



Minister for Financial Services Shozaburo Jimi gives instructions to staff (September 6)



Minister for Financial Services Shozaburo Jimi (right) [presents banking business license](#) to Toshio Kato, President of The Kitakyushu Bank, Ltd. (left) (September 16)

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Photo Gallery

* This section posts photos of events attended by the Minister, Senior Vice Minister and Parliamentary Secretary, to provide information.



Senior Vice-Minister Ikko Nakatsuka gives instructions to staff
(September 6)



Parliamentary Secretary Hiroshi Ogushi gives instructions to staff
(September 6)

Great East Japan Earthquake - Related Information

Our heartfelt condolences go out to those lost in the Great East Japan Earthquake, and we offer our sympathy to disaster victims.

The FSA continues to provide “Great East Japan Earthquake - Related Information” via these contact points:

FSA web site

Great East Japan Earthquake - Related Information

(URL: <http://www.fsa.go.jp/en/ordinary/earthquake201103.html>)

Contact points of financial institutions

(URL: <http://www.fsa.go.jp/ordinary/earthquake201103/20110325-1.html>) (Available in Japanese only)

FSA cell phone website

Great East Japan Earthquake - Related Information

(URL: <http://www.fsa.go.jp/en/m/quake/jishin.html>)



FSA Twitter - Information related to the FSA (URL: http://twitter.com/#!/fsa_JAPAN) (Available in Japanese only)

Topics

Campaign for Enhanced Consultation for Multiple Debtors 2011 Executed

The [Multiple Debtors Countermeasures Headquarters](#) established in the Cabinet organizes the Campaign for Enhanced Consultation for Multiple Debtors from September to December each year, jointly sponsored by the Japan Federation of Bar Associations, the Japan Federation of Shiho-Shoshi Lawyer’s Associations, and the Japan Legal Support Center. These are free consultation meetings for multiple debtors, held at local governments throughout Japan.

In order to use regulation of lenders to reduce the creation of new multiple debtors, the Amended Money Lending Business Act was completely enforced starting on June 18 last year. Looking at the current situation after its complete enforcement, compared to when multiple debt problems became a big problem in 2007, there was a decrease in the number of people with five or more unsecured non-guaranteed loan balances from money lending businesses. But continued work is needed on the issue of rebuilding the lives of multiple debtors.

Therefore, this year, the FSA will again hold its “Campaign for Enhanced Consultation for Multiple Debtors 2011” from September to December. This will especially provide consultation for businesses, and explain the safety net system for rebuilding lives.



(Campaign Publicity Poster)

During this campaign, consumers and business operators were provided free consultation meetings by prefectures, bar associations, Shiho-Shoshi Lawyers' Associations, small and medium enterprise organizations (Note), and Local Finance Bureaus in the prefectures.

Call the phone number below for guidance to the consultation contact points in each region, and to free consultation meetings held in each region during the campaign.

Japan Legal Support Call Center

0570-078-374

Weekdays: 9am – 9pm
 Saturday: 9am – 5pm
 (Closed Sundays, holidays, and yearend/new year holidays)

Please never borrow money from loan sharks. Also, never use any services which convert available credit on your credit card. These high interest rates make the loans grow fast, and put you under harsh collection psychological pressure.

Note: These small and medium enterprise organizations are chambers of commerce, societies of commerce, and prefectural federations of small business associations throughout Japan.

* For details, please go to the FSA's web site and access the [“Campaign for Enhanced Consultation for Multiple Debtors 2011 – Planned Consultation Events” \(September 21\)](#). (Available in Japanese only)

FY2012 Request for Tax Revisions

On September 30, 2011, the FSA published “FY2012 Request Items for Tax Revisions” and submitted it to the Ministry of Finance and the Ministry of Internal Affairs and Communications. “FY2012 Request items for Tax Revisions” consists of items related to support for recovery from the Great East Japan Earthquake, urgent measures to improve the foundations of the financial and capital markets, and other technical items. The main items are as follows.

1. Support for Recovery from the Great East Japan Earthquake (recovery support with private sector funds used by local governments in disaster areas)

- Registration and license tax exemption on land trusts the settlers of which are local governments, etc.
- Addition of Japanese version of revenue bonds to Japanese Bond Income Tax Exemption Scheme, etc.

2. Urgent Measures to Improve the Foundations of Financial and Capital Markets

- Expansion of the scope of profit/loss offset for financial instruments
- Enhance convenience and simplification of tax exemption for small investments in listed shares
- Change of principles of international taxation (from “force of attraction rule” to “attribution rule”)

In addition to the above, The FSA requested 13 technical items.

* For details, please go to the FSA’s web site and access [“FSA’s FY2012 Request for Tax Revisions” \(September 30\)](#) at the Press Releases section. (Available in Japanese only)

FSA Disclosure System Working Group; Legal Expert Study Group Report ~ Issue between the Equal Treatment Rule among Shareholders in Japan and Foreign Securities Regulations regarding Rights Offerings ~

The “Act on Partial Revision of the Financial Instruments and Exchange Act for Strengthening the Foundations of Capital Markets and the Financial Industry” (2011 Act No.49) was enacted on May 17 and proclaimed on May 25, 2011. This revision aims to develop the disclosure system from the viewpoint of facilitating the use of rights offering (capital increase by allotment of share options without contribution).

To facilitate the use of rights offering, some issues have been pointed out, such as the development of the legal system under the Financial Instruments and Exchange Act, and the issue regarding foreign securities regulations. It has been pointed out that imposing restriction on the exercise of rights by foreign resident shareholders (to avoid excessive application of foreign securities regulations) could conflict with the equal treatment rule among shareholders under the Japanese Companies Act. To discuss this issue, the FSA established the Legal Expert Study Group (chaired by Prof. Hiroyuki Kansaku, University of Tokyo Graduate Schools for Law and Politics). The Study Group discussed the issue and published its report on September 16, 2011.

The report says that the following conditions should be considered in order to interpret that Exercise Restriction does not conflict with the equal treatment rule among shareholders:

- Necessity to use rights offering as a tool of capital raising
- Properness in relation to interests of certain foreign shareholders.

Based on the content of this report, it is expected that related parties will facilitate the practices of rights offering and that rights offering will become one possible choice for companies to raise capital in the Japanese market.

* For details, please go to the FSA's web site and access [“FSA Disclosure System Working Group, Legal Expert Study Group Report ~ Issue between the Equal Treatment Rule among Shareholders in Japan and Foreign Securities Regulations regarding Rights Offerings ~” \(September 16\)](#) at the Press Releases section.

Decision on National Government Capital Participation in Two Regional Banks

Based on special provisions for financial institutions affected by the Great East Japan Earthquake of the “Act on Special Measures for Strengthening Financial Functions” (hereinafter referred to as the “Financial Functions Strengthening Act”), the national government decided on September 14 to take capital participation in Sendai Bank and Tsukuba Bank. An outline of this capital participation is explained below.

Regarding the Financial Functions Strengthening Act, considering that the Great East Japan Earthquake could have various effects on financial institutions, in order to

- maintain and strengthen area financial functions in the region, and
- create a complete framework to build confidence among depositors,

the “Draft Act for Partial Revision of the Act on Special Measures to Strengthen Financial Functions to Enhance the Business Foundations of Financial Institutions in Response to the Great East Japan Earthquake, and of the Act on Special Measures for Promotion of Organizational Restructuring of Financial Institutions” was decided in the Cabinet on May 27, 2011. It was submitted to the 177th ordinary session of the Diet, passed through debate in the Diet, was enacted on June 22, and proclaimed on June 29. After that, Cabinet Orders and Cabinet Office Ordinances related to the revised act went through a public comment process from July 11 to 15. The related Cabinet Order was decided in the Cabinet on July 26, and was proclaimed on the same date along with the related Cabinet Ordinance. The revised act was enforced on July 27.

Main Points of Revised Act, etc.

- Special provisions were created. For example, the requirements for applying capital participation by the national government were made more flexible: they do not require the creation of a business strengthening plan which establishes management responsibility and sets targets for profitability and efficiency. Also, capital participation cost was reduced to a level lower than that required in normal times.
- A special provision was created: For cooperative structured financial institutions with financial conditions which are difficult to forecast, national government and central institutions can take joint capital participation.
- The deadline for applications for capital participation by the national government was extended by five years for the entire system (until March 31, 2017).

* For details, please go to the FSA's web site and access [“FSA Related Bills in the 177th Diet”](#) at the Bills Submitted to Diet section.

Also, for Cabinet Orders and Cabinet Office Ordinances related to the revised act, please go to the FSA's web site and access [“Draft related Cabinet Orders and Cabinet Office Ordinances to accompany enforcement of the ‘Act for Partial Revision of the Act on Special Measures to Strengthen Financial Functions to Enhance the Business Foundations of Financial Institutions in Response to the Great East Japan Earthquake, and of the Act on Special Measures for Promotion of Organizational Restructuring of Financial Institutions’ – Results of public comments, etc.” \(July 26, 2011\)](#), and [“Draft Partial Revision of ‘Comprehensive Guidelines for the Supervision of Regional Financial Institutions’ – Results of public comments, etc.” \(July 26, 2011\)](#) at the Press Releases section.

(Both available in Japanese only)

Based on the revised law, the FSA examined the “Business Strengthening Plans” submitted by Sendai Bank and Tsukuba Bank. After hearing the opinions of the Examination Board on Strengthening of Financial Function, on September 14 it decided on capital participation. An outline of the “Business Strengthening Plans” of both banks is shown in the attachment.

The dividend ratio (capital participation cost) of preferred stock issued by both banks were reduced to be the same

level of fundraising cost as for the previous fiscal year's Financial Functions Strengthening Account of the Deposit Insurance Corporation of Japan (initially 0.25%). This was done because the national government's capital participation aims at dramatic strengthening of their financial functions, and at smooth provision of funds for reconstruction of the businesses and lives of victims of the Great East Japan Earthquake, and to enable them to actively and continually contribute support for recovery and reconstruction of disaster areas.

In addition to these two banks for which capital participation was decided, if management of a financial institution judges that capital reinforcement would be appropriate, then the FSA hopes that it will actively investigate use of the Financial Functions Strengthening Act. The FSA plans to continue to encourage active investigation of use of this Act.

* For details, please go to the FSA's web site and access [“Decision on capital participation in The Sendai Bank, Ltd. and Tsukuba Bank, Limited” \(September 14\)](#) at the Press Releases section. (Available in Japanese only)

Outline of National Government's Capital Participation (Attachment)
based on Earthquake Special Provisions of Financial Functions Strengthening Act
(Decided September 14, 2011)

	Sendai Bank (Miyagi Prefecture)	Tsukuba Bank (Ibaraki Prefecture)
Deposit balance (March 31, 2011)	727.5 billion yen	1,962.3 billion yen
Loan balance (March 31, 2011)	489.4 billion yen	1,477.9 billion yen

1. Outline of Capital Participation by National Government

Capital participation amount	30 billion yen	35 billion yen
Repayment into treasury	Within 25 years (by March 31, 2036)	Within 20 years (by March 31, 2031)
Dividend ratio of preferred shares	Fundraising cost in Financial Functions Strengthening Account of Deposit Insurance Corporation in previous fiscal year (initially 0.25%)	

Equity ratio (September 30, 2011 forecast) (Tier I capital adequacy ratio)	Approximately 14.1% Approximately 11.3%	Approximately 11.9% Approximately 8.4%
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2. Measures for Contributing to Recovery from Great East Japan Earthquake in Disaster Areas

Bank initiatives (Major initiatives)	<ul style="list-style-type: none"> ● Create the “Local Companies Support Department,” extend Housing Loan Plazas into tsunami disaster areas, thorough visit activities, etc. Thereby expand and enhance contacts with disaster victims, and accurately understand and analyze recovery needs. ● Strengthen cooperation with Kirayaka Bank, government financial institutions, local government, etc. (business matching, syndicated loans, etc.) ● Enhance loan products which suit disaster victims' needs (business recovery loans, housing repurchase loans, lifestyle recovery loans) ● Flexibly handle loan condition changes, etc. ● Business recovery support corresponding to disaster victims' situations (Use of Miyagi Organization For Industry Promotion, industrial rehabilitation corporation, Guidelines of Workout for Restructuring Debt Owed by Individual Debtors. Use of DDS, DES and DIP finance, etc.) 	<ul style="list-style-type: none"> ● Priority assignment of dedicated corporate loan officers in disaster areas, by reorganizing “sales management department,” and merger resulting in combining/closing overlapping branches ● “Visit all customers” to understand customer needs ● Advance the “Earthquake Recovery Support Plan” (Ayumi Project), including the following measures <ul style="list-style-type: none"> – Handling of 100 million yen recovery support loan for each business. More flexible guarantee criteria for housing loans, consumer loans, etc. – Flexibly handle loan condition changes, etc. – For businesses facing poor business conditions, strengthen management support (business matching, etc.), and fundamental business restructuring support. (Use of DDS, DES and DIP finance, industrial rehabilitation corporation, Guidelines of Workout for Restructuring Debt Owed by Individual DebtorsI, etc.)
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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 local finance bureaus throughout Japan in August 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.

1. There was continued harsh business sentiment among small and medium enterprises. The current diffusion index was less negative than the previous survey.

The negative factor with the largest percent 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.	(5) Factors due to effects of Great East Japan Earthquake and Fukushima Nuclear Power Plant accident, etc. (not pertaining to (1) to (4)). Examples: Loss of business building, inability to procure raw materials, operations reduced by rolling blackouts and less power use
Manufacturing	-79 (-87)	-64 (-81)	22.2 (17.4)	33.3 (30.5)	8.9 (10.2)	6.7 (5.4)	28.9 (36.5)
Retail	-74 (-91)	-72 (-89)	11.3 (5.9)	49.3 (43.5)	16.2 (18.8)	1.4 (0.0)	21.8 (31.8)
Wholesale	-77 (-91)	-79 (-89)	13.0 (9.4)	42.5 (39.4)	17.8 (17.6)	2.7 (0.6)	24.0 (32.9)
Construction	-81 (-83)	-74 (-89)	10.3 (18.2)	40.0 (30.7)	25.8 (19.8)	0.0 (0.0)	23.9 (31.3)
Services	-79 (-83)	-70 (-89)	5.4 (5.3)	51.2 (43.0)	13.2 (15.2)	0.8 (0.0)	29.5 (36.4)
Real estate	-63 (-70)	-65 (-72)	0.0 (0.0)	62.5 (59.4)	21.6 (15.6)	0.0 (0.0)	15.9 (25.0)
Transport	-79 (-79)	-74 (-81)	25.6 (24.0)	41.4 (38.4)	17.3 (12.3)	0.0 (0.7)	15.8 (24.7)
Average	-76 (-83)	-71 (-84)	13.1 (12.2)	44.7 (39.3)	17.2 (15.8)	1.7 (1.0)	23.2 (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 the ratio is shown with the total of multiple replies as denominator.

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

2. Cash flow of small and medium enterprises also continues to be in a harsh situation. The current diffusion index is slightly less negative than in the previous survey.

The negative factor with the largest percent 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 revised 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 Fukushima Nuclear Power Plant accident, etc. (not pertaining to (1) to (4)). Examples: Collateral value fell due to disaster, payment delays due to customers damaged by disaster	
Manufacturing	-57 (-68)	-51 (-64)	72.3 (51.5)	1.5 (1.0)	0.0 (0.0)	3.1 (4.1)	23.1 (43.3)	
Retail	-62 (-74)	-66 (-72)	77.9 (62.9)	0.0 (1.0)	1.3 (2.1)	3.9 (2.1)	16.9 (32.0)	
Wholesale	-62 (-64)	-62 (-66)	73.1 (58.2)	1.3 (1.1)	0.0 (0.0)	3.8 (2.2)	21.8 (38.5)	
Construction	-77 (-79)	-68 (-72)	68.1 (54.1)	6.4 (4.5)	0.0 (0.0)	6.4 (1.8)	19.1 (39.6)	
Services	-64 (-72)	-62 (-70)	70.5 (56.8)	1.3 (0.0)	1.3 (1.1)	2.6 (2.1)	24.4 (40.0)	
Real estate	-59 (-52)	-57 (-52)	83.6 (71.7)	3.3 (1.7)	0.0 (0.0)	0.0 (0.0)	13.1 (26.7)	
Transport	-66 (-62)	-60 (-60)	79.2 (65.3)	2.8 (0.0)	0.0 (0.0)	2.8 (2.7)	15.3 (32.0)	
Average	-64 (-67)	-61 (-65)	74.5 (59.1)	2.5 (1.4)	0.4 (0.5)	3.4 (2.2)	19.2 (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 the ratio is shown with the total of multiple replies as the denominator.

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

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

Manufacturing Industry

- We repaired and replaced machinery that was damaged or washed away, and we see that orders from parts manufacturers are returning to pre-disaster levels (Miyagi Prefecture)
- We recovered from the problems immediately after the earthquake, but we have not returned to pre-disaster levels. There are also radiation problems and electricity conservation actions, so we are anxious about the future (Fukushima Prefecture)
- The supply chain disruptions after the earthquake are just ending now, but conditions continue to be harsh overall (Yamagata Prefecture)
- Due to recovery of supply chains, orders received have increased, and we can see a recovery trend (Tochigi Prefecture)
- There are fewer parts shortages due to the effects of the earthquake, but we have not recovered to pre-disaster levels. Raw material prices have risen overall, which is a factor putting pressure on profits (Yamanashi Prefecture)
- Our supply aspect is restricted by parts procurement difficulties caused by the earthquake. We are also affected by stagnant demand. Thus business conditions are harsh (Toyama Prefecture)
- The earthquake caused a decrease in orders received for automotive related parts and equipment for manufacturing. We see a partial recovery trend, but demand and sales continue to be weak overall (Kyoto Prefecture)
- The material and equipment shortages after the earthquake have been resolved somewhat, and order volume is in a growth trend (Saga Prefecture).
- Fast recovery of supply chains has relieved the effects of the earthquake, but high oil prices and the yen’s appreciation are reducing profitability (Oita Prefecture)

Retail Industry

- Concerns about damage by radiation rumors (rice, meat, etc.) cause anxiety, but we don't think we will see large changes in the future (Iwate Prefecture)
- Damage by rumors is holding us back. Stagnant demand is reducing selling unit prices, so we can't predict the future (Fukushima Prefecture)
- Electricity conservation products are selling well, and customers are returning to convenience stores. So there are some factors turning favorable. The self-restraint mood and thrifty attitude caused by the earthquake are steadily relaxing, and we are nearing pre-disaster conditions (Aomori Prefecture)
- People's hesitancy to buy after the earthquake is relaxing, but we can only sell low priced things, so each unit price is low, and it is not leading to sales growth (Akita Prefecture)
- There is sales growth at home electronics retailers who deal in electricity conservation related products. Sales decreased at food retailers, because of concerns about radiation contamination. So we see variation in results (Tochigi Prefecture)
- Due to effects of electricity conservation, there is growth in sales of home electronics like energy saving air conditioning and fans. Cool Biz related products are also selling well (Gunma Prefecture)
- Demand continues to be weak, except for energy conservation related products. Fresh foods have been especially hurt by rumors about the nuclear power accident (Yamanashi Prefecture)
- Product shortages caused by the earthquake are steadily being resolved, but demand continues to be weak (Yamaguchi Prefecture)
- The self-restraint mood caused by the earthquake has relaxed a lot, but the prolonged recessionary mood continues to restrain consumption, so sales aren't growing (Nagasaki Prefecture)

Wholesale Industry

- Distribution, orders placed and orders received have recovered, so sales are recovering, but levels are flat (Iwate Prefecture)
- The earthquake reduced business with retail shops and restaurants, so we see fewer orders and there is price competition (Miyagi Prefecture)
- The self-restraint mood and thrifty attitude caused by the earthquake are relaxing, so we are nearing pre-disaster conditions (Aomori Prefecture)
- Manufacturers on the Pacific coast had sudden drops in production and halts to distribution. Those effects have been mostly resolved, and orders received are partly returning to pre-disaster levels (Yamagata Prefecture)
- We are worried that agricultural products business will be even more damaged by rumors about the nuclear accident (Ibaraki Prefecture)
- The self-restraint mood after the earthquake has improved, but we are far from pre-disaster conditions, with fewer orders received related to events held (Kanagawa Prefecture)
- There is steady increase in demand related to recovery from the earthquake, and there is a stronger feeling of expectations that conditions will improve (Nagano Prefecture)
- Due to recovery demand, there is increased demand for tools used in construction of roads and buildings (Kagawa Prefecture)
- Due to effects of the earthquake, there are continuing conditions of materials shortages and higher procurement prices (Fukuoka Prefecture)
- Consumer self-restraint is causing poor results at retail shops. Due to the earthquake, it is hard to get products from suppliers (food manufacturers) (Okinawa Prefecture)

Construction Industry

- Some companies are receiving strong orders for construction of temporary housing in disaster areas, but orders received for private and public construction are not increasing overall (Iwate Prefecture)
- Due to increases in housing sales and remodeling construction, etc., the industry is starting to look active overall (Miyagi Prefecture)
- Repair of buildings damaged by the earthquake and construction of temporary housing are making up for the decrease in new building construction (Fukushima Prefecture)
- Due to the effects of the earthquake, it is hard to buy some materials and equipment. These are being replaced by alternative products in some cases, and we also hear of construction delays (Hokkaido)
- There is an increase in some construction related to recovery: electrical, water supply, etc. (Yamagata Prefecture)

- Some recovery-related construction is on an increasing trend, but procurement of construction materials and equipment and their high prices still tend to be worse (Tochigi Prefecture)
- Due to the effects of the earthquake, there are shortages of construction materials and equipment, and construction schedules are being interrupted. We are surviving by getting materials and equipment from multiple suppliers (Hiroshima Prefecture)
- The earthquake made it hard to get construction equipment and materials. That situation is solved, but we are getting fewer orders and are less profitable, so conditions are still harsh (Ehime Prefecture)
- Difficulties in material and equipment procurement were seen immediately after the earthquake. That situation is steadily improving, but the demand aspect is still stagnant (Kumamoto Prefecture)
- Due to the earthquake, budgets have been cut for public construction, except for that related to earthquake recovery. We expect public construction to decrease even more, so we don't expect a recovery in business conditions (Miyazaki Prefecture)

Service Industry

- Hotels, etc. are improving compared to immediately after the earthquake, and are nearing the levels of last year overall (Iwate Prefecture)
- Repairing of shops, etc. damaged by the earthquake has made long-term business closures unavoidable. So we see some businesses with lower sales. Also, the tourism industry has been hurt by rumors about the nuclear accident (Miyagi Prefecture)
- We are hobbled by the nuclear power problems and damage by rumors. There continue to be many cancellations (Fukushima Prefecture)
- Hotels and inns were getting much fewer guests due to the earthquake, but business is picking up due to the Nebuta Festival, etc. Also a big JR campaign is bringing more tourists to the Hirosaki region (Aomori Prefecture)
- The self-restraint mood seen immediately after the earthquake is relaxing, so there is an increase in banquet sales, and accommodation revenues increased with the Inter-high school championships. But conditions are harsh overall, with a big decrease in group travel to sightseeing areas, etc. (Akita Prefecture)
- The earthquake dramatically reduced tourist numbers, which are now steadily recovering, especially in the hotel industry. But they are not reaching pre-disaster levels (Yamanashi Prefecture)
- In the tourism sector, tourist numbers are steadily recovering compared to immediately after the earthquake. But they are not recovering to pre-disaster levels, and there are fewer foreign tourists because of the earthquake and nuclear accident (Kyoto Prefecture)
- The earthquake's self-restraint mood is relaxing, and we see signs of a pickup since May (Shiga Prefecture)
- The self-restraint mood is gone, but accommodation numbers of groups and foreigners have not recovered to pre-disaster levels (Kagawa Prefecture)
- In addition to effects of tourist cancellations in the prefecture after the earthquake, the decrease in tourist groups from overseas is having a large impact (Miyagi Prefecture)

Real Estate Industry

- The prefecture has a housing support policy of renting many private apartments, and providing them as temporary housing for disaster victims. We are starting to see its effects (Yamagata Prefecture)
- Since the earthquake, we see tenants leaving because of concerns about earthquake resistance. In addition to harsher competition, there is an increase in the insecurity factor (Tokyo Metropolis)
- There is an improvement from the decline in market conditions after the earthquake, and we have received many inquiries about single-family homes and apartments (Kanagawa Prefecture)
- Purchasing desire has fallen due to the earthquake and nuclear accident, so conditions continue to be poor (Shizuoka Prefecture)
- After the earthquake, real estate transactions stagnated, and cash flow conditions are harsh (Toyama Prefecture)
- I hear very little about the earthquake's effects, but demand is generally weak (Kumamoto Prefecture)

Transportation Industry

- In coastal areas, the tsunami washed away vehicles, so we saw a decrease in orders received, but we see partial signs of recovery (Miyagi Prefecture)
- Orders received are in a recovery trend, but high fuel prices and other factors are creating a constantly high cost structure, which is putting pressure on business (Fukushima Prefecture)

- There is recovery from impacts on truck transport due to gasoline shortages after the earthquake. But the decrease in tourists is decreasing the volume of gifts handled. We also see effects of weak movement in gifts for midyear, etc. (Yamagata Prefecture)
- Fuel shortages and road conditions immediately after the earthquake have been relieved, and we are receiving more orders to disaster areas, so we see a small recovery trend (Tochigi Prefecture)
- Sales in the passenger transport industry are decreasing due to effects of the earthquake (Saitama Prefecture)
- Supply chain problems caused by the earthquake are solved, and we see almost no effects (Aichi Prefecture)
- After the earthquake, the self-restraint mood spread quickly, causing a decrease in charter buses and highway bus passengers (Tokushima Prefecture)
- Distribution and tourists were affected by the earthquake. These are steadily recovering, but high prices of fuel and other things are making profitability difficult (Kumamoto Prefecture)

* For details, please go to the FSA's web site and access [“Business Sentiment etc. of Small and Medium-sized Enterprises - Questionnaire Survey Results Summary” \(September 30\)](#) at the Press Releases section. (Available in Japanese only)

“Draft Cabinet Office Ordinance for Partial Revision of the Order for Enforcement of the Insurance Business Act, etc.” – Results of public comments, etc.

The FSA widely solicited opinions on the “Draft Cabinet Office Ordinance for Partial Revision of the Order for Enforcement of the Insurance Business Act,” etc.” from July 8 to August 8, 2011. Its results, etc. were published on September 6.

This Cabinet Office Ordinance and related regulatory notice were published in the official gazette on September 7, 2011, and will be enforced starting April 1, 2012. Related supervisory guidelines will also be applied starting on that date.

An outline of the revision is as follows.

1. Borrower Solicitation Regulations, etc.

- (1) For certain insurance products, banks shall not obtain fees and solicit insurance to borrowers of business funds (if a small enterprise with 50 employees or less, including its employees, etc.) (Borrower Solicitation Regulations).

This regulation continues to remain in place. However, this regulation does not apply to solicitation of other insurance such as single premium whole-life insurance, single premium endowment life insurance, accumulated injury insurance, and accumulated fire insurance, and business related insurance (only for insurance policyholders which are group companies of the bank etc.).

- (2) Insurance products subject to Borrower Solicitation Regulations cannot be solicited to loan applicants (Timing Regulation).

This regulation continues to remain in place. However, insurance solicitation to applicants for loans of nonbusiness funds is not subject to this regulation.

- (3) For regional financial institutions, as special provisions on solicitation of insurance products subject to the Borrower Solicitation Regulations: (a) It is possible to take different measures to substitute for the People in Charge Separation Regulation (Regulation which prohibits solicitation of insurance products subject to the Borrower Solicitation Regulations, by a person who engages in the operation of handling customers regarding loans of funds needed in business), and it is possible to solicit insurance to employees etc. of a borrower which has from 21 to 50 employees. On the other hand, (b) there is a maximum insurance amount for an insurance policy with a policyholder who is a borrower's employee etc. (including employee etc. of a borrower with over 50 employees).

This special provision continues to remain in place. However, if the People in Charge Separation Regulation applies, then the only insurance solicitations subject to the insurance amount restriction shall be those to potential policyholders who are employees etc. of borrowers with 50 or less employees.

2. Measures to Ensure Effectiveness of Measures to Prevent Negative Effects

- (1) To prevent confusion between insurance products and deposits, there are mandatory explanations in writing and by other methods, and there shall be written confirmation that the customer understands those explanations.
- (2) Previous customer agreement is required to enable insurance solicitation operations to use undisclosed financial information, but when obtaining such agreement, the bank must make clear its means of insurance solicitation, scope of information to be used, methods to cancel the agreement, etc.
- (3) When soliciting housing loan related insurance, the bank must explain that this does not affect its other bank transactions etc., and the customer shall be provided with written explanation that purchase of such insurance is not a loan condition.

The FSA continues working to understand the actual status of insurance solicitation by banks, etc. Specific deadlines are not set for future revisions of measures to prevent negative effects. Such revisions will be made as the need arises.

* For details, please go to the FSA's web site and access [“Draft Cabinet Office Ordinance for Partial Revision of the Order for Enforcement of the Insurance Business Act, etc. – Results of public comments, etc.” \(September 6\)](#) at the Press Releases section. (Available in Japanese only)

Notices

● Use of “Prime Minister NODA’s BLOG”

The Prime Minister’s Office official blog “Prime Minister NODA’s BLOG” was set up by the Cabinet Public Relations Office on September 12. This aims to provide easily understood communication to the people, about the Prime Minister’s thoughts and the status of initiatives, regarding the priority policies advanced by the Noda Cabinet.

The FSA also arranges to have the banner shown below posted on the web sites of the FSA, Financial Research Center, Securities and Exchange Surveillance Commission, and the Certified Public Accountants and Auditing Oversight Board.



- Prime Minister NODA’s BLOG URL: <http://nodasblog.kantei.go.jp/>

● 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.

【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: Regarding the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc., the number of cases in which the loan terms were modified is continuing to rise according to preliminary data announced last week. Do you think that the number of new applicants is increasing, or that the same applicants are filing applications repeatedly? Have you received any report or analysis on the trend of applications?

A1. The FSA compiled data on the modification of the loan terms between the enforcement date of the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. and June 30, and announced the data on September 1, as you mentioned now. According to the announced data, modification of the loan terms has been implemented with regard to 90% of all applications related to loans to SMEs and housing loans, excluding applications still being screened. As I have been saying, the implementation rate is more than 90%.

In light of the announced data, I believe that financial institutions as a whole are making steady efforts to modify the loan terms. There is not any particular change in the overall number of applications, the total value of loans and the implementation rate, compared with the previous periods. Meanwhile, the number of applications received by many financial institutions in the disaster areas and the number of cases in which the modification was implemented have increased compared with the pre-disaster level. I presume that the need for the modification of loan terms has grown as a result of the impact of the earthquake.

I understand that financial institutions, including those in the disaster areas, are making vigorous efforts to modify loan terms in accordance with the purpose of the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. The FSA will continue to closely monitor future developments, including the impact of the disaster. In addition, while the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. is targeted at the disaster areas, we have also enacted the Revised Act on Special Measures for Strengthening Financial Functions, so I will keep monitoring the enforcement of these two laws.

[\[Extract from the press conference following the Cabinet meeting on September 6, 2011\]](#)

Q2: It will soon be one month since the application of the Guidelines of Workout for Restructuring Debt Owed by Individual Debtors (the Individual Debtor Guidelines for Out-of-Court Workouts) started. What is the status of the application of the Guidelines over this period as reported to you? Has it been used more often or less than you expected, and what problems are there?

A2. As a way to deal with the double loan problem, the Guidelines of Workout for Restructuring Debt Owed by Individual Debtors (the Individual Debtor Guidelines for Out-of-Court Workouts) was compiled by a study group comprised of private-sector officials under the leadership of the Japanese Bankers Association, and a general incorporated association is managing the application of the guideline. The application of the Guidelines started on August 22, and between the starting date and September 5, a total of around 820 requests for consultation were received at the call center, the Tokyo headquarters and five branches, in Aomori, Iwate, Miyagi, Fukushima and Ibaraki Prefectures, as reported to me. 495 requests were received at the call center and 221 were received at the branch in Miyagi Prefecture, which suffered the greatest damage, with the total number of requests received reaching 815. I hope that the application of the Guidelines will facilitate smooth debt workouts and help disaster victims make a fresh start toward recovery.

[\[Extract from the press conference following the Cabinet meeting on September 9, 2011\]](#)

Q3: There is no sign of concerns over the European financial sector subsiding as Greece, the flash point of the financial crisis, is flirting with the possibility of breaking away from the euro. How large is the amount of Japanese financial institutions' loans to and transactions with Greece and what impact do you expect on their management?

A3. I have read a news article estimating the amount of outstanding loans provided by the three megabanks at 1.9 trillion yen, which is equivalent to 1% of their total loan amount. However, the Financial Services Agency (FSA) will refrain from commenting on the loan balance of specific financial institutions. At any rate, the FSA will carefully monitor market developments and will continue to supervise financial institutions with a high level of alertness from the perspective of whether they are properly conducting risk management.

[\[Extract from the press conference following the Cabinet meeting on September 20, 2011\]](#)

Press Releases in September



September 1	Access	Situation of changes in lending conditions based on the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. (Early reported values)
	Access	Working Group on Regulatory Approach to Group Management of Insurance Companies (3rd) – program
	Access	Campaign for Enhanced Consultation for Multiple Debtors 2011 Executed
September 2	Access	Comprehensive Exchange Study Team, 10th meeting – program
	Access	“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” – Results of public comments, etc.
September 5	Access	“Draft Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of the Banking Act, etc.” published
	Access	“Draft Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of the Banking Act, etc.” – Results of public comments
	Access	3rd Financial System Council “Working Group on Medium and Long Term Approach of Japan’s Financial Industry” – program
September 6	Access	“Draft Cabinet Office Ordinance for Partial Revision of the Order for Enforcement of the Insurance Business Act,” etc.” – Results of public comments, etc.
	Access	“Designation of Transactions and Lending Excluded from Transactions Subject to Financial Instrument Debt Underwriting Business (draft)” published
September 7	Access	Decision on order to pay an administrative monetary penalty for market manipulation concerning Sei Crest Co., Ltd. shares
September 9	Access	Extension of deadline for ending management of Incubator Bank of Japan, Limited
	Access	Outline of the report for Ashikaga Holdings Co., Ltd. and The Ashikaga Bank, Ltd., on the implementation status of the approved business restructuring plans, based on the Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities
	Access	Outline of the report for The Bank of Fukuoka, Ltd., The Kumamoto Family Bank, Ltd. and The Shinwa Bank, Ltd., on the implementation status of the approved business restructuring plans, based on the Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities
September 12	Access	“19th Experts Meeting on Government Policy Assessment” to be held
	Access	Draft Supervisory Guidelines, draft Financial Inspection Manual, and additional Q&A on Basel II published

September 13	Access	1st trial date for Financial Instruments and Exchange Act violations court case concerning market manipulation concerning shares of Sakai Heavy Industries, Ltd.
September 14	Access	Decision on capital participation in The Sendai Bank, Ltd. and Tsukuba Bank, Limited
September 16	Access	9th Examination Board on Strengthening of Financial Function – Outline of proceedings
	Access	“Statistical Results of Offsite Inspection Monitoring” published
	Access	Number of debtors who halted contracted repayments since the Great East Japan Earthquake, and amount of such debts
	Access	FSA Disclosure System Working Group; Legal Expert Study Group Report ~ Issue between the Equal Treatment Rule among Shareholders in Japan and Foreign Securities Regulations regarding Rights Offerings ~
	Access	Approval of business restructuring plans for The Yamaguchi Bank, Ltd. and The Kitakyushu Bank, Ltd., based on the Act on Special Measures for Industrial Revitalization and Innovation of Industrial Activities
September 20	Access	Authorization of banking license
	Access	Merger of life insurance companies (1)
	Access	Merger of life insurance companies (2)
September 22	Access	Decision on order to pay an administrative monetary penalty for corporate bond solicitation without filing, by World Resource Communication Co., Ltd.
September 28	Access	“Draft Partial Revision of Financial Inspection Rating System” – Results of public comments, etc.
September 29	Access	Decision on order to pay an administrative monetary penalty for false statements in annual securities reports, etc. of fonfun corporation
	Access	Working Group on Regulatory Approach to Group Management of Insurance Companies (4th) – program
September 30	Access	Policy Evaluation of Special Measures concerning Taxation
	Access	Publication of the “FY2010 Performance Evaluation Report,” the “FY2011 Program Evaluation Report” and the “Main Points” of each
	Access	4th Financial System Council “Working Group on Medium and Long Term Approach of Japan’s Financial Industry” – program
	Access	Administrative action on Barclays Capital Japan Limited
	Access	FY2012 Rough Expenditures Request
	Access	FY2012 budget, organization and staff request
	Access	Statistical results of fund monitoring survey
	Access	Business Sentiment etc. of Small and Medium-sized Enterprises - Questionnaire Survey Results Summary
	Access	Partial revision of FSA Regulatory Notice concerning designation of related corporations of credit rating agencies (group designation concerning explanation items of unregistered ratings)
	Access	Money lending business related documents updated
	Access	Ordinance for Partial Revision of the Ordinance for Enforcement on Labor Bank Law – published
	Access	“Draft Cabinet Office Ordinance for Partial Revision of the Cabinet Office Ordinance on Financial Instruments and Exchange Business” – Results of public comments, etc.
	Access	Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms, and Preparation of Consolidated Financial Statements – Proclamation
	Access	FSA’s FY2012 Request for Tax Revisions

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

Web Pages Most Accessed in September

This section shows the September 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](#)
- [Financial Facilitation Measures for Small and Medium-sized Enterprises](#)
- [Merger of life insurance companies \(Mitsui Sumitomo Aioi Life Insurance Co., Ltd.\)](#)
- [Merger of life insurance companies \(NKSJ Himawari Life Insurance, Inc.\)](#)
- [Supervisory Policy and Basic Policy for Financial Inspections in Program Year 2011](#)
- [“Draft Cabinet Office Ordinance for Partial Revision of the Order for Enforcement of the Insurance Business Act,” etc. – Results of public comments, etc.](#)
- [Beware of fraudulent investment solicitation!](#)
- [Draft Supervisory Policy, draft Financial Inspection Manual, and additional Q&A on Basel II published](#)
- [Cabinet Orders and Cabinet Office Ordinances concerning 2011 Revision of Financial Instruments and Exchange Act \(enforced within six months\), etc. published](#)