As prepared for delivery

Lead speech by Miyoshi Toshiyuki
Vice Minister for International Affairs, Financial Services Agency
Japan Securities Summit 2026
London, United Kingdom, February 11, 2026

Introduction

Good afternoon, everyone. First of all, I would like to thank the Japan Securities Dealers Association, Japan Exchange Group, and International Capital Markets Association for inviting me to Japan Securities Summit 2026. I feel honored and privileged to have the opportunity to deliver a lead speech in front of such distinguished participants at this historic Mansion House.

Today, I will be discussing the government's initiative to promote Japan as a leading asset management center. As you probably know, this initiative started in 2023 and forms a crucial part of the government's growth strategy. It is aimed at contributing to economic growth through the increased flow of household savings into productive investments. This would lead to companies' enhanced corporate value, and the fruit of the investment would then return to households for further investment and consumption.

To this end, the FSA has been implementing comprehensive reforms across the investment chain—households, corporates, financial services providers, asset managers, and asset owners. As Minister Katayama mentioned in her message, this initiative has yielded tangible results.

Indeed, Japan is now at a turning point. It is moving away from the long-standing deflationary, cost-cutting economy toward a growth-oriented one, supported by increased investment and higher productivity.

Against this backdrop, the government led by Prime Minister Takaichi is committed to developing a growth strategy package aimed at realizing a robust economy. As part of this, the government plans to expand the current initiative and develop a new comprehensive financial services strategy by the summer.

Let me introduce to you the recent progress made and some next steps currently under consideration.

Households

One of the next steps is a further enhancement of NISA.

NISA is a tax-exemption scheme for retail investors on capital gains and dividend income in Japan, originally modelled after the UK's Investment and Savings Account. As Minister Katayama mentioned earlier, the government implemented a fundamental revision of NISA in January 2024; it is now a permanent scheme, and the annual investment limit has also been expanded. As a result, the number of NISA accounts has increased by 27 percent in 18 months to about 27 million; this means that one in four Japanese adults now holds a NISA account. Participation is growing across all generations, particularly among younger people. As such, our long-standing aim of channeling household savings into productive investments is steadily gaining momentum.

It is important to keep this momentum and enable people of all generations—including the young and the elderly—to accumulate their assets in line with their individual life plans. Accordingly, the tax amendment plan for the fiscal year starting this April includes a proposal to remove the age restrictions for NISA's installment-type scheme, which would allow households to have NISA accounts for their children under 18. The plan also proposes that investment trusts focused primarily on bonds be included in NISA-eligible investment trusts, in addition to those focused primarily on equities. This would incentivize those with relatively low risk tolerance to take their first step to start investment.

At present, Japan's household financial assets exceed 2,200 trillion yen (approximately GBP 11 trillion/USD 15 trillion). While the share of risk assets has increased and reached a record high, cash and deposits still account for about half of total assets. This proportion is higher than that of the US (11 percent) or the UK (34 percent); while this is partly a result of a deflationary economy, it also indicates substantial room for growth in asset management in Japan. An increase in the proportion of equities in a growing economy would also result in greater returns on household financial assets.

Corporates

The second area for further steps is corporate governance reform.

Since its introduction in 2015, the FSA has promoted strengthening of corporate governance through revisions to the Corporate Governance Code, with a view to improving Japanese companies' corporate value in the medium to long term. Thanks at least in part to these efforts, corporate mindset appears to be shifting. As Minister Katayama mentioned earlier, more than 90 percent of companies listed on the Prime Market of the Tokyo Stock Exchange have responded to a request from the Exchange in 2023 to disclose plans to improve capital efficiency. Mr. Yamaji, Group CEO of JPX, will perhaps elaborate on their efforts later.

In 2026, the FSA plans to revise the Corporate Governance Code for the first time in five years. I think that now is an opportune time to do it as Japan is finally overcoming deflation. The four main objectives of the revision are the following:

- First, we will streamline the Code and reinforce its principles-based nature to urge companies to focus on core efforts to enhance their corporate value in the medium- and long term.

- Second, we will encourage companies to examine continuously whether their allocation of resources is appropriate, taking into account the existence of various opportunities for investment, such as in R&D and human capital.

- Third, we will further accelerate disclosure of the annual securities report before the company's annual general meeting to better serve constructive dialogue between companies and investors.

- Fourth, we will promote stronger board secretariat functions to help the Board of Directors operate more effectively. As we all know, a board secretariat plays a critical role in assisting board chairs and independent directors.

We hope that companies' ability for value creation will be strengthened through further corporate governance reform.

Asset Management Services

The third area is the sophistication of asset management services, which has a crucial role to play in channeling household financial assets into growth investments.

Assets under management in Japan amount to approximately 1,000 trillion yen (GBP 5 trillion), having tripled over the past decade and continuing to grow. However, the number of asset management firms operating in Japan remains limited compared with overseas markets.

To address this, the FSA has put in place a Japanese version of EMP, which stands for Emerging Managers Promotion Program. We are working to promote new entry into the investment management business through easing regulations and encouraging financial institutions to use emerging managers.

One such regulatory easing involves relaxing the requirements when emerging managers outsource so-called middle- and back-office functions, such as compliance and fund accounting. This facilitates the entry of skilled asset managers and allows them to focus on asset management itself.

Since the amendment of relevant laws and regulations took effect in May last year, three companies have been registered as service providers eligible to undertake middle- and back-office functions. We understand that more firms are currently preparing for registration.

Another regulatory easing allows investment managers to fully outsource investment execution and solely focus their work on planning business. This revision also came into effect in May last year and has enabled emerging managers to make use of so-called fund management companies. By entrusting the launch and operational execution of the funds to specialized firms, asset managers can focus themselves on producing investment concepts and investment universe design. We hope that such a business model will become a viable option in Japan.

Furthermore, the FSA has a one-stop support office to encourage entry of foreign financial institutions into Japan’s financial markets. The office handles all the regulatory processes from pre-application consultation, registration, to supervision in the English language.

We hope that the entry of asset managers with various investment approaches will result in raising the quality of asset management services and industry in Japan.

Asset Owners

The fourth area is asset owner reform.

As entities managing funds such as pensions, insurance, and endowments, it is essential that asset owners have in place robust governance and risk management frameworks to pursue the best interests of beneficiaries.

To this end, the government developed the “Asset Owner Principles” in August 2024, setting out the common principles that help asset owners fulfill their responsibilities to their beneficiaries. As of the end of last month, 337 entities have declared that they have adopted these Principles.

Major public asset owners in Japan, such as the GPIF (Government Pension Investment Fund), go even further. They have published guidelines to diversify investable assets, as well as hire and train professional talent. Moreover, some public asset owners have started to engage in alternative investments, including in private equity. We expect public asset owners to enhance their investment capabilities so that they can diversify their investable assets, with a view to better serving the best interests of the beneficiaries.

Strengthening External Communications

In advancing the initiative, we are also strengthening dialogue with stakeholders in Japan and abroad.

For example, we launched “Japan Weeks” in 2023 as an annual event to strengthen engagement with global investors and promote the attractiveness of Japan’s financial markets. The core week of “Japan Weeks 2026” is scheduled for 26-30 October and the event is expected to serve as an important opportunity to communicate Japan’s vision to become a leading asset management center.

We also launched the Japan Asset Management Forum in October 2024 as a platform for dialogue on increasing flow of household savings into productive investment and reforming the asset management industry in Japan. We have received valuable proposals from a wide range of stakeholders, particularly asset management firms in Japan and abroad.

Conclusion

Let me conclude.

To date, I believe that our initiative to promote Japan as a leading asset management center have received positive feedback from market participants both at home and abroad.

Going forward, we will continue our work to strengthen corporate governance and the asset management industry, so that financial assets can be channeled into productive investments, and households can reap the benefits from their investments. I would appreciate your continued interest in this initiative and cooperation.

Thank you.