



FSA Newsletter No. 103 2012

<http://www.fsa.go.jp/en/newsletter/index.html>



Greeting by Minister for Financial Services Shozaburo Jimi at “Meeting to Exchange Views on the Facilitation of Finance for SMEs” (December 9)



At “Meeting to Exchange Views with Ministry of Economic, Trade and Industry on SME Finance,” Minister of Economy, Trade and Industry Yukio Edano (right) shakes hands with Minister for Financial Services Shozaburo Jimi (at Ministry of Economy, Trade and Industry) (December 28)

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Topics

Final extension of expiration of the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc.

After the March 2011 extension of expiration of the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc., the FSA has watched the results and effects of its execution situation. Considering the situation until now, basically, there seems to be solid implementation of initiatives for the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. On the other hand, problems are pointed out, such as an increase in loan condition changes.

Considering these points, there is a need to implement policies to ensure financial discipline (ensuring soundness and preventing moral hazards), while encouraging financial institutions to wield their consulting functions more, and strongly providing support which leads to true business improvement of small and medium enterprises (exit strategies).

To do this, comprehensive exit strategies must be created, including actions for inspection and supervision, in order to shift towards providing support for business revitalization of SMEs. This should be done in cooperation with external institutions and related parties. On the other hand, this shift must proceed smoothly ("soft landing"). Therefore, it was decided that it is appropriate to only extend the current Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. until March 31, 2013, and take focused actions to provide business revitalization support for SMEs, etc.

Of these, the revision bill for re-extension of the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. was submitted to the Diet on January 27, 2012.

By promoting such policies, the FSA is working for facilitation of finance, and actively supporting the business improvement of SMEs etc., while paying attention to ensuring the sound and appropriate management of financial institutions.

Announced December 27, 2011

Final extension of expiration of the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc.

Initiatives Until Now

Extend the expiration of the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. (enforced December 2009), and encourage the wielding of consulting functions by financial institutions.

Policies From Now On

Basic Approach

- ▶ Looking at the situation of financial institutions' handling of financial facilitation, loan condition changes etc. have an execution ratio exceeding the 90% level. Thus basically, it seems that their initiatives are being solidly implemented.
- ▶ On the other hand, problems are pointed out, such as an increase in loan condition changes etc. made again, and that there are SMEs that obtain loan condition changes etc. without creating business improvement plans.
- ▶ There is a need to implement policies to ensure financial discipline (ensuring soundness and preventing moral hazards), while encouraging financial institutions to wield their consulting functions more, and strongly providing support which leads to true business improvement of small and medium enterprises (exit strategies).

Specific Policies

Obtain cooperation with external institutions and related parties, create comprehensive exit strategies, and shift towards providing support for business revitalization of SMEs.

This shift must proceed smoothly ("soft landing"). Therefore, the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. will be extended by one year only this time, and the following focused actions will be encouraged.

I. Financial Facilitation

- ✓ More wielding of consulting functions by financial institutions
- ✓ To encourage new lending, actively use capital type borrowings, develop and widely use asset based lending (ABL), etc.
- ✓ Further simplify disclosure and reporting documents, to reduce clerical burdens of financial institutions

II. Ensuring Financial Discipline

- ✓ Create highly feasible fundamental business restructuring plans, with appropriate follow-up of progress status
- ✓ Implement appropriate debtor classification and reserves, corresponding to the actual state of subject companies
- ✓ Utilize the Act on Special Measures for Strengthening Financial Functions

III. Support Policies for SMEs etc.

- ✓ Thoroughly deep region-based relationship banking: company diagnoses, presentation of optimal solution policies, wielding consulting functions to provide support, etc.
- ✓ Strengthen cooperation with the Small and Medium Size Business Rehabilitation Support Co-operative
- ✓ Strengthen cooperation with industrial rehabilitation corporations, Great East Japan Earthquake Business Revitalization Support Corporation, etc.
- ✓ Utilize various systems and mechanisms to work for business revitalization support

* For details, please go to the FSA's web site and access [“Statement by Minister for Financial Services – Final extension of expiration of the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. –”](#) and [“Final extension of expiration of the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc.” \(December 27\)](#) at the [“Temporary Measures to Facilitate Financing for SMEs, etc.”](#) section. (Available in Japanese only)

Banks' Shareholdings Purchase Corporation and Life Insurance Policyholders Protection Corporation of Japan

1. With the aim of having it play a role as a safety net to ensure sound bank finances, there is a March 31, 2012 deadline for purchases by the Banks' Shareholdings Purchase Corporation* (established January 2002).

(Note) Subject to purchases

- Shares, preferred shares, preferred capital investments, ETFs and J-REITS held by banks, etc.
- Bank shares, preferred shares and preferred capital investment held by cross-shareholding operating companies

2. Regarding the source of funds for funding assistance to bankrupt life insurance companies from the Life Insurance Policyholders Protection Corporation (established in December 1998), government assistance can be provided for bankruptcies when the private sector alone is not sufficient until the same date: March 31, 2012.

(Note) The following are sources of funds for funding assistance by the Life Insurance Policyholders Protection Corporation, provided when a life insurance company becomes bankrupt:

- (1) Funds accumulated in advance by life insurance companies which are members of the Life Insurance Policyholders Protection Corporation (limit: 400 billion yen, accumulated balance as at March 31, 2011: 16.2 billion yen)
- (2) Government guaranteed borrowings by the Life Insurance Policyholders Protection Corporation (limit: 460 billion yen)

If allocation of (1) and (2) are not sufficient,

- (3) Government assistance can be provided if certain requirements are met (time limit established in laws)

3. Japan's financial system is relatively stable. But considering effects of the Great East Japan Earthquake, and the ongoing global financial market turmoil sparked by Europe's debt crises, the following two matters continue to be important:

- To prevent a situation where economies and stock markets affect each other negatively and enter a downward spiral, the Banks' Shareholdings Purchase Corporation shall play roles as a share disposal receptacle, and as a safety net (Note)
- The Life Insurance Policyholders Protection Corporation continues to completely perform its functions as a safety net.

(Note) With implementation of Basel III, required capital will be raised in stages. Therefore, there are still great needs for disposals of shares held by banks, etc.

4. Therefore, it is appropriate to extend by five years the deadline for government assistance and purchases of shares etc. Thus the FSA intends to submit a bill for this to the next ordinary session of the Diet.

(Note) For the Banks' Shareholdings Purchase Corporation, a 20 trillion yen government guarantee limit continues to be established for acquisition of share purchase funds.

* For details, please go to the FSA's web site and access [“Banks' Shareholdings Purchase Corporation and Life Insurance Policyholders Protection Corporation of Japan \(Press Conference by Shozaburo Jimi, Minister for Financial Services, December 27, 2011\)” \(December 27\)](#) in the Press Releases section. (Available in Japanese only)

Main items Related to the FSA in the FY2012 Tax Reform Outline

The FY2012 tax reform outline was decided in the Cabinet on December 10, 2011.

It includes the following main items related to the FSA:

1. Exemption of registration and license tax imposed on the registration of trusts regarding certain lands and buildings belonging to land trusts, the settlers of which are certain local governments damaged by the Great East Japan Earthquake.
2. Addition of profit-linked bonds issued by corporations, such as public corporations, completely controlled by certain local governments damaged by the Great East Japan Earthquake to the Japanese Bond Income Tax Exemption Scheme.
3. For the FY2013 tax reform, the government is to study about changing the taxing methods for public and corporate bonds, and expanding the scope of profit/loss offset for financial instruments, considering that the tax rate for dividends and capital gains on listed shares will be raised to the statutory rate (20%) from 2014.
4. Enhance convenience and simplification of so-called Japanese ISA (tax exemption for small investments in listed shares)
5. The government is to study changing the principle of international taxation from the “force of attraction rule” to the “attribution rule.”

* For details, please go to the FSA’s web site and access [“Main items related to the FSA in the FY2012 tax reform outline” \(December 12\)](#) in the Press Releases section. (Available in Japanese only)

Improvement Status of 10 Life Insurance Companies for which Business Improvement Orders were Issued

In July 2008, the FSA found many large amounts of non-payment of insurance claims (the event where an accident covered by insurance occurred, and although the core insurance claim was paid, insurance companies have neglected their duty to pay other related claims in the event of an accident covered by insurance because the policyholder did not apply for the payment of such claims; the same hereinafter). The FSA issued business improvement orders to 10 insurance companies in which the FSA found needs for further improvements in management controls systems and business operation systems. The FSA also required improvement status reports.

<http://www.fsa.go.jp/news/20/hoken/20080703-6.html> (Administrative actions against 10 insurance companies)

On December 16, 2011, the FSA removed this obligation for periodic reporting on the improvement status, and published the improvement status.

In removing the periodic reporting obligation, the following explains (1) status of improvement in system developments, (2) status of non-payment claims, (3) future policies.

1. Status of Improvements in System Developments

(1) Causes of Occurrence

When the FSA issued its business improvement orders in 2008, it was found that in many cases, life insurance companies have failed to pay insurance claims that should have been paid in the event of an accident covered by insurance. These occurrences were due to the following deficiencies in system aspects.

- Top management and the entire company were insufficiently aware of the necessity of preventing occurrences of non-payment insurance claims, etc. There was especially insufficient awareness of the importance of providing guidance to policyholders with regard to how to make an insurance claim.
- Effective internal audits focusing on non-payments of insurance claims, etc. were not conducted.
- Deficiencies were seen in the development of systems to eliminate human error: development of a system

needed to prevent non-payments of insurance claims from occurring, development of a clerical process to provide claims guidance without fail, mutual checking between payment assessors, etc.

- For staff working on payments, there were insufficient training program and education systems which should consider the characteristics of reasons for payments of insurance claims, etc.
- There was insufficient development of business systems to preserve insurance contracts: raising awareness of policyholders to request insurance claims to insurance companies to prevent non-payments, and providing information to policyholders on specific methods used to make an insurance claim.

(2) Specific Improvement Policies

At each insurance company which received a business improvement order, top management took the lead in taking the following actions for problematic systems.

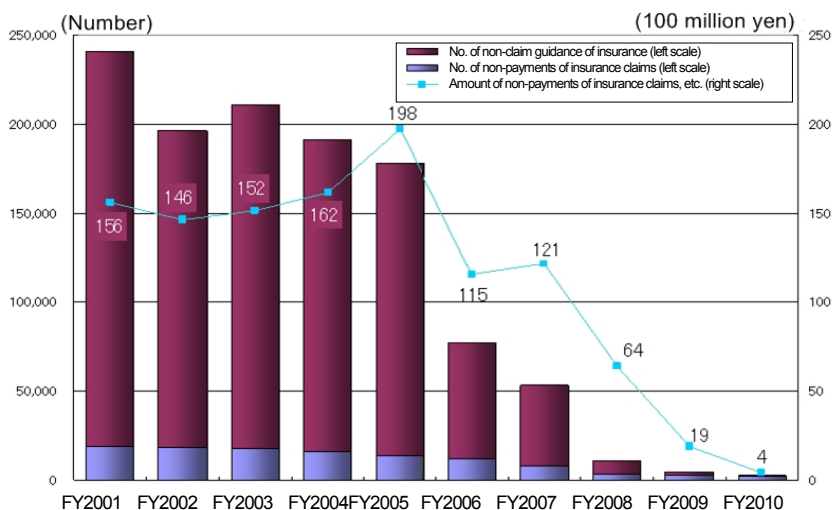
- For events with a possibility of leading to payments, the previous passive stance of waiting for inquiries from insurance policyholders was changed to building an active stance, such as by providing claims guidance at the time of payment or immediately after payment
- At least each 6 months, execution of effective internal audits by specialized staff, which focus on non-payments of insurance claims
- Development of systems to prevent human error: Introduction of electronic assessment documents and mechanized assessment systems, verification after payment by parallel assessment systems and staff other than assessors, etc.
- Strengthen training programs and education systems for staff working on payments etc., by systematic training programs and e-learning systems
- Provision of information: Notices of past payment results, and checksheets for self-checks on whether there are other related claims that policyholders can claim when they claim insurance benefits
- Revision and elimination of insurance products, in order to make payment reasons easier to understand for insurance policyholders

etc.

In addition to these actions, the entire insurance industry is implementing initiatives. For example, The Life Insurance Association of Japan created the “Guidelines on Insurance Claims Guidance Clerical Work” (shows the basic approach for the content, methods and timing of claims guidance, and the method of explaining to ensure that insurance policyholders, etc. recognize when insured accidents occur).

2. Status of Non-Payments of Insurance Claims

In FY2005, there were about 178,000 non-payments of a total of about 19.8 billion yen of insurance claims. The system developments implemented by insurance companies as described in 1. above reduced these to about 2,000 non-payments of a total of about 0.4 billion yen of insurance claims in FY2010.



Also, most non-payments of insurance claims in 2010 (about 80%) were discovered by insurance companies themselves, by verification after payment, internal audits, etc. as described in the above system developments.

However, although they are decreasing, non-payments still exist in FY2010. For non-payments, each company is clarifying the causes each time a non-payment occurs and is working to develop systems to take necessary countermeasures. The improvement status of specific actions for non-payment is described below.

- In the situation where there were multiple related terms for the same disease, non-payments were caused due to overlooking some terms. Therefore, systems were quickly improved, such as by adding key words.
- Non-payments (mistakes in amount paid per day of hospitalization) caused due to insurance contract changes. Therefore, when the contracts are changed, after payment of the benefits, priority is placed on their verification.

3. Future Policies

There is no end to improvements needed in insurance claim payment operations. In order to work on further improvements in insurance claim payment management systems, The Life Insurance Association of Japan and each life insurance company have been requested to do the following.

- Periodically announce the status of non-payments at each life insurance company
- In order to receive a wide range of consultations from policyholders regarding payments of insurance claims, enhance the content of distribution of insurance products and the contracts by solicitors, such as raising awareness information.

* For details, please go to the FSA's web site and access [“Improvement status of 10 life insurance companies for which business improvement orders were issued” \(December 16\)](#) in the Press Releases section. (Available in Japanese only)

“Summary of Discussions in ‘Study Group on OTC Derivative Market Regulation’ ”

In September 2009, the G20 Pittsburgh Summit Leaders' Declaration stated “All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. OTC derivative contracts should be reported to trade repositories.” For OTC derivative market regulations in Japan, the 2010 revised Financial Instruments and Exchange Act established a centralized settlement and transaction information storage and reporting system for standardized transactions.

On the other hand, standardized OTC derivative transactions are obligated to use electronic transactions infrastructure which meets certain requirements. Considering the moves toward development of foreign countries' systems and the status of progress in international discussions, it was decided to delay the creation of a system. But since then, Japan OTC derivative transactions have been on a growth trend, and international discussions and the development of a system in various countries are taking place.

Consequently, based on instructions by the FSA's top three politicians, the “Study Group on OTC Derivative Market Regulation” was established, comprised of members including financial institutions, settlement and transfer institutions and experts. This group performed the required study and met four times since November 2011. For centralized settlement, storage and reporting of transaction information, the direction for specifying items stipulated in the 2010 revised Financial Instruments and Exchange Act is also discussed. The group announced its results on December 26, 2011, as the “Summary of Discussions in the ‘Study Group on OTC Derivative Market Regulation’.”

The outline of the summary is as follows.

1. Use of Electronic Transaction Infrastructure in the OTC Derivative Market

(1) Aims of System Development in Japan

- The authorities' monitoring of actual transaction conditions, including fairness of price formation
- Conduct transactions using highly reliable methods based on previously established rules, to contribute to market stabilization during financial crises
- Enhancement of price transparency is expected to improve the efficiency of futuristic markets, and expand

the number of market participants

- Encourage straight through processing with electronic processing for the series of clerical steps from contract agreement until settlement (reduce operational risks, boost efficiency of clerical work)

(2) Systematic Framework Approach

- Subject parties: Initially, among financial instruments business operators, those transactions between parties in a so-called dealer standpoint with a large volume (balance, frequency) of subject transactions. Expansion will be studied as needed.
- Subject transactions: Transactions with a certain level of standardization and liquidity, and which are traded via a settlement institution (initially, yen denominated interest rate swaps (plain vanilla type) are envisioned)
- Requirements of electronic trading infrastructure with obligatory use: Electronic trading infrastructure providers are required to register as type I financial instruments business operators. To achieve the system's intentions, they must store and publish transaction records, report to authorities, and develop fair trading rules.
- Handling of foreign countries' electronic trading infrastructure: Establish an exception to enable the provision of unregistered electronic trading infrastructure in Japan. This is under the condition that the foreign country's electronic trading infrastructure is subject to the supervision of overseas authorities, and that there is a cooperative supervision framework between authorities.
- Execution period: To enable sufficient preparation by both electronic trading infrastructure providers and users, quickly develop the system, and set a certain period until execution (maximum of about three years).

2. Specification of Centralized Settlement System and Storage and Reporting of Transaction Information

- (1) Write specific directions as stipulated by Cabinet Office Ordinances, etc., for both systems developed by the 2010 revised Financial Instruments and Exchange Act.
- (2) Introduce both systems in stages. Initially, these mainly apply to financial instruments business operators with high frequency and large balances of OTC derivative transactions.

While considering the content of this summary, the FSA will quickly make required system improvements.

* For details, please go to the FSA's web site and access [“Summary of Discussions in ‘Study Group on OTC Derivative Market Regulation’ ” \(December 26\)](#) in the Press Releases section. (Available in Japanese only)

Revision of “FSA Business Continuity Plan”

Currently, considering that the Great East Japan Earthquake created a disaster which exceeded previously imagined levels, the FSA is sorting out that experience and its lessons. To boost the effectiveness of its business continuity system, the FSA revised its “FSA Business Continuity Plan (Earthquake Directly below Tokyo Edition).” An outline of this plan is explained below.

1. Emergency Priority Operations

When an envisioned disaster strikes, the minimum imaginable operations which the FSA must perform and execute (“Emergency Priority Operations”) are as follows.

- (1) Establish and operate a Disaster Countermeasures Headquarters (Headquarters Manager: Minister)
 - Communication and coordination with the government's Disaster Countermeasures Headquarters, the Ministry of Finance, and Bank of Japan
 - Comprehensive coordination for gathering and assigning staff
- (2) Check the status of financial markets and financial institutions, etc.
- (3) Provide information to the people, financial institutions, overseas authorities, etc.
- (4) Manage and operate FSA's IT system (EDINET)

- (5) Request financial institutions to support disaster victims
etc.

2. Main Points of Revision

(1) System for Gathering Staff

- For gathering the key staff for execution and continuation of priority operations in an emergency, even if public transit is interrupted, to enable staff to reliably gather at the FSA Head Office, designate staff who can gather by walking from their homes to the Head Office.
- Newly establish a reserve staff group comprised of staff who live near the FSA Head Office, and who work in sections and offices which do not have priority operations in an emergency.

(2) Priority Operations Checklist

- To clearly understand what should be done by the staff gathered at the FSA Head Office, newly create a checklist for priority operations in emergencies. Top officials would use this list to comprehensively coordinate priority operations of each section and office.

(3) Authority Delegation

- For authority delegation, establish the order of succession up to the seventh person if the Disaster Countermeasures Headquarters Manager (Minister) cannot command. Also register the succession order up to about the fifth person, for the person with authority for each emergency priority operation.

(4) Ensuring the Work Execution Environment

- More specifically stipulate the status of system development, such as information provision means, communication means and stored reserves, for execution and continuation of priority operations.

(5) Education and Drills

- Disaster prevention drills and training have been provided. Unceasingly revise these to keep their content highly effective, considering changes in the environment faced by the financial system.

3. Future Issues

(1) Strengthening Means of Communication with Financial Institutions and Other Related Parties

- To enable smooth emergency priority operations by each section and office, continue working to strengthen the means of communication with financial institutions and other related parties. For example by increasing the number of satellite mobile phones.

(2) Strengthen the Continuity Activities for Publicity Activities when an Envisioned Disaster Strikes

- To prepare for a broad disaster in the Kanto Region when the internet becomes unusable for a long time, investigate establishing an FSA web site backup center, and publicity activities utilizing another institution's web site.

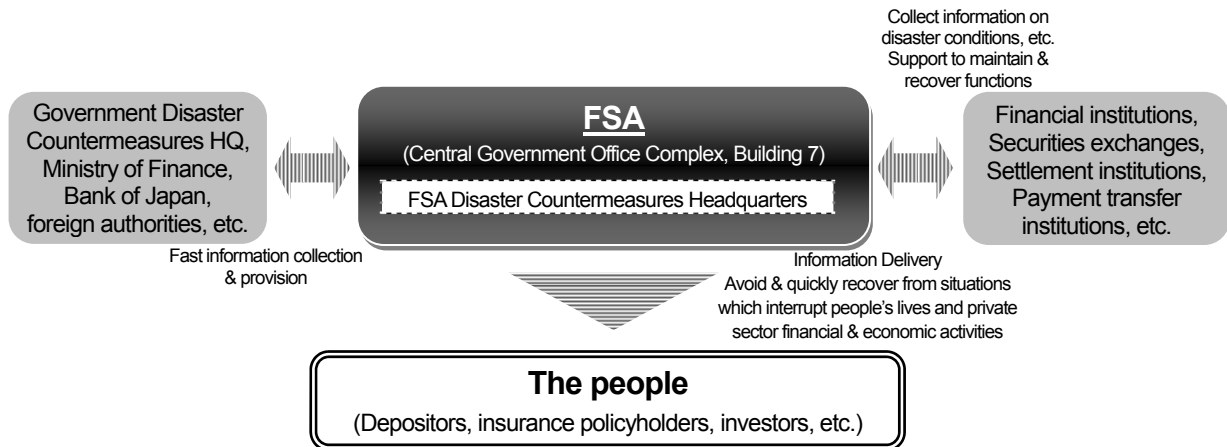
(3) Study a Business Continuity System for a Broad Disaster in Tokyo

- To prepare for a broad disaster in Tokyo and enable smooth continuation of operations at alternative locations, the FSA will proceed with further study considering the status of study by the entire government.

Unceasing efforts are required to strengthen the business continuity system for earthquakes, etc. The FSA will continue to work on further initiatives for a stronger business continuity system. At the same time, the FSA will also require financial institutions to study business continuity systems, and continue to cooperate closely with related institutions. It thus aims to build a flexible and durable business continuity system for the entire financial system against risks of earthquakes, etc.

* For details, please go to the FSA's web site and access [Revision of "FSA Business Continuity Plan" \(December 14\)](#) in the Press Releases section. (Available in Japanese only)

FSA & Related Institutions: Conceptual Diagram



Notice

● Great East Japan Earthquake - Related Information

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

FSA website

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)

● 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 \(SESC\)](http://www.fsa.go.jp/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](https://www.fsa.go.jp/sesc/watch/) 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: The day before yesterday, the central banks in Japan, North America and Europe announced measures to facilitate the provision of dollar funds. Yesterday, the interest rate on funds raised in the money market declined. How do you view the effect of those policy measures and the current market condition?

A1. As was mentioned now, the measures announced at this time are expected to facilitate smooth provision of dollar funds, particularly in Europe, so I believe that appropriate measures have been taken to ensure the stability of the global financial markets. While Japanese financial institutions have no difficulty raising foreign-currency funds, the Financial Services Agency (FSA) will continue to carefully monitor the situation while maintaining cooperation with relevant ministers and the Bank of Japan.

[\[Extract from the press conference following the Cabinet meeting on December 2, 2011\]](#)

Q2: Regarding the SME Financing Facilitation Act, I understand that this will be the final extension. Could you elaborate further on why you have decided not to extend it another time despite the possibility that the economic condition could deteriorate?

A2. Basically, I believe that the efforts made in accordance with the SME Financing Facilitation Act are taking root.

On the other hand, some people have pointed out such problems as an increase in re-modification of the loan terms, which is referred to as rescheduling.

In light of that, it is necessary to ensure a "soft landing" that facilitates a smooth shift in emphasis to supporting business rehabilitation while implementing a comprehensive "exit strategy," including support for the improvement of the management of SMEs, so I have decided to extend the act for one year for the last time.

By implementing such measures, the FSA is resolved to facilitate financing and aggressively support the improvement of the management of SMEs while taking care to ensure the sound and appropriate management of financial institutions' business operations. We are not considering extending the act again another time.

[\[Extract from the press conference following the Cabinet meeting on December 27, 2011\]](#)



Press Releases in December

December 1	Access	Results of questionnaire survey on initiatives in consideration of disabled people, etc. (Early reported values)
	Access	Enforcement of short sales related to capital increase through public offering
December 5	Access	"Draft Cabinet Office Ordinance for partial revision of Ordinance for Enforcement of Shinkin Bank Act" published

	Access	Draft partial revision of the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” published
	Access	8th Financial System Council “Working Group on Medium and Long Term Approach of Japan’s Financial Industry” – program
	Access	Financial administration internship system implemented at the FSA
	Access	Financial System Council “Working Group on Insider Trading Regulation” (5th) – program
December 6	Access	Working Group on Regulatory Approach to Group Management of Insurance Companies (9th) – program
	Access	42nd Financial Service Dispute Resolution Liaison Group documents
December 8	Access	Merger of life insurance companies
	Access	Decision on capital participation in The 77 Bank Ltd.
December 9	Access	Overview of major banks’ financial results as of September 30, 2011
	Access	Overview of regional banks’ financial results as of September 30, 2011
	Access	Revision of business revitalization plans
	Access	Report on the details of measures taken to deal with failed financial institutions
	Access	Additions to matters subject to measures incidental to implementation of United Nations Security Council Resolution 1929
December 12	Access	Main items related to the FSA in the FY2012 tax reform outline
December 13	Access	Situation of changes in lending conditions based on the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. (Early reported values)
	Access	Decision on Administrative Monetary Penalty Payment Order for market manipulation concerning Sakai Heavy Industries, Ltd. shares
December 14	Access	Revision of “FSA Business Continuity Plan”
December 16	Access	Administrative Actions against UBS Securities Japan Ltd and UBS AG, Japan Branches
	Access	Administrative Action on Citigroup Global Markets Japan Inc.
	Access	Administrative Actions against Citibank Japan Ltd.
	Access	Improvement status of 10 life insurance companies for which business improvement orders were issued
December 19	Access	Status of progress on initiatives by market participants to reduce securities settlement risks
December 20	Access	Administrative Action against K•B•C Co., Ltd.
	Access	9th Financial System Council “Working Group on Medium and Long Term Approach of Japan’s Financial Industry” – program
	Access	“Symposium on Avoiding Financial Troubles” held (Hiroshima)
December 21	Access	“Symposium on Avoiding Financial Troubles” held (Osaka)
December 22	Access	Establishment (update) of FSA Regulatory Notice concerning designation of related corporations of credit rating agencies (group designation concerning explanation items of unregistered ratings)
	Access	Administrative Action against Rights Trust Inc.
December 26	Access	FSA budget, organization and staff quota for FY2012
	Access	General Meeting of the Business Accounting Council and the Planning Coordination Subcommittee – program
	Access	“Summary of Discussions in ‘Study Group on OTC Derivative Market Regulation’ ”
	Access	FY2011 Awards to Meritorious People Who Spread Financial Knowledge
	Access	Decision on Administrative Monetary Penalty Payment Order for market manipulation concerning inspec

		Inc. shares
	Access	Decision on Administrative Monetary Penalty Payment Order for false statements in a quarterly report concerning Nihon Industrial Holdings Co., Ltd.
	Access	Decision on Administrative Monetary Penalty Payment Order for market manipulation concerning Traveler Co., Ltd. shares
	Access	Cabinet Office Ordinance for Partial Revision of the Cabinet Office Ordinance on Financial Instruments and Exchange Business
December 27	Access	Administrative Action (extension) against MF Global FXA Securities, Ltd.
	Access	“Draft Partial Revision of Designation of Transactions and Lending Excluded from Transactions Subject to Financial Instrument Debt Underwriting Business” published
	Access	Execution status report on business revitalization plans
	Access	Statement by Shozaburo Jimi, Minister for Financial Services – Final extension of expiration of the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. –
	Access	Banks’ Shareholdings Purchase Corporation and Life Insurance Policyholders Protection Corporation of Japan (Press Conference by Shozaburo Jimi, Minister for Financial Services, December 27, 2011)
December 28	Access	Business Sentiment etc. of Small & Medium-sized Enterprises – Questionnaire Survey Results Summary
	Access	Decision for the purchase of trust beneficiary rights, etc. for The Shinkumi Federation Bank
	Access	Money lending business related documents updated
	Access	Number of debtors who halted contracted repayments since the Great East Japan Earthquake, and amount of such debts (September 30)
	Access	is a link to the publication web page.

Web Pages Most Accessed in December

This section shows the December 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](#)
- [Financial Facilitation Measures for Small and Medium-sized Enterprises](#)
- [List of licensed \(registered\) financial institutions](#)
- [Draft partial revision of the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” published](#)
- [Administrative Actions against Citibank Japan Ltd.](#)
- [“Administrative Actions Casebook” updated](#)
- [Improvement status of 10 life insurance companies for which business improvement orders were issued](#)
- [Main items related to FSA in FY2012 tax reform outline](#)
- [Active Use of “Capital Type Borrowing”](#)
- [Merger of life insurance companies](#)