

“JAPAN IS BACK. INVEST IN JAPAN.”

MIYOSHI Toshiyuki

Vice Minister for International Affairs
Financial Services Agency

Carlyle-SMBC Breakfast Roundtable
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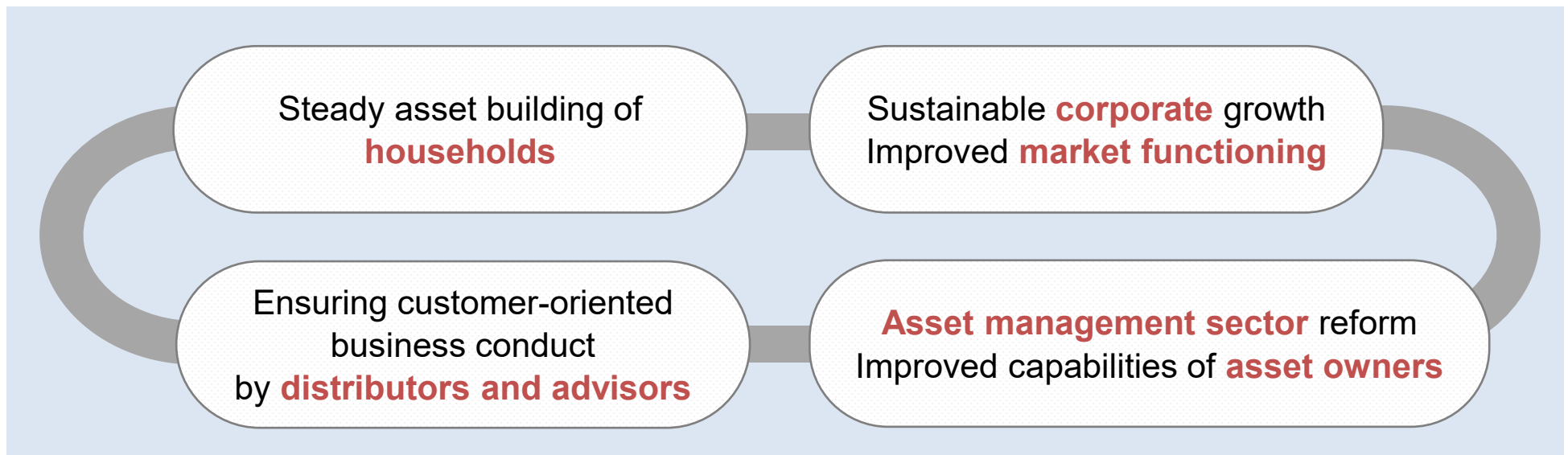
金融庁

Financial Services Agency, the Japanese Government

* The views expressed in this presentation do not necessarily reflect the official view of the FSA, Japan.

Promoting Japan as a Leading Asset Management Center

- The initiative aims to achieve a **virtuous cycle of growth**, including through an increased flow of Japan's household savings into productive investment. This will lead to enhanced corporate value and steady asset building by households, laying a foundation for Japan's economic growth.
- The initiative focuses on engagement with **stakeholders in the investment chain** to encourage these dynamics, including through:
 - I. **Plan to boost household asset building**
 - II. **Corporate governance reform**
 - III. **Reform of asset management sector and asset ownership**
 - IV. **Ensuring customer-oriented business conduct by distributors and advisors**



Government's Growth Strategy

Policy Speech by Prime Minister TAKAICHI Sanae to the 219th Session of the Diet (October 24, 2025)

Achieving robust economic growth through bold strategic investments that enhance resilience against potential crises

“It is vitally important for us to make Japan’s “economic pie” larger over the medium to long term. We will aim to cultivate cutting-edge technologies that contribute to resolving the issues Japan faces, enabling the Japanese economy to realize vigorous growth. As a step towards that goal, we will launch the Council for Japan’s Growth Strategy.”

⇒ [Achieving medium-to-long-term growth of the Japanese economy through the advancement of cutting-edge technologies](#)

“Strategic investments that enhance resilience against potential crises are the core focus of the Takaichi Cabinet's growth strategy. These are strategic investments that the public and private sector will implement preemptively, working hand in hand, to address various risks and social issues, including economic security, food security, energy security, health and medical security, and measures to enhance national resilience. If we succeed in providing products, services, and infrastructure that contribute to the resolution of commonly-shared global issues, that will lead to further economic growth for Japan. Transforming apprehension towards the future into hope, we will carve out new growth for the economy.”

⇒ [Promoting investment through public-private collaboration, focusing on 17 key sectors](#)

[...]

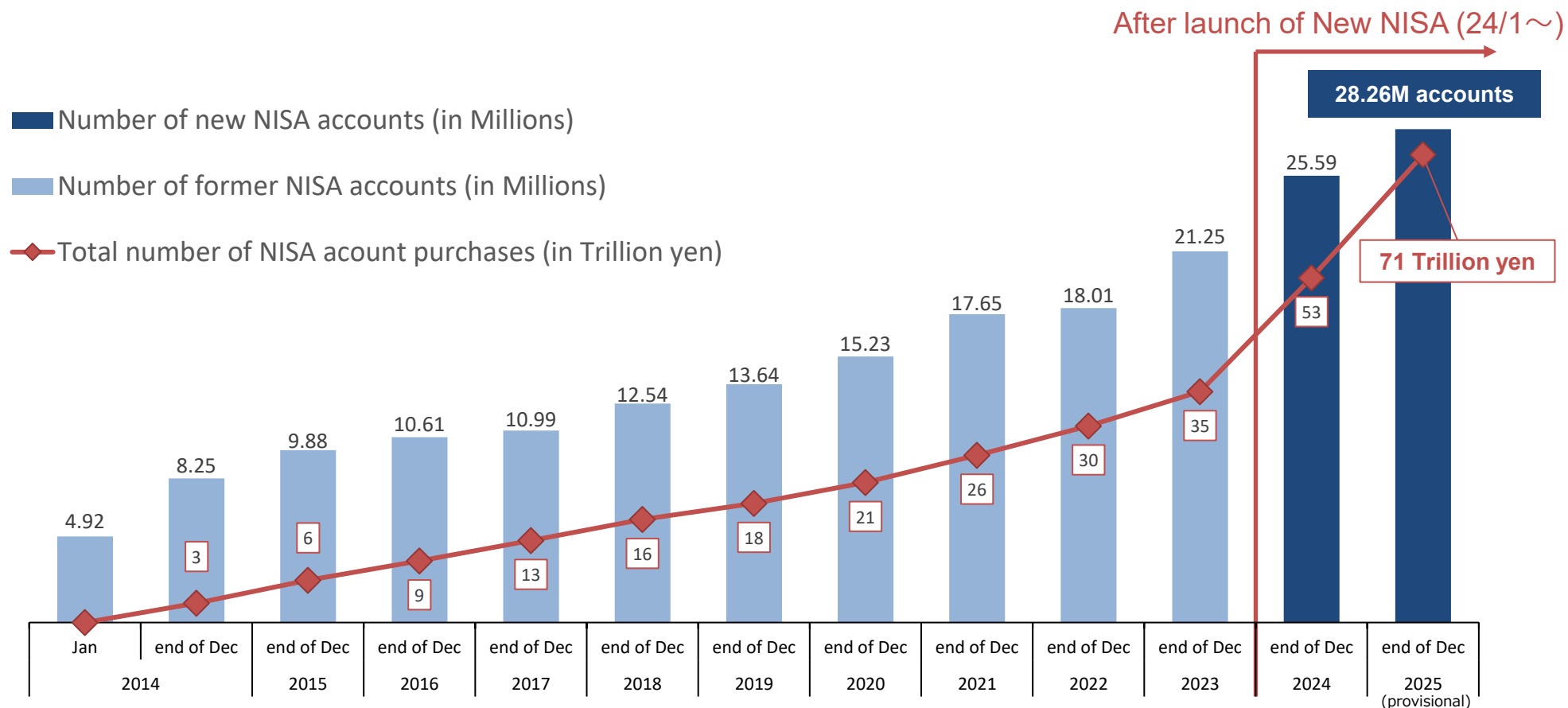
“We will also need the power of finance to accelerate our growth strategy. Building upon the results of our efforts to shift capital from savings into investments as one part of our promotion of Japan as a leading asset management center, we will formulate a strategy that unleashes the latent potential of both the Japanese economy as a whole and local economies through financial mechanisms and implement such strategy through public-private cooperation.”

⇒ [Formulating a financial strategy to mobilize the funds for investment smoothly and effectively](#)



New NISA

- The number of NISA accounts was **28.26 million** as of end of December 2025. (the Government's target: 34 million accounts by end of Dec 2027)
- NISA accounts purchases reached **¥ 71 trillion** as of end of December 2025. (the Government's target: ¥ 56 trillion by end of Dec 2027)



Note: The number of accounts and total number of NISA purchase amount before the end of December 2023 are the total amount of general NISA and Tsumitate NISA

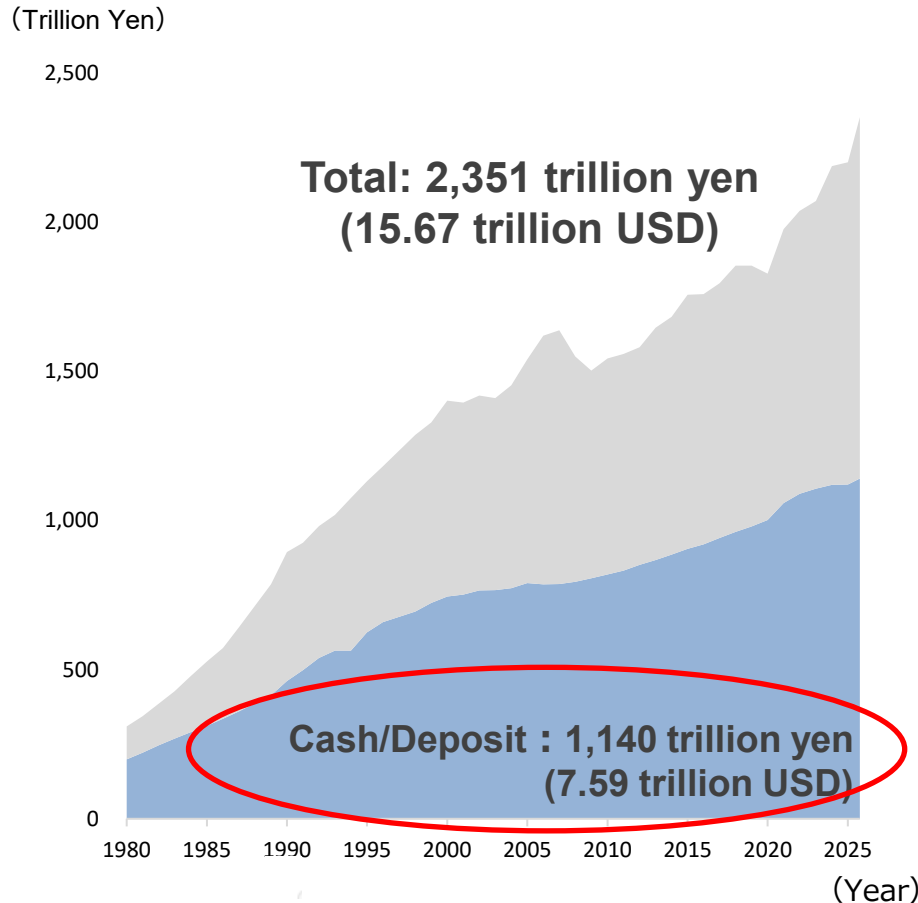
NISA Revisions in 2026

- **Removal of minimum age requirement for the installment-type scheme, allowing households to have NISA accounts for their children under 18 (effective in January 2027)**
 - To promote asset building among younger generations and allow them to prepare for life events and funding needs after reaching adulthood—such as college enrollment
 - ✓ Eligible age: 0 to 17 years old
 - ✓ Annual investment quota: JPY0.6 million
 - ✓ Maximum investment quota: JPY6 million
- **Expansion of NISA eligible products** to meet diverse investment needs
 - **Addition of two new stock indices** to the list of eligible equity indices designated by the Financial Services Agency
 - **Addition of bond-focused investment trusts:** to expand options for investment trusts focused on bonds or balanced (mixed-asset), which would incentivize those with relatively low risk tolerance to take their first step to start investment.

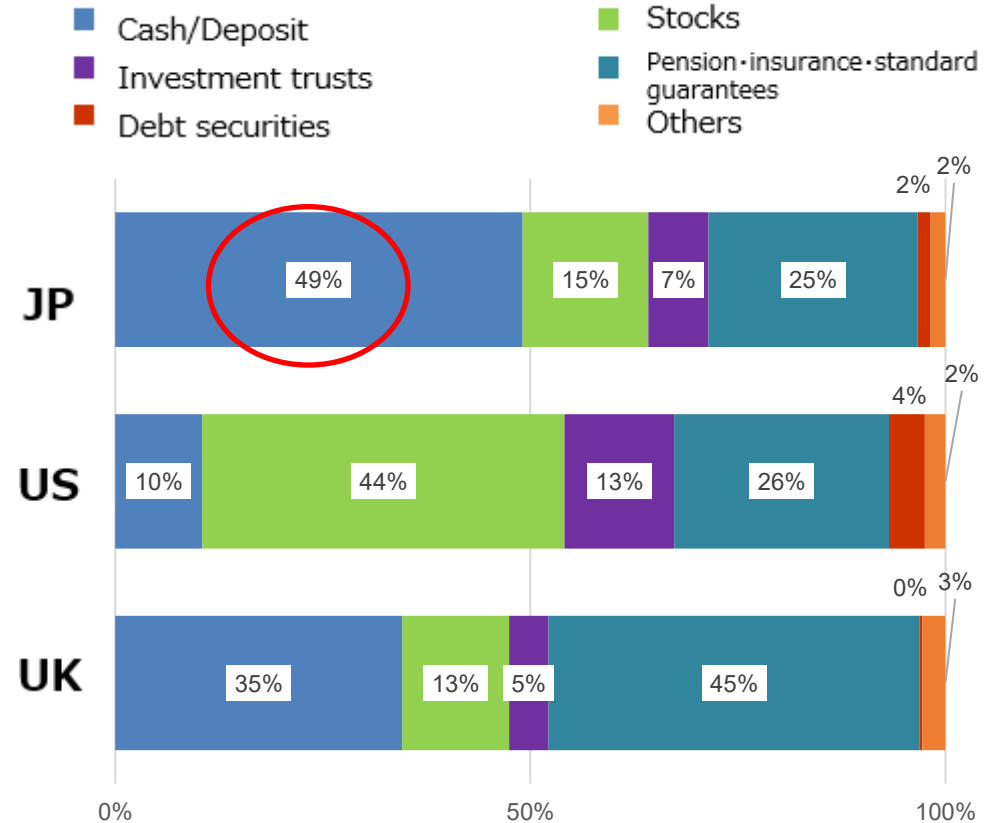
Household Financial Assets

- Japan: Large share of cash holdings, untapped potential for investment expansion

**Household financial assets and cash/deposit
(end of December 2025)**



**Composition of household financial assets
(end of September 2025)**



Note 1: For each country, "Pensions, Insurance, and Standardized Guarantees" includes pension entitlements related to private pensions (funded schemes) as assets but does not include pension entitlements related to public pensions (pay-as-you-go schemes).

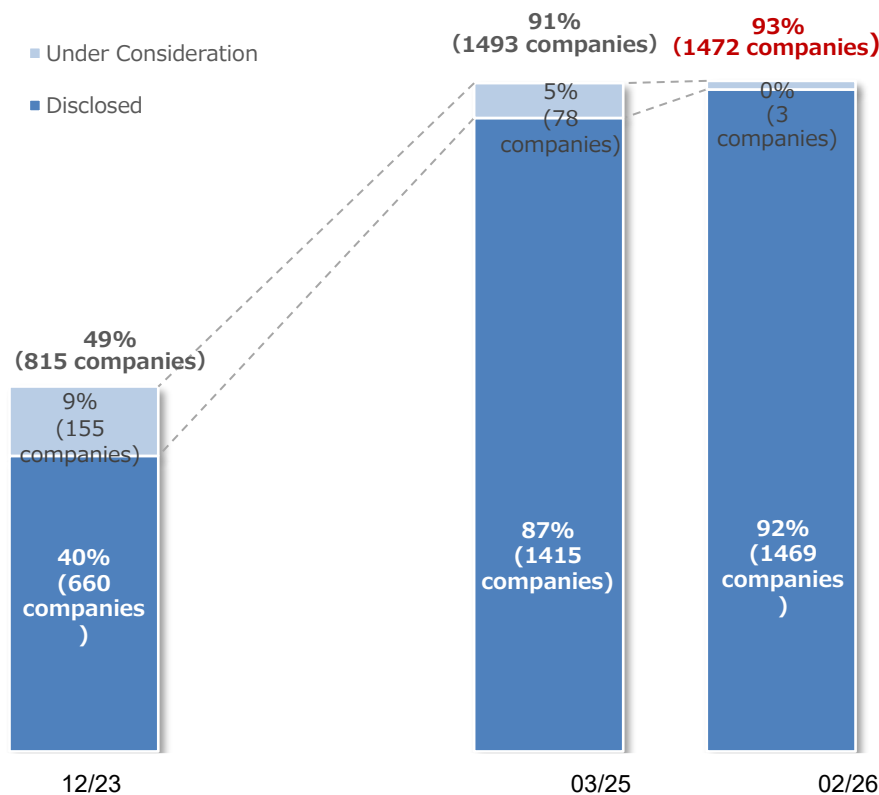
Note 2: The balances of "Shares and Other Equity," "Investment Trusts," and "Debt Securities" in Japan include estimated values allocated from the balance of "External Securities Investment" (the total of non-resident-issued shares, foreign investment trusts, and non-resident-issued bonds) in the Bank of Japan's "Flow of Funds Statistics."

Source: Compiled by the Financial Services Agency based on data from the Bank of Japan, FRB, and ONS.

TSE's Request and Companies' Responses

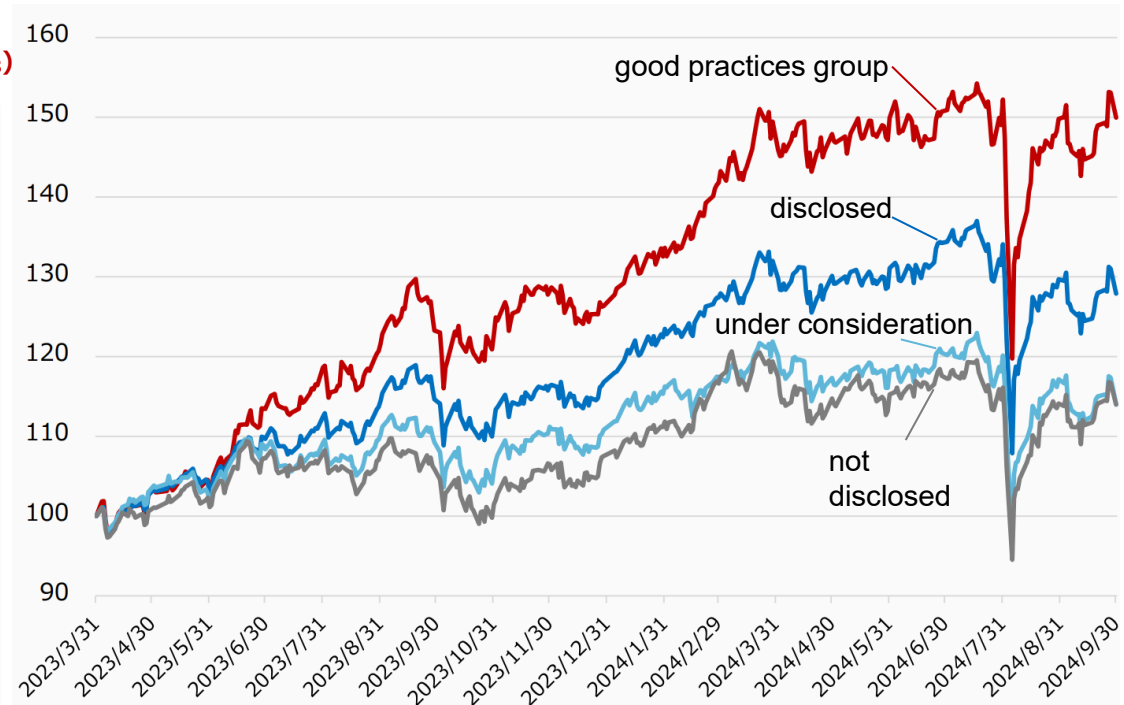
- In March 2023, the Tokyo Stock Exchange requested that its listed companies develop and disclose business management plans being conscious of its **cost of capital** and **stock price**.
- In response, **92 percent of companies** listed on the Prime Market have disclosed the plans to improve their **key indicators such as PBRs**.

Disclosure Status <Prime market (1590 companies)>



Source: TSE

Share Price and Disclosure on Business Plans Conscious of Capital Cost and Share Price (Prime Market-Listed Companies)



*1 The share prices by category are calculated on an equal-weight basis.

*2 "good practices group" refers to the companies listed in the casebook by TSE for good disclosure.
(Source)Tokyo Stock Exchange (November 2024)

In 2026: Revision of the Corporate Governance Code

- On April 10, the FSA and the TSE initiated a public consultation on revisions to the Corporate Governance Code (close of the comment period: May 15).
- The main points of the proposed revisions are:

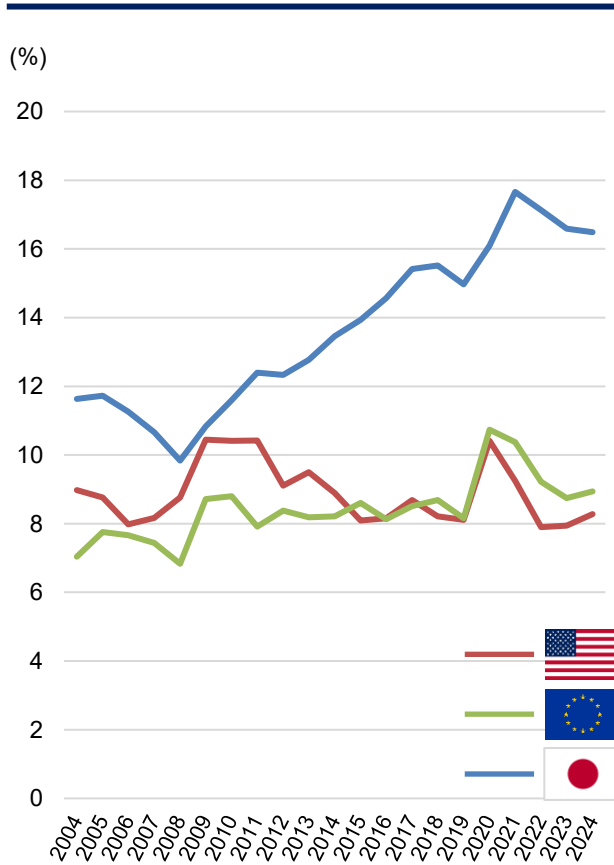
1. ***Streamline the Code*** to make it more principles-based
2. ***Ensure appropriate allocation of resources*** aimed at the company's sustainable growth
3. ***Accelerate disclosure of the annual securities report before AGM*** to better serve constructive dialogue with companies and investor decision-making
4. ***Enhance functions of the board secretariats*** to help the Board of Directors operate more effectively

The public consultation page in English is available at <https://www.fsa.go.jp/en/news/2026/20260410.html>.

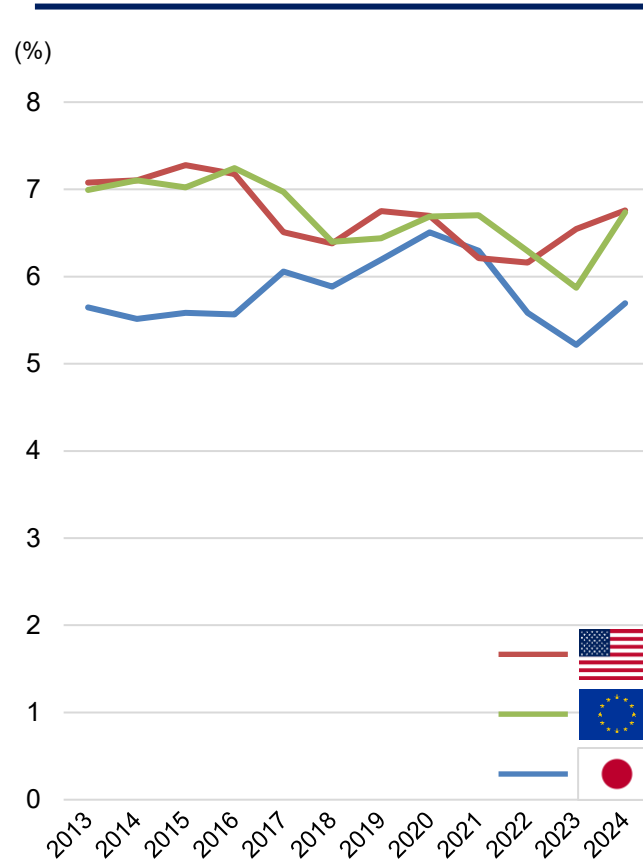
Trends in Corporate Cash, Deposits and Investments

- The **cash and deposits** held by Japanese companies **consistently increased for a long time**.
- There is **potential to improve resource allocation** to achieve sustainable growth.

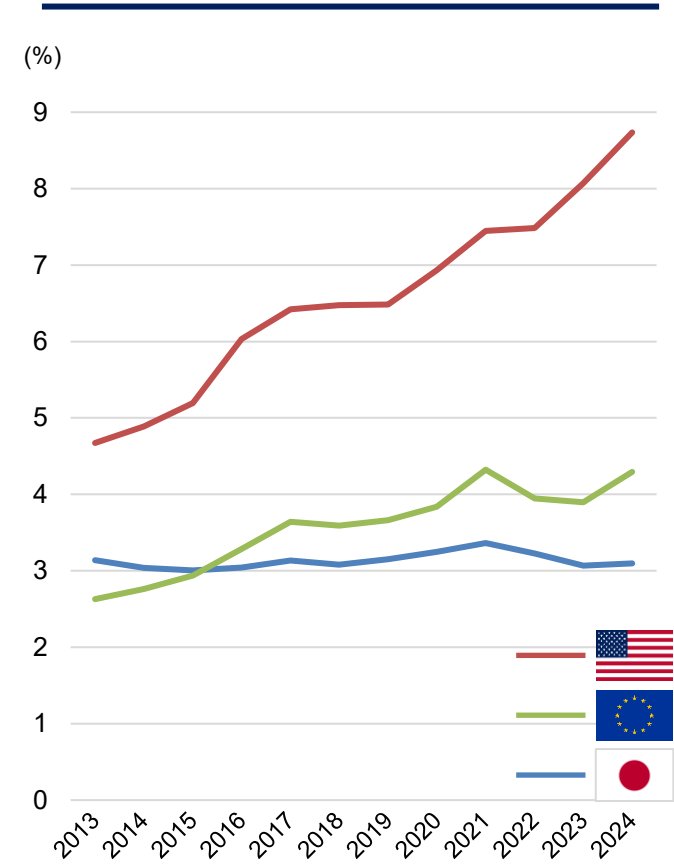
Ratio of Cash and Deposits to Total Assets



Ratio of Capital Investment to Sales



Ratio of R&D Expenses to Sales



[Note] Figures are calculated after excluding companies classified as "financial" from the list of companies included in the TOPIX500, S&P500, and BE500 indices.

"Ratio of cash and deposits to total assets" is calculated as (cash and cash equivalents) / total assets. "Cash and cash equivalents" refers to "cash on hand and bank deposits. Includes short-term investments with a maturity of less than 90 days. If not disclosed separately, this may include marketable securities and short-term investments with a maturity of more than 90 days. Restricted deposits are excluded (restricted deposits are included in other liquid assets) ."

[Source] Compiled by the FSA from Bloomberg.

Improving the Functioning of the Asset Management Sector

Household Financial Assets and the Number of Asset Management Companies

	Household assets (trillion yen)	Number of AM companies
U.S.	20,258	15,870
Hong Kong	458	2,212
Singapore	303	1,250
UK	1,303	1,000
France	1,127	700
Germany	1,473	451
Japan	2,230	461

Key Initiatives

- Follow-up on plans by major financial groups to **enhance their asset management businesses and strengthen their systems**
- Development of **the principles for financial product governance** at asset management companies, etc.
- Rectification of **Japan's unique business practices and removing barriers to entry**
- Establishment of **special zones for financial and asset management businesses**
- Formulation and implementation of **the Emerging Managers Program (Japanese EMP)**

Source: Compiled by the Financial Services Agency from various sources.

Note: (Household financial assets) Japan, U.S., Singapore, UK, France, Germany are as of the end of 2024, and Hong Kong is as of the end of 2022.

(Number of AM companies) Japan is as of the end of 2025, U.S. and Hong Kong are as of the end of 2024, and the Other countries are as of the end of 2023.

Challenges for emerging asset managers:

- ✓ securing **seed money** due to lack of the **company's track record**
- ✓ covering **the initial and the running cost** of doing business in Japan



Encourage entrustment to emerging asset managers by addressing their challenges through public-private initiatives

- FSA requested financial institutions to actively consider entrustment to **emerging asset managers** and **not exclude them simply because they have only a few years of experience**
- Financial institutions published **actual use cases utilizing** emerging asset managers on the FSA web site (**26 institutions** as of January 2026)
- Associations of asset management industry published **a list of emerging asset managers (entry list)**
- FSA submitted a reform bill to allow asset managers to **outsource middle- and back-office operations so that they can focus on asset management** (effective from May 2025)

Asset Owner Principles

- While the size and type of funds managed may vary, the Government of Japan published a **set of common principles that is useful for asset owners to fulfill their responsibility to manage their assets (fiduciary duties)** in August 2024.
- The Principles adopt a **"comply or explain" approach**. **The Government has published a list of the asset owners who adopted the Principles** since January 2025.
- These asset owners are expected to report their progress to responsible Ministries.

Principle 1. Determining the purpose of investment, investment target and management policy, which should be reviewed as appropriate.

Principle 2. Securing talents with sufficient knowledge and experiences, in order to realize the investment purpose and policies.

Principle 3. Choosing investment methods for the best interest of beneficiaries, with **appropriate risk management** and selection of the optimal investment trustee **while managing conflicts of interest**.

Principle 4. Providing information of asset under management and engaging in dialogue with stakeholders, in order to **fulfill accountability to stakeholders**.

Principle 5. Encouraging the sustainable growth of investee companies by conducting stewardship activities, in order to **achieve the investment targets for beneficiaries**.

Adoption of Asset Owner Principles

(348 institutions adopted Asset Owner Principles)

Asset Owner	Type	Asset size (billion \$)	Acceptance of Asset Owner Principles
Government Pension Investment Fund (GPIF)	Pension	\$1,876 billion ⁽²⁾	✓
Corporate Pension (DB)	Pension	\$428billion ⁽³⁾	253
Pension Fund Association for Local Government Office	Pension	\$247billion ⁽²⁾	✓
Pension Fund Association (PFA)	Pension	\$83billion ⁽¹⁾	✓
Organization for Small & Medium Enterprises and Regional Innovation	Pension	\$79billion ⁽¹⁾	✓
Federation of National Public Service Personnel Mutual Aid Associations (KKR)	Pension	\$80billion ⁽²⁾	✓
Organization for Workers' Retirement Allowance Mutual Aid	Pension	\$45billion ⁽²⁾	✓
Promotion and Mutual Aid Corporation for Private Schools of Japan	Pension	\$41billion ⁽²⁾	✓
National Pension Fund Association	Pension	\$39billion ⁽²⁾	✓
Life Insurance Companies	Insurance	\$2,715billion ⁽¹⁾	34
Non-Life Insurance Companies	Insurance	\$192billion ⁽¹⁾	10
Japan Science and Technology Agency (JST)	University	\$80billion ⁽²⁾	✓
Educational corporations	University	N/A	33

Note: (1) Mar. 2025 (\$1=¥150), (2) Sep. 2025 (\$1=¥148), (3) Dec. 2025 (\$1=¥157)

Japan Weeks 2026

- To strengthen engagement with global investors and appeal Japan's market, the FSA launched **"Japan Weeks"** – a series of finance-focused events in 2023.
- **87 events** were held during the third "Japan Weeks" in October 2025, attracting broad participation of 25,000 people (approx.) from international financial institutions, investors, and regulatory authorities.
- **Japan Weeks 2026** will be held during **October 26-30**, serving as a key opportunity to strategically **promote Japan as a leading asset management center**.

Key Highlights during Japan Weeks 2025

Opening Reception by Bloomberg (Oct 20)



Then Minister Kato's opening remarks to celebrate "Japan Weeks 2025"

U.K. FCA's CEO Rathi's speech highlighting Japan-UK financial partnership to support Japan's "Leading Asset Management Center" initiative



Japanese Bankers Association Event (Oct 23)

Minister Katayama announced that FSA would develop a financial strategy to unleash the potential of Japanese economy



Japan Asset Management Forum (Oct 22)



Global & Japanese asset managers discussed the future of the industry across four key themes;

- Corporate Value Enhancement
- Private Investments
- Digital Transformation
- Sustainable Finance



Asset Management Forum (AMF)

- Launched in October 2024 to bring together **domestic and international asset management companies** and related stakeholders
- Aimed at promoting the shift of household savings towards productive investments and **reform Japan's asset management industry**
- **Four themes** addressed in its **statement** issued in October 2025 following the dialogue and discussion among members and related stakeholders:
 1. Enhancing Corporate Value and Promoting Investment in Japan, including Regional Areas
 2. Alternative Investment
 3. Digital Transformation in Asset Management Business
 4. Sustainable Finance
- **In 2026**, AMF's **new six working groups** to discuss emerging issues and more detailed solutions

List of Working Groups

- ① Enhancing Asset Management Capabilities across the Full Investment Chain to achieve a Virtuous Cycle of Growth
- ② Provision of Growth Capital
- ③ Diverse Options for Asset Building
- ④ Digital Transformation
- ⑤ Sustainable Finance
- ⑥ Wider Adoption of Asset Management and Asset Building

Members of the AMF

- ✓ **Total Members:** 57 (as of March 2026)
- ✓ **Board Members:**
 - BlackRock Japan Co., Ltd. (Co-chair),
 - Nomura Asset Management Co., Ltd. (Co-chair),
 - Asset Management One Co., Ltd.,
 - The Blackstone Group Japan K.K.,
 - KKR Japan,
 - Nissay Asset Management Corporation,
 - Sumitomo Mitsui Trust Asset Management Co., Ltd.,
 - Mitsubishi UFJ Asset Management Co., Ltd.,
 - Daiwa Asset Management Co., Ltd.,
 - Goldman Sachs Asset Management Co., Ltd.

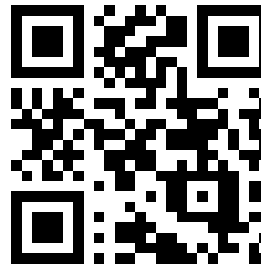
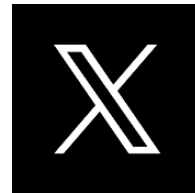
Trends in Key Figures

		2012 〔 As of the inauguration of the Second Abe Cabinet 〕	2026 (Latest Figures)
Economy and Market	Nominal GDP	¥502.4 trillion (End of Dec 2012)	¥671.6 trillion (\$4.48 trillion) (End of Dec 2025)
	Nikkei 225 Index	¥10,395 (Dec 28,2012)	¥51,063 (End of Mar 2026)
	TSE market capitalization (Month-end price)	¥300 trillion (Dec 28,2012)	¥1,213 trillion (\$8.09 trillion) (End of Mar 2026)
Asset Management	GPIF cumulative returns (2001-)	¥25 trillion (FY2012)	¥155 trillion (\$1.03 trillion) (FY2024)
	AUM of asset management companies (Investment trust balance and total assets entrusted by asset owners, etc.)	¥272 trillion (End of Mar 2012)	¥1,176 trillion (\$7.84 trillion) (End of Dec 2025)
Household	Household financial assets (Combined ratio of stocks and investment trusts)	¥1,616 trillion (14%) (End of Dec 2012)	¥2,351 trillion (25%) (\$15.67 trillion) (End of Dec 2025)
	Number of NISA accounts	- (Jan 2014-)	28.26 million (End of Dec 2025)
	Total amount of NISA account purchases	- (Jan 2014-)	¥71 trillion (End of Dec 2025)
Corporate Sector	Number of companies that responded to the TSE's request (% of All Listed companies on TSE Prime Market)	- (Mar 2023-)	1,472 companies (93%) (End of Feb 2026)
	Private non-residential investment (Nominal)	¥79.0 trillion (FY2012)	¥119.2 trillion (\$0.79 trillion) (FY2024)
	Ordinary profits (All industries (including finance and insurance))	¥59.2 trillion (FY2012)	¥130.6 trillion (\$0.87 trillion) (FY2024)

Thank you for your attention

FSA Official SNS Accounts

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