

# FSA's Efforts to Realize a Strong Economy

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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.*

# Today's Presentation

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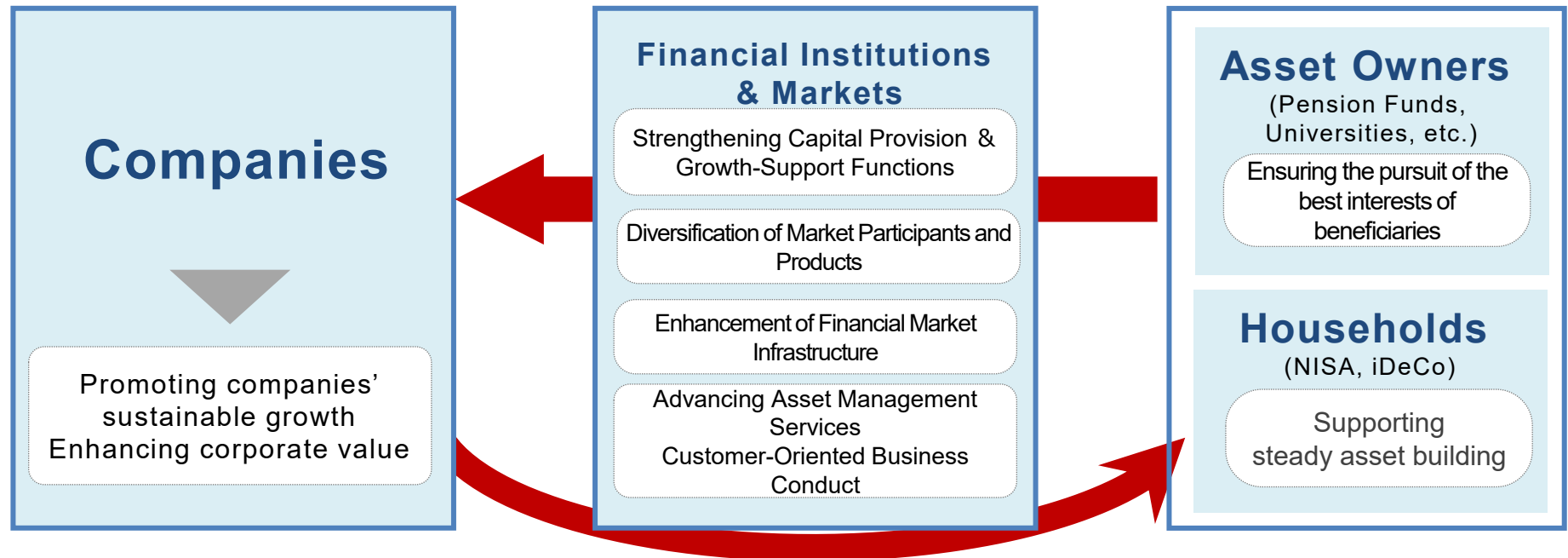
- I. Financial Services Strategy**
- II. Corporate Governance Reform**
- III. Advancing Asset Management Services**
- IV. NISA Expansion**
- V. Payment Innovation Project (PIP)**
- VI. External Communications**

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- Strengthening the functions of financial institutions and markets to support growth investments in strategic fields and business transformation
- **Corporate governance reform to promote growth investment**
- **Measures to maximize the benefits of economic growth**
  - ✓ Advancing asset management services
  - ✓ Enhancing asset owner capabilities
  - ✓ Supporting steady asset building
- **Enhancing financial market infrastructure supporting the financial system**



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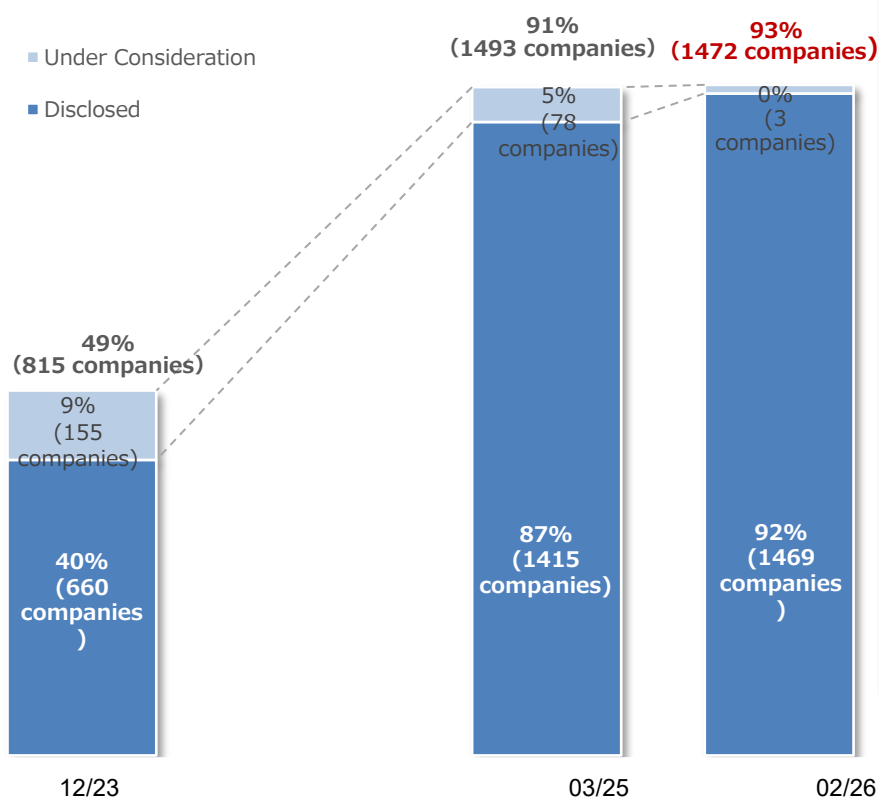
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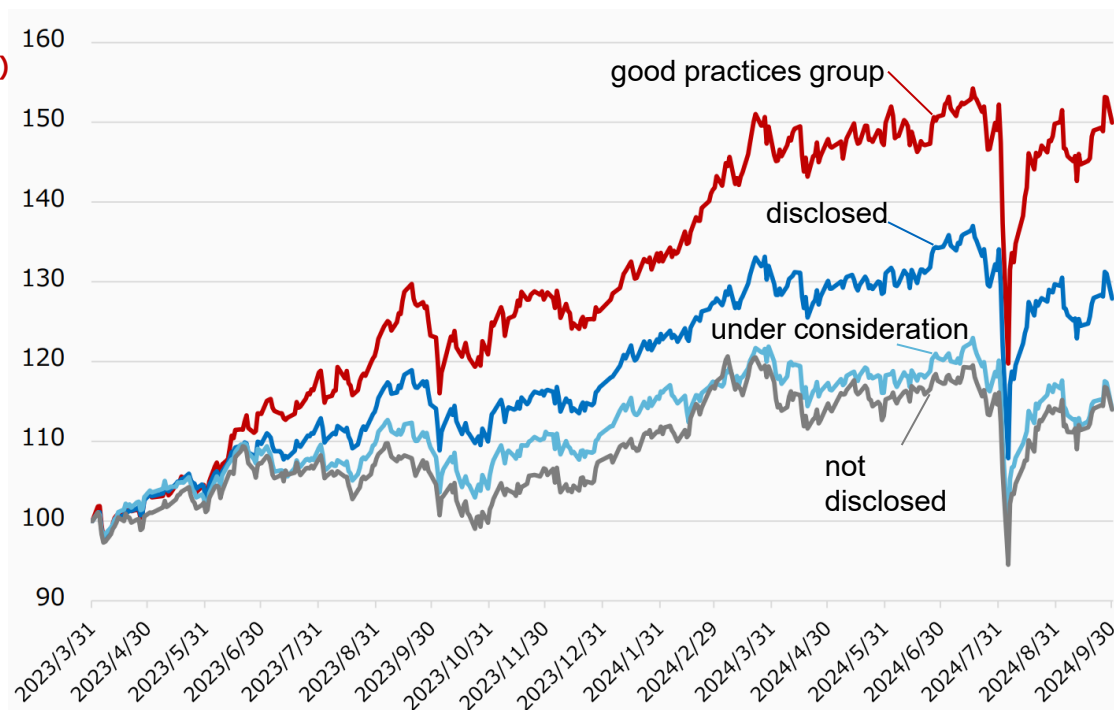
# TSE's Request and Companies' Responses

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

## Disclosure Status <Prime market (1590 companies)>



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

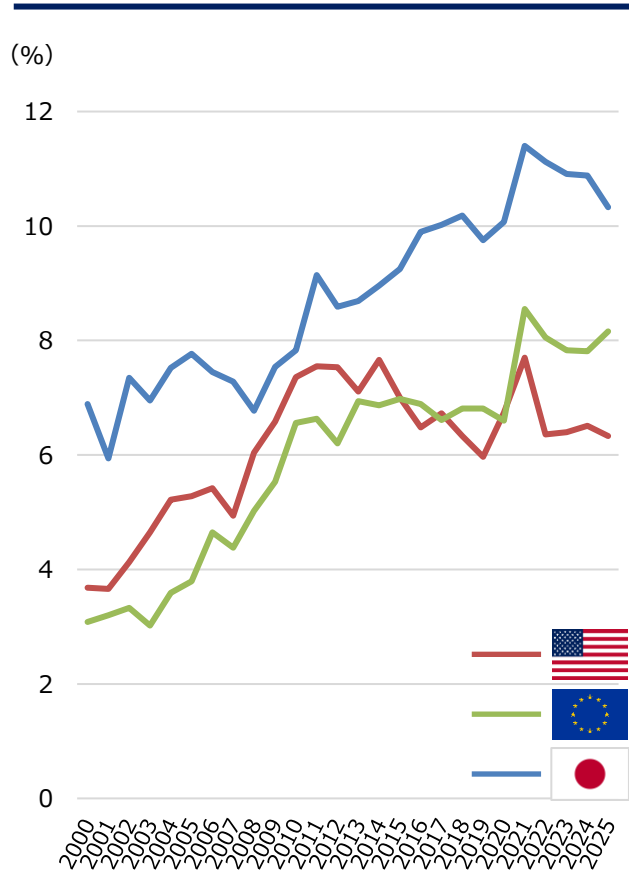


\*1 The share prices by category are calculated on an equal-weight basis.  
 \*2 "good practices group" refers to the companies listed in the casebook by TSE for good disclosure.  
 [Source] Tokyo Stock Exchange (November 2024)

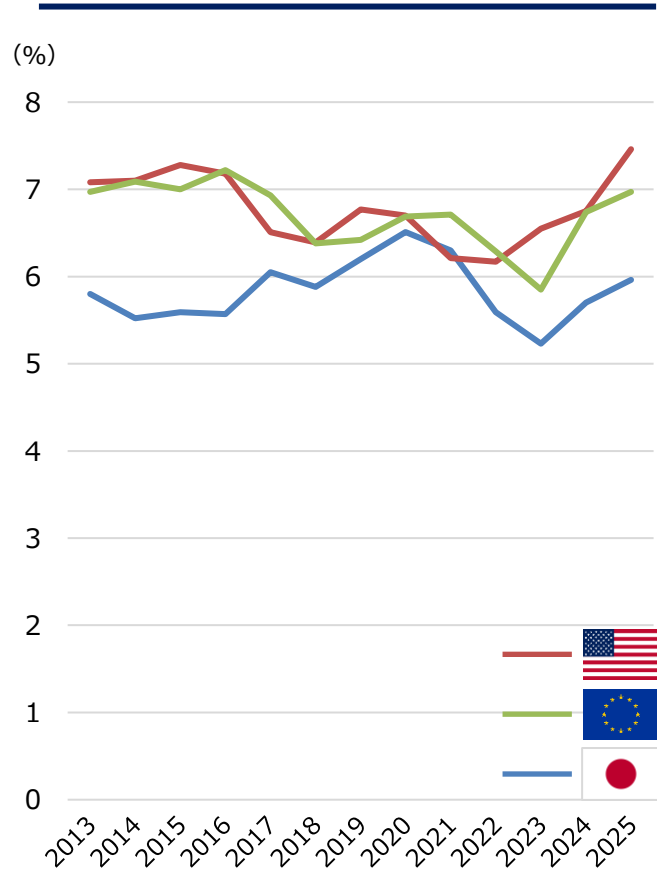
# Trends in Corporate Cash, Deposits and Investments

- 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.

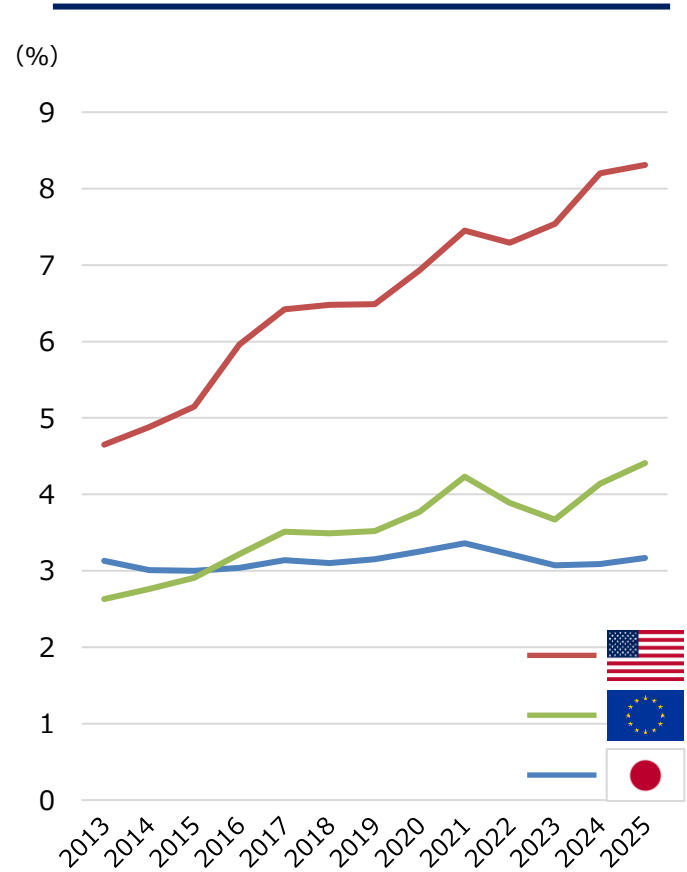
Ratio of Cash and Deposits to Total Assets



Ratio of Capital Investment to Sales



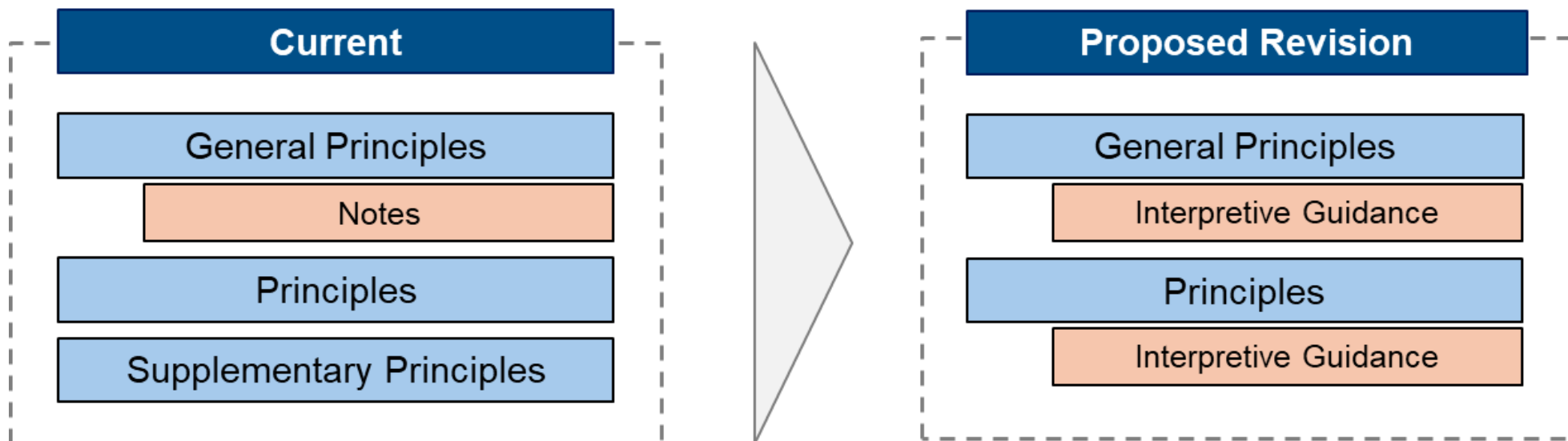
Ratio of R&D Expenses to Sales



[Note] Figures are calculated after excluding companies classified as "financial" from the list of companies included in the TOPIX500, S&P500, and BE500 indices. The figures for each year are calculated as weighted averages by region, based on the values reported by individual companies during that year and weighted by the denominator, with companies for which either the numerator or denominator data could not be obtained in a given year excluded from that year's aggregation.

[Source] Compiled by the FSA from Bloomberg.

- The revisions aim to **encourage companies to prioritize substantive initiatives toward value creation over the medium- to long-term.**
- The Code has been reclassified so that:
  - ✓ **Principles** capture the essence of effective corporate governance;
  - ✓ **Newly-created Interpretive Guidance** section contains good practices, supporting effective implementation of each Principle.



### ***Allocation of business resources***

#### ■ **Board's responsibilities for:**

- ✓ Setting **a path for growth** toward corporate goals;
- ✓ Explaining measures to **allocate business resources to growth investment**, and;
- ✓ Persistently **reviewing whether the allocation is appropriate**.

### ***Board effectiveness***

- Persistent consideration of **the ideal state of the board**;
- Effective **monitoring functions of independent directors**, with a particularly focus on their expertise, and;
- Enhancement of **board secretariat** function (e.g., corporate secretary).

### ***Yuhō disclosure before AGMs***

- **Annual securities report (Yuhō) disclosure prior to the annual general shareholders' meeting**, ideally three weeks in advance.

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## Household Financial Assets and the Number of Asset Management Companies

|           | Household assets<br>(trillion yen) | Number of AM<br>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

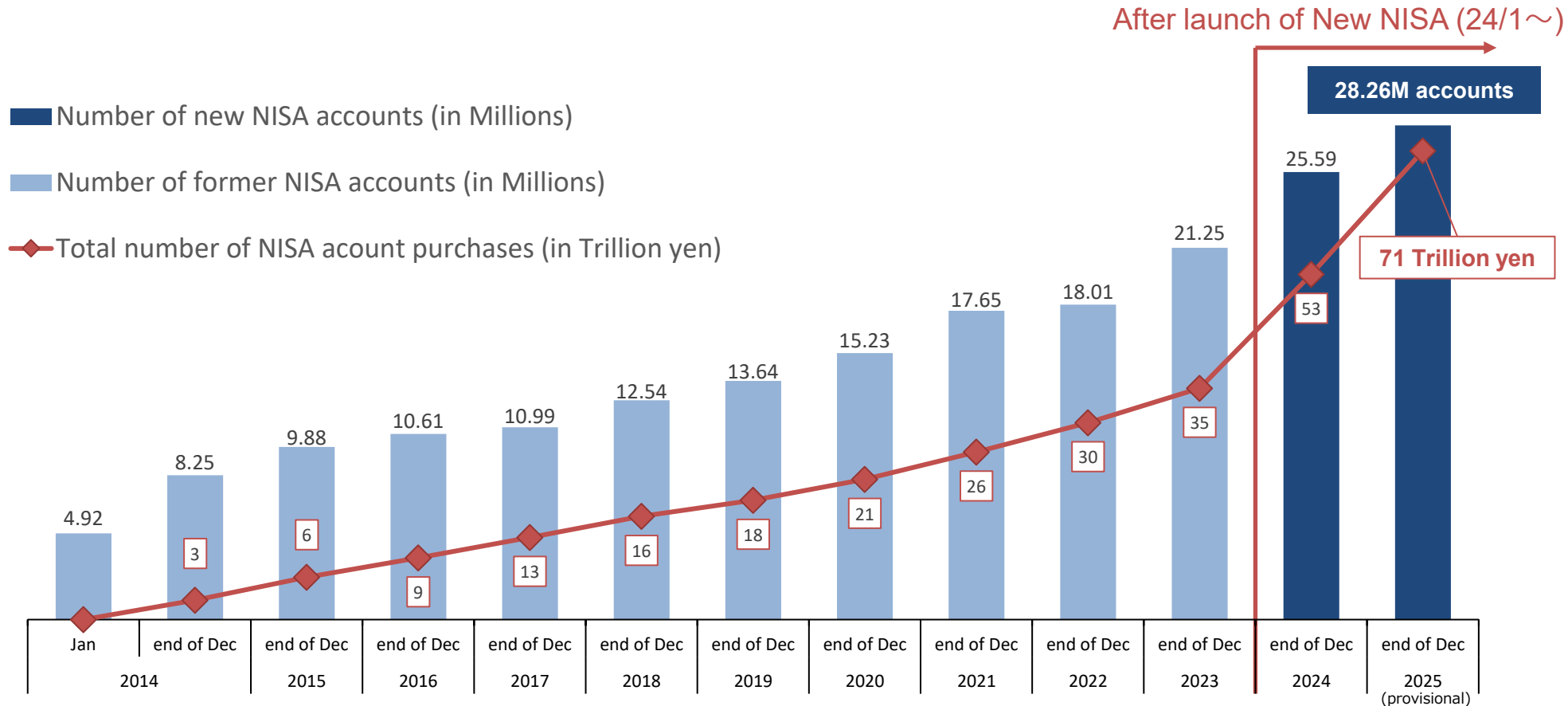
- FSA requested financial institutions to actively consider entrustment to **emerging asset managers** and **not exclude them simply because they have only a few years of experience**
- Financial institutions published **actual use cases utilizing** emerging asset managers on the FSA web site (**26 institutions** 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)

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- 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 **JPY 71 trillion** as of end of December 2025.  
(the Government's target: JPY 56 trillion by end of Dec 2027)



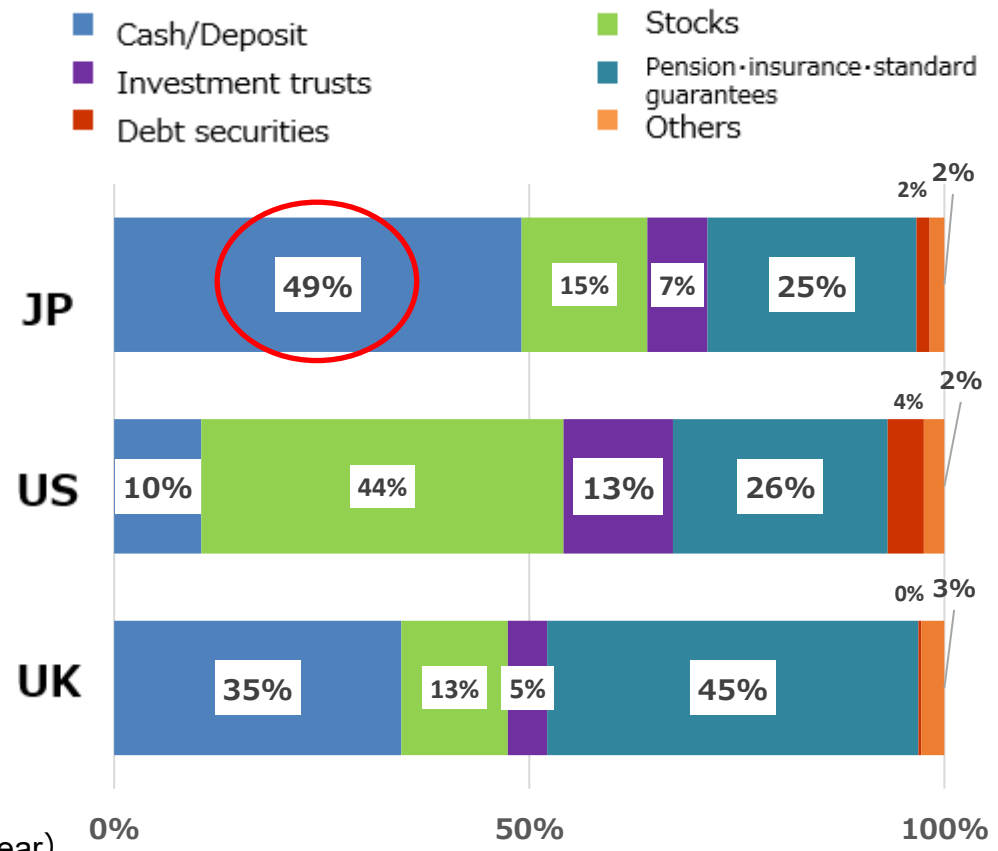
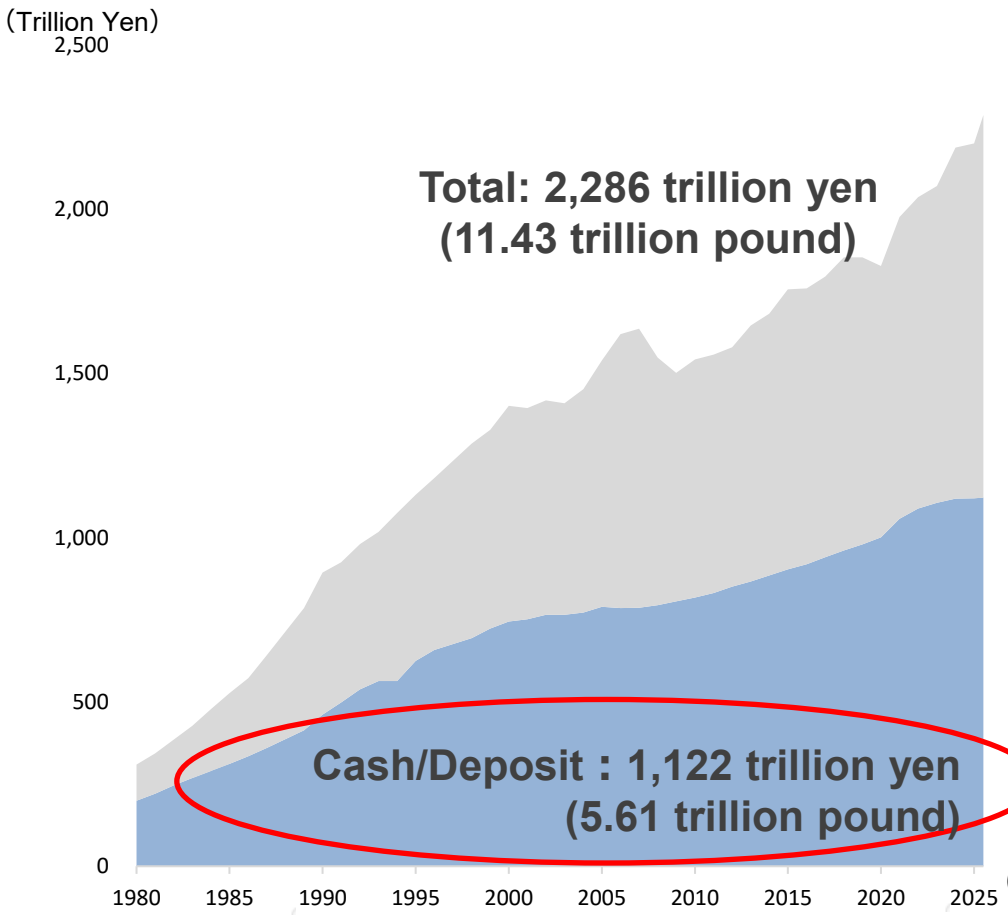
[Note] The number of accounts and total number of NISA purchase amount before the end of December 2023 are the total amount of general NISA and Tsumitate NISA

- **Removal of age restrictions 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 limit: JPY600,000
    - ✓ Maximum non-taxable holding limit: 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.

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

**In Japan:  
household financial assets and cash/deposit**

**Composition of household financial assets**



[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."

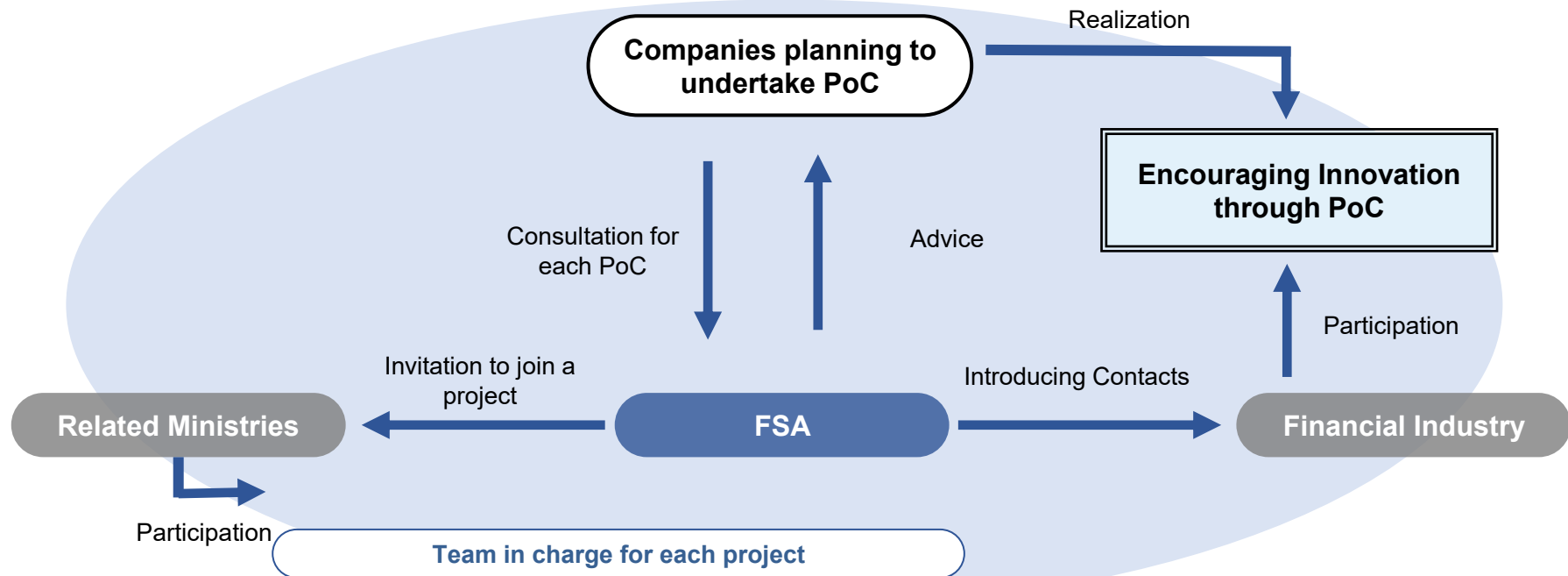
[Source] Compiled by the Financial Services Agency based on data from the Bank of Japan, FRB, and ONS.

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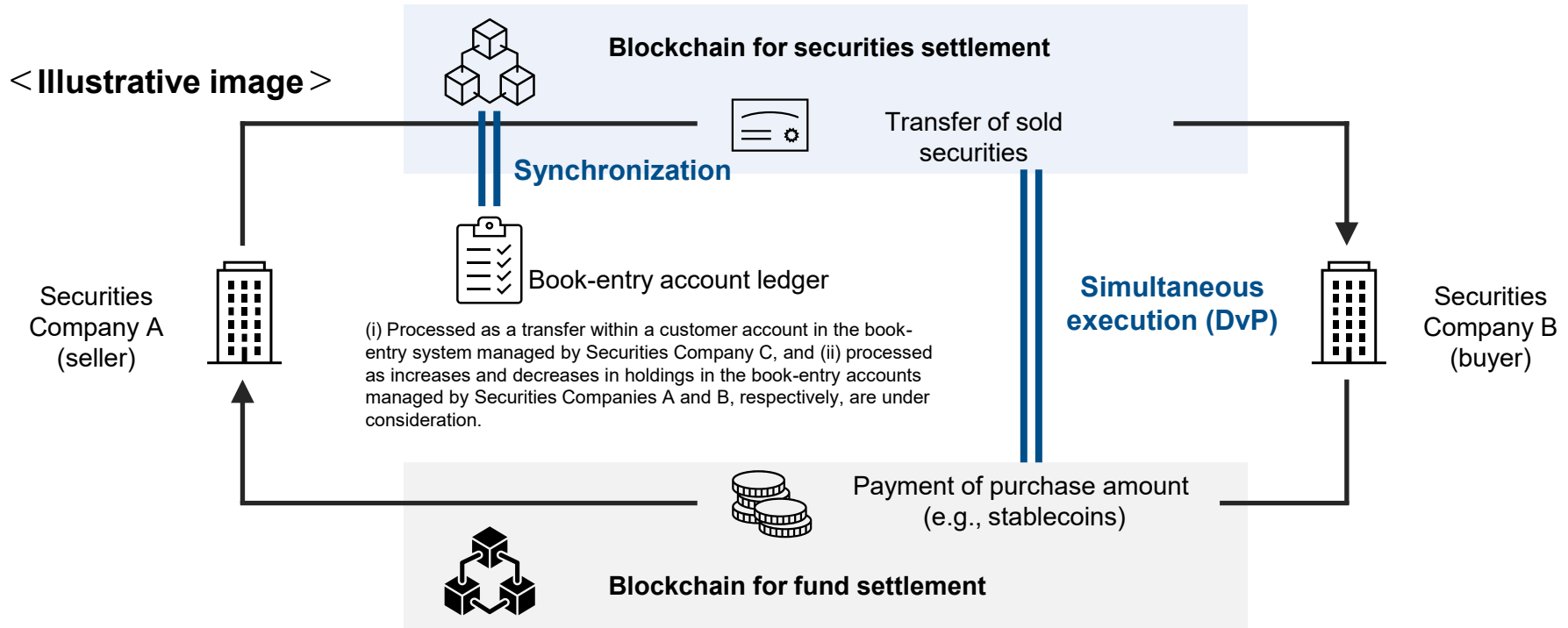
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- FSA has started supporting experiments for payment innovation through addressing practical issues on:
  - ✓ compliance and supervisory risks
  - ✓ interpretation of laws and regulations that may arise when providing the service to the public
- PIP is aimed at removing hesitations and concerns that FinTech companies and financial institutions tend to have when conducting unprecedented Proof-of-Concept experiments.



- FSA supports a proof-of-concept (PoC) initiative for on-chain securities settlement involving Nomura Securities, Daiwa Securities, and the three megabank groups.
- Instantaneous transfer by delivery versus payment (DvP) on-chain would reduce settlement risks and alleviate operational burdens.
- In the longer term, on-chain securities settlement could also enable 24/7 securities trading and help attract a broader range of investors, including from overseas.



- Simultaneous execution of transfer of ownership and payment (DvP) for transactions in securities—such as government bonds, corporate bonds, investment trusts (e.g., MMFs), and equities—using blockchain. In addition, automation of dividend and principal/interest payments on blockchain is under consideration.
- Transfers of rights on blockchain are reflected in the book-entry accounts managed by securities companies and others, in accordance with the Book-Entry Transfer Act.

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- To strengthen engagement with global investors and appeal Japan’s market, the FSA has annually hosted **“Japan Weeks” – a series of finance-focused events** since 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”

### 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



\*Images provided by Bloomberg, Japanese Bankers Association and Japan Asset Management Forum)

U.K. FCA’s CEO Rathi’s speech highlighting Japan-UK financial partnership to support Japan’s “Leading Asset Management Centre” initiative



- 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:
  - ✓ Enhancing Corporate Value and Promoting Investment in Japan, including Regional Areas
  - ✓ Alternative Investment
  - ✓ Digital Transformation in Asset Management Business
  - ✓ Sustainable Finance
- **In 2026**, JAMF'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 JAMF

- ✓ **Total Members:** 59 (as of April 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

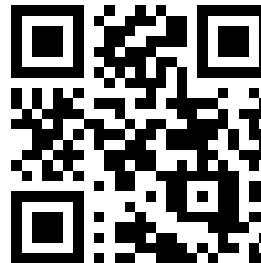
|                          |                                                                                                                  | 2012<br>〔 As of the inauguration<br>of the Second Abe Cabinet 〕 | 2026<br>(Latest Figures)                                         |
|--------------------------|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------|
| Economy<br>and<br>Market | Nominal GDP                                                                                                      | ¥502.4 trillion<br>(End of Dec 2012)                            | ¥671.6 trillion<br>(\$4.48 trillion)<br>(End of Dec 2025)        |
|                          | Nikkei 225 Index                                                                                                 | ¥10,395<br>(Dec 28,2012)                                        | ¥59,284<br>(End of Apr 2026)                                     |
|                          | TSE market capitalization<br>(Month-end price)                                                                   | ¥300 trillion<br>(Dec 28,2012)                                  | ¥1,293 trillion<br>(\$8.62 trillion)<br>(End of Apr 2026)        |
| Asset<br>Management      | GPIF cumulative returns<br>(2001-)                                                                               | ¥25 trillion<br>(FY2012)                                        | ¥155 trillion<br>(\$1.03 trillion)<br>(FY2024)                   |
|                          | AUM of asset management companies<br>(Investment trust balance and total assets entrusted by asset owners, etc.) | ¥272 trillion<br>(End of Mar 2012)                              | ¥1,176 trillion<br>(\$7.84 trillion)<br>(End of Dec 2025)        |
| Household                | Household financial assets<br>(Combined ratio of stocks and investment trusts)                                   | ¥1,616 trillion (14%)<br>(End of Dec 2012)                      | ¥2,351 trillion (25%)<br>(\$15.67 trillion)<br>(End of Dec 2025) |
|                          | Number of NISA accounts                                                                                          | -<br>(Jan 2014-)                                                | 28.26 million<br>(End of Dec 2025)                               |
|                          | Total amount of NISA account purchases                                                                           | -<br>(Jan 2014-)                                                | ¥71 trillion<br>(End of Dec 2025)                                |
| Corporate<br>Sector      | Number of companies that responded to the TSE's request<br>(% of All Listed companies on TSE Prime Market)       | -<br>(Mar 2023-)                                                | 1,464 companies<br>(93%)<br>(End of Mar 2026)                    |
|                          | Private non-residential investment<br>(Nominal)                                                                  | ¥79.0 trillion<br>(FY2012)                                      | ¥119.2 trillion<br>(\$0.79 trillion)<br>(FY2024)                 |
|                          | Ordinary profits<br>(All industries (including finance and insurance))                                           | ¥59.2 trillion<br>(FY2012)                                      | ¥130.6 trillion<br>(\$0.87 trillion)<br>(FY2024)                 |

[Note] Exchange rate: 1 USD = 150 JPY. [Source] Mitsubishi UFJ Research and Consulting

# Thank you for your attention

## FSA Official SNS Accounts

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