicted that Tohoku recovery will have priority in allocation of public construction work budgets, so with an excessive number of businesses, we think there will be harsh competition to get orders, and a continuing worse cash flow situation (Shizuoka – construction, Mie – construction, Aichi – construction)

\* For details, please go to the FSA web site and access [Business Sentiment etc. of Small and Medium-sized Enterprises - Questionnaire Survey Results Summary \(June 22, 2011\)](#) from the Press Releases section. (Available in Japanese only)

**Ministerial honors for “Financial institutions which contributed to forming a sound consumer finance market, by their efforts to resolve multiple debt problems”**



The Amended Money Lending Business Act was completely enforced on June 18 last year. The FSA has taken actions such as creating the “Amended Money Lending Business Act Follow-up Team,” to widely publicize the system, understand the actual enforcement situation and its effects, work on follow-up and inspection of the system, etc.

This Follow-up Team has held hearings with market participants four times. In these hearings, it found excellent examples of initiatives by regional financial institutions for the formation of a sound consumer finance market:

- Initiatives to actively make consumer loans
  - Initiatives to solve the multiple debt problem by combining multiple debt consultations with loans.
- etc.

With the hope of further expanding such initiatives, financial institutions which executed especially excellent initiatives received honors from Minister for Financial Services Shozaburo Jimi on June 20. The honored financial institutions and summaries of their initiatives are shown below.

Financial institution	Outline of initiatives
Ichinoseki Shinkin Bank	In cooperation with Kurihara City and Sendai Bar Association, provides the “Kurihara City Wish Loan,” etc., which contributes to countermeasures for people with multiple debts and suicide prevention countermeasures.
The Tama Shinkin Bank	Based on its fundamental stance (respond to consultations by customers in difficulty), set up a consumer loan consultation contact point, executes visiting activities which emphasize “face to face relationships,” conducts monitoring after loans are provided, etc.
Seiwa Shinyo Kumuai	Set up a Multiple Debt Consultation Office, created a manual for handling multiple debtors, manages progress of household cash flow improvements by visiting activities after loans are made, etc.
Shiozawa Shinyo Kumiai	For a multiple debt consultation system, set up a consultation point in cooperation with the local government, provides “Individual Rescue Support Consolidation Loans,” etc.
Bisai Shinkin Bank	Responds to consumer needs based on data analysis of consumer loan users, uses very frequent visits to pour effort into solving customers’ problems, etc.
Tanyo Shinkin Bank	Set up the “Any Consultation Office,” handles multiple debt consultations in cooperation with lawyers, judicial scriveners, etc., provides “Lifestyle Rebuilding Loans,” conducts monitoring after loans are provided, etc.
The Onga Shinkin Bank	Set up a “Lifestyle Security Corner” which is a consultation desk, cooperates with a judicial scrivener association to handle multiple debt consultations, distributes awareness flyers (about 3 million per year), etc.
Nango Shinkin Bank	Set up an after-hours consultation point for consumer loans, etc., created a multiple debtor consultation manual, handles multiple debt consultations in cooperation with lawyers and judicial scriveners, etc.



The FSA will continue to thoroughly publicize the multiple debt consultation centers nationwide by prefectures and Financial Bureaus. The FSA will also strongly encourage initiatives by each financial institution for formation of a sound consumer finance market.

- \* For details, please go to the FSA web site and access [Ministerial honors for “Financial institutions which contributed to forming a sound consumer finance market, by their efforts to resolve multiple debt problems” \(June 20, 2011\)](#) 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

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<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.

## 【Minister in His Own Words】

This section provides information regarding the hot topics of the moment, selected from questions and answers given at the Minister's press conferences, etc.

If you wish to find out more, we invite you to visit the "[Press Conferences](#)" section of the FSA website.

**Q1:** At a meeting of the Group of Central Bank Governors and Heads of Supervision (GHOS) last weekend, agreement was reached on the outline of measures for G-SIFIs (global systemically important financial institutions). I understand that Japanese financial institutions recognized as G-SIFIs will be required to have additional capital. What impact do you expect from that?

A1. On Saturday, June 25, the GHOS held a meeting in Basel, Switzerland, to discuss additional capital requirements for G-SIFIs, which have been the subject of global debate since the Lehman shock and which are described as being too big to fail. From Japan, FSA Commissioner Mikuniya, Bank of Japan Governor Shirakawa and FSA Vice Commissioner for International Affairs Kono attended this meeting.

After the meeting, a press release was issued. It has been agreed that the assessment of the systemic importance will be based on five indicators related to risk factors, including "size" and "interconnectedness," and that the additional capital requirements are to be met with a Common Equity Tier capital requirement ranging from 1% to 2.5%, depending on a bank's systemic importance, as was reported by newspapers. It has also been agreed that the additional capital requirements will be phased in starting in January 2016, becoming fully effective in January 2019.

The FSA has been arguing that the additional requirements should be well-balanced ones that reflect the level of risks to which individual G-SIFIs are exposed, and we believe that this agreement deserves appreciation as it reflects the Japanese argument.

I understand that the whole set of proposed measures related to G-SIFIs, including the ones agreed upon at this time, will be issued for public consultation around the end of July and that a final conclusion is scheduled to be reached by the G-20 summit in Cannes in November this year. The FSA intends to continue to actively participate in the debate on this matter.

[\[Extract from the press conference following the Cabinet meeting on June 28, 2011\]](#)



## Press Releases in June

June 1	<a href="#">Access</a>	"Draft Cabinet Office Ordinance for Partial Revision of the Cabinet Office Ordinance on Disclosure of Information, etc. on Specified Securities" published
June 2	<a href="#">Access</a>	"Draft Cabinet Office Ordinance for Partial Revision of the Regulation for Calculation of Investment Trust Assets, etc.," etc. published
June 3	<a href="#">Access</a>	"Draft Cabinet Office Ordinance for Partial Revision of the Cabinet Office Ordinance Relating to Definitions Prescribed in Article 2 of the Financial Instruments and Exchange Act, and of the Cabinet Office Ordinance on Regulation of Trading of Securities" published
	<a href="#">Access</a>	Cabinet Order for Partial Revision of the Order for Enforcement of the Financial Instruments and Exchange Act

June 6	<a href="#">Access</a>	FSA and ESMA exchanged the letters regarding credit rating agencies
June 9	<a href="#">Access</a>	Results of solicitation of opinions on Partial Revisions (draft) of “Comprehensive Guidelines for Supervision of Insurance Companies”, etc.
	<a href="#">Access</a>	First court hearing date for the Financial Instruments and Exchange Act violations trial case concerning false statements in annual securities reports etc. concerning DDS, Inc.
June 10	<a href="#">Access</a>	Overview of major banks’ financial results as of March 31, 2011
	<a href="#">Access</a>	Overview of regional banks’ financial results as of March 31, 2011
	<a href="#">Access</a>	Administrative actions against Award Co., Ltd. and Sun Partners Co., Ltd.
June 14	<a href="#">Access</a>	“Draft Partial Revision of Financial Inspection Rating System” published
June 17	<a href="#">Access</a>	Draft addition of “Q&A on Tender Offers for Shares, etc.” published
	<a href="#">Access</a>	“Draft Cabinet Office Ordinance for Partial Revision of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.”, etc. published
	<a href="#">Access</a>	“Status of Policy Response to Fiscal 2009 Policy Evaluation Results” published
	<a href="#">Access</a>	Report on content of measures taken for handling of bankrupt financial institutions, etc.
June 20	<a href="#">Access</a>	Ministerial honors for “Financial institutions which contributed to forming a sound consumer finance market, by their efforts to resolve multiple debt problems”
June 22	<a href="#">Access</a>	Business Sentiment etc. of Small and Medium-sized Enterprises - Questionnaire Survey Results Summary
	<a href="#">Access</a>	Promulgation of Cabinet Order on deadline for exemption from responsibility for noncompliance with duty to submit annual securities reports etc., due to the Great East Japan Earthquake
June 23	<a href="#">Access</a>	“Timetable for restoring confidence in and activating markets for emerging companies” published
	<a href="#">Access</a>	Decision on order to pay administrative monetary penalty for false statements in annual securities reports etc. concerning DPG Holdings, Inc.
	<a href="#">Access</a>	First hearing date to hold trial on Financial Instrument and Exchange Act violations by World Resource Communication Co., Ltd. concerning corporate bond subscriptions without notification
June 24	<a href="#">Access</a>	First Financial System Council “Working Group on Medium Term Approach of Japan’s Financial Industry” program
	<a href="#">Access</a>	Decision to start trial procedures concerning order to pay administrative monetary penalty against Morgan Stanley Investment Management Limited and two other companies
	<a href="#">Access</a>	“Fiscal 2011 FSA Policy Evaluation Implementation Plan” created, etc.
	<a href="#">Access</a>	Items to consider and priority examinations for creation and submission of annual securities reports (Version for year ended March 2011)
	<a href="#">Access</a>	“Draft Cabinet Order for Partial Revision of the Order for Enforcement of the Financial Instruments and Exchange Act”, etc. published
June 27	<a href="#">Access</a>	“Measures for global systemically important banks agreed by the Group of Governors and Heads of Supervision” press release by the Group of Governors and Heads of Supervision
	<a href="#">Access</a>	FY2012: Solicitation of opinions on tax system revision requests
	<a href="#">Access</a>	Business Accounting Council 25th Audit Subcommittee program
June 28	<a href="#">Access</a>	Administrative action against Future Stock Co., Ltd.
June 29	<a href="#">Access</a>	Order for Partial Revision of the Orders Pertaining to the Book-Entry Transfer of Company Bonds, Shares, etc.
	<a href="#">Access</a>	Cabinet Office Ordinance for Partial Revision of the Cabinet Office Ordinance on Disclosure of Tender Offer for Share Certificates, etc. by Person Other Than Issuer, etc.
	<a href="#">Access</a>	Status of progress on initiatives by market participants to reduce securities settlement risks
	<a href="#">Access</a>	Draft Cabinet Office Ordinance for Partial Revision of the Cabinet Office Ordinance Relating to Definitions Prescribed in Article 2 of the Financial Instruments and Exchange Act published

June 30	<a href="#">Access</a>	Pay levels of officers of special corporations and authorized corporations published
	<a href="#">Access</a>	Partial revision of “Administrative Guidelines (Volume 3: Finance Company Related)”
	<a href="#">Access</a>	Money lending business related documents updated
	<a href="#">Access</a>	Administrative action against Rights Trust Inc.
	<a href="#">Access</a>	Authorization of Financial Instruments Firms Associations
	<a href="#">Access</a>	Financial System Council “Method of Regulations on Insurance Company Group Management Working Group (1st)” program
	<a href="#">Access</a>	“Draft Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of the Trust Business Act and the Act on Provision, etc. of Trust Business by Financial Institutions” published
	<a href="#">Access</a>	“Draft Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms and Preparation of Financial Statements)” – Results of public comments, 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](#)
- [“Considerations on the Application of IFRS” Statement by Shozaburo Jimi, Minister of State for Financial Services \(June 21, 2011\) \(English\)](#)
- [Financial Facilitation Measures for Small and Medium-sized Enterprises](#)
- [Situation of responses to recent disaster by FSA, Local Finance Bureaus and financial institutions](#)
-  [List of Issuers of Gift Certificates which are in Repayment Procedures based on the Act on Fund](#)

### Settlement

- [Names of Parties which Engage in Financial Instruments and Exchange Business while Unregistered](#)
- [Results of solicitation of opinions on Partial Revisions \(draft\) of “Comprehensive Guidelines for Supervision of Insurance Companies”, etc.](#)
- [Administrative action against Mizuho Bank and Mizuho Financial Group \(English\)](#)
- [“Draft Cabinet Office Ordinance for Partial Revision of the Cabinet Office Ordinance on Disclosure of Information, etc. on Specified Securities” published](#)