

Changing environment around financial groups

Business diversification of financial groups

Rapid progress of IT innovation

Enhance business management

- Clarify the “functions” that a financial group should perform to make business management of each financial group fully effective, given that it has its own “management style”

(Examples of the “functions”)

- Develop group management policies
- Develop group policies including those on revenue, risk-taking, and capital management
- Establish and operate a group business management structure
- Establish and operate a group-wide compliance system, and manage conflicts of interest in a financial group
- Develop and implement group restructuring plans (particularly, in the case of G-SIFIs)

Achieve synergetic and cost-reduction effects through consolidating operations

- Facilitate consolidation of common/duplicate operations in a financial group, in order to achieve synergetic and cost-reduction effects

Business execution by a holding company

- permit a holding company to execute business operations which are common/duplicate in group entities, including system management and group-wide fund management

Business consolidation into a subsidiary

- enable centralization of management obligation of a outsourcee subsidiary, for which each outsourcer bank is otherwise responsible, to a holding company, when common/duplicate operations in a financial group are consolidated into a specific subsidiary

Financing between banks in a group

- permit flexible application of Arm’s-length Rules to transactions between banks in a group, provided that a sound financial position is ensured, and clear transaction rules and conditions are established in the group

Respond to rapid progress of IT innovation

- Enable financial groups to conduct business activities flexibly by incorporating IT innovation in a strategic manner

Investment in finance-related IT companies, etc.

- allow strategic investments in companies that implement “businesses that contribute or may contribute to improve services provided by a bank” on the condition that there is no problem with financial group’s soundness, no threat of abuse of dominant bargaining position or conflicts of interest, and other negative factors

Commission of operations inside or outside a bank group

- relax “regulations on revenue dependence” to facilitate commission of operations including bank system management and ATM maintenance to a party inside or outside a bank group

further consideration

In relation to the Companies Act, etc.

- study business management of a financial group in light of regulations by the Companies Act, etc., such as authority of a holding company to give instructions to directors of its subsidiary banks, responsibilities of the subsidiary banks’ directors for dereliction of duty, etc.

In relation to participants in banking business from other industries

- study how other industry groups participating in banking business should be regulated in light of equal footing with conventional banking groups as well as promoting innovations