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

I. Financial Services Strategy

II. Strengthening the Functioning of Financial Institutions and Markets

III. Corporate Governance Reform

IV. Advancing Asset Management Services

V. NISA Expansion

VI. Enhancing Financial Market Infrastructure

VII. External Communications

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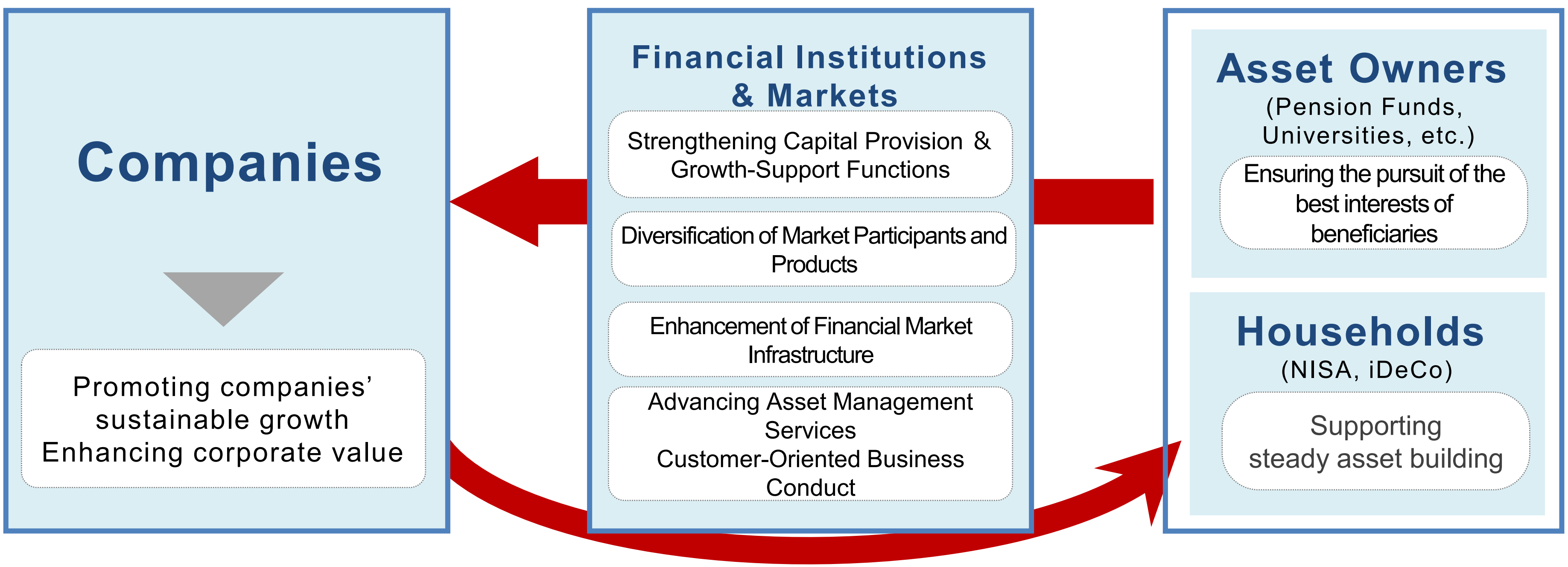
Concept of Financial Services Strategy – Four Key Pillars

- **Strengthening the functioning 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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Strengthening the Functioning of Financial Institutions and Markets

- Enhancing **Banks' Abilities**
  - ✓ Promoting joint public-private finance
  - ✓ Allowing bank-affiliated subsidiaries to invest in take-private and carve-out transactions
  - ✓ Facilitating greater participation of institutional investors in funds managed by banks
- Developing **Deep and Diverse Financial Markets**
  - ✓ Funds: Enhancing capital provision from VC/PE funds and foreign banks
  - ✓ Corporate credit markets: Promoting **the corporate bond market** and developing **the loan secondary market**
- Strengthening the **Capabilities of Japan's Regional Financial Institutions**
  - ✓ Promoting the use of **Enterprise Value Charge** (EVC)
  - ✓ Compiling financial Institutions' initiatives for local economic revitalization

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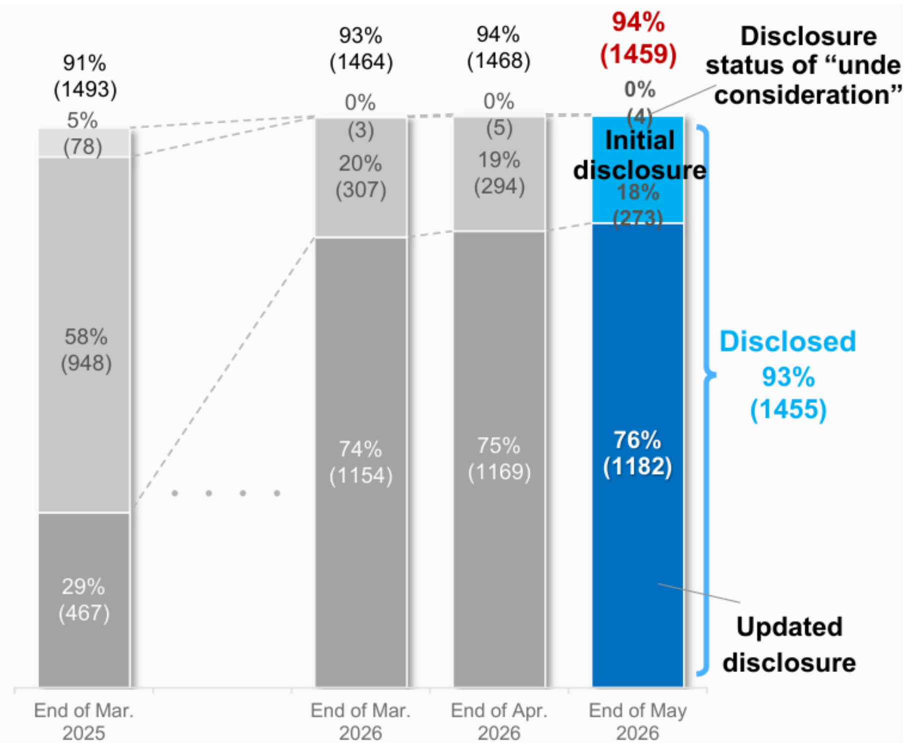
TSE’s Request and Companies’ Responses

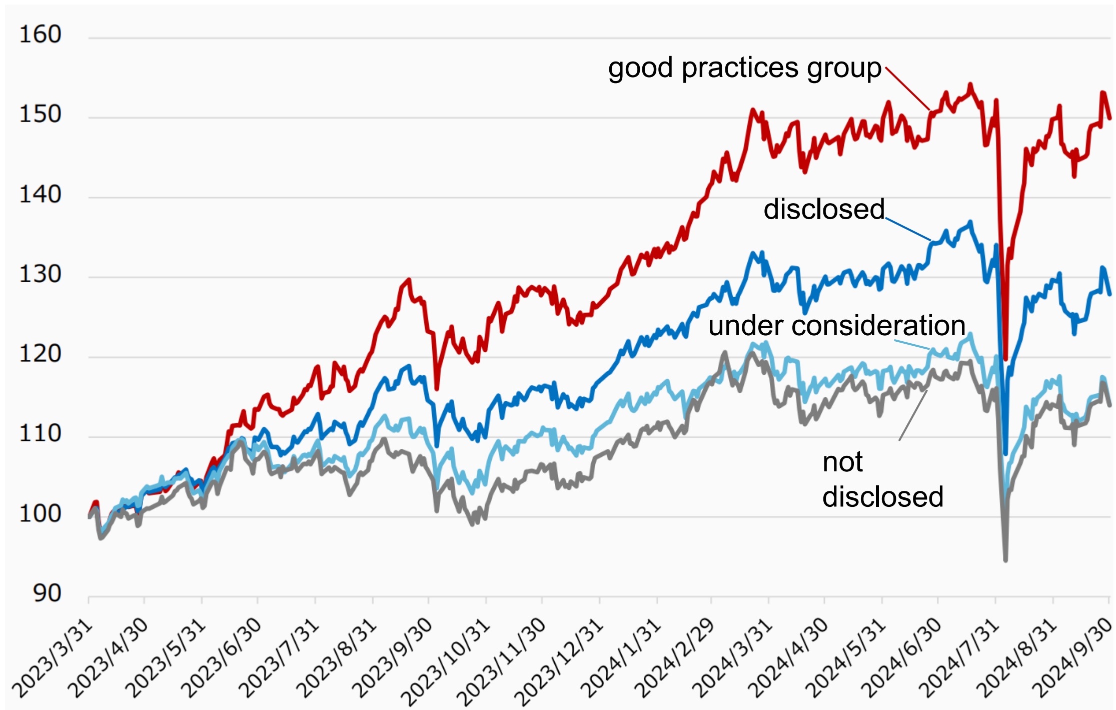
- In March 2023, the Tokyo Stock Exchange requested that its listed companies develop and disclose business management plans being conscious of their **cost of capital** and **stock price**.
- In response, **94 percent of companies** listed on the TSE’s Prime Market have disclosed their plans to improve **key indicators such as the price-to-book ratio**.

Disclosure Status <Prime market (1,558 companies)>



[Source] TSE

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

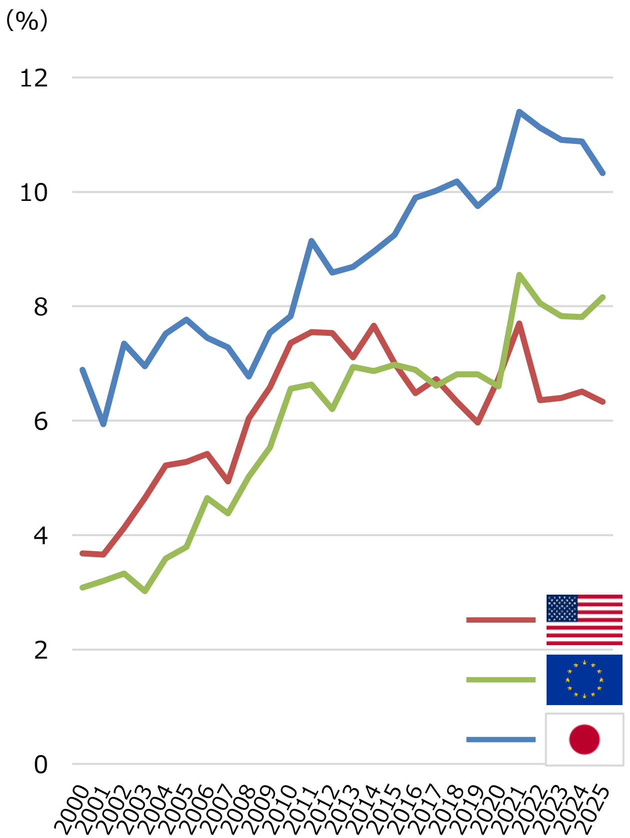


*1 The share prices by category are calculated on an equal-weight basis.
*2 “good practices group” refers to the companies listed in the casebook by TSE for good disclosure.
[Source] Tokyo Stock Exchange (November 2024)

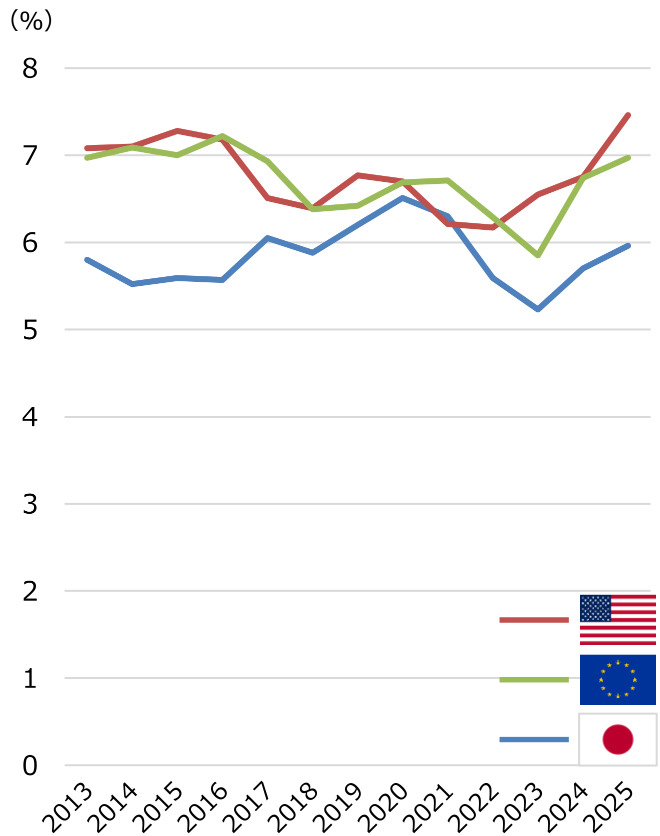
Trends in Corporate Cash, Deposits and Investments

- 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.

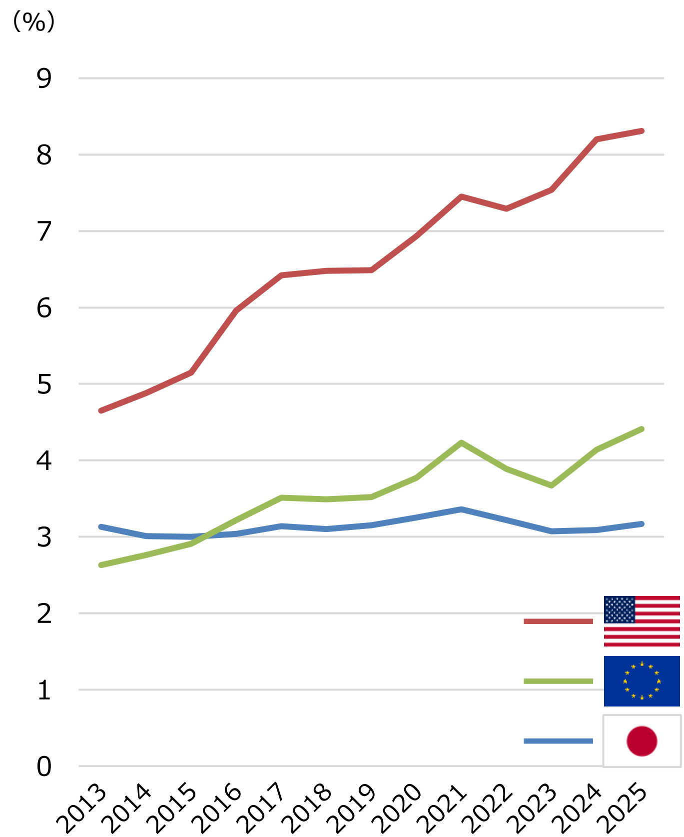
Ratio of Cash and Deposits to Total Assets



Ratio of Capital Investment to Sales



Ratio of R&D Expenses to Sales

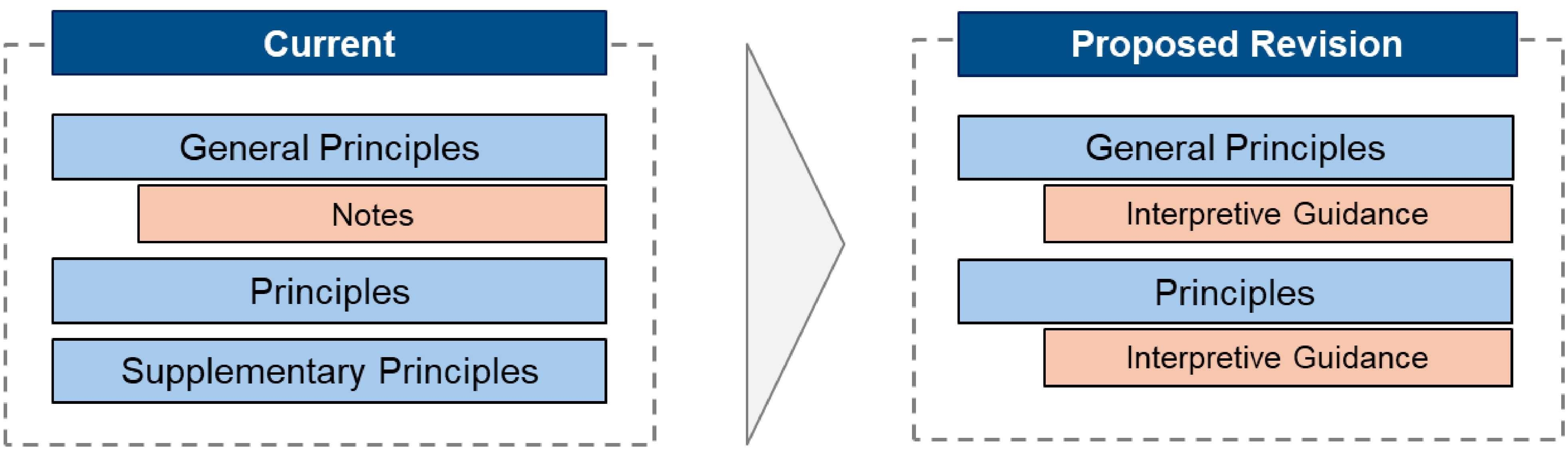


[Note] Figures are calculated after excluding companies classified as "financial" from the list of companies included in the TOPIX500, S&P500, and BE500 indices.
The figures for each year are calculated as weighted averages by region, based on the values reported by individual companies during that year 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.

2026 Revision of Corporate Governance Code (Draft) – Overview

- 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).

Yuho *disclosure before AGMs*

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

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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.

Program to Support Emerging Asset Managers (Japanese EMP)

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 (**27 institutions** as of May 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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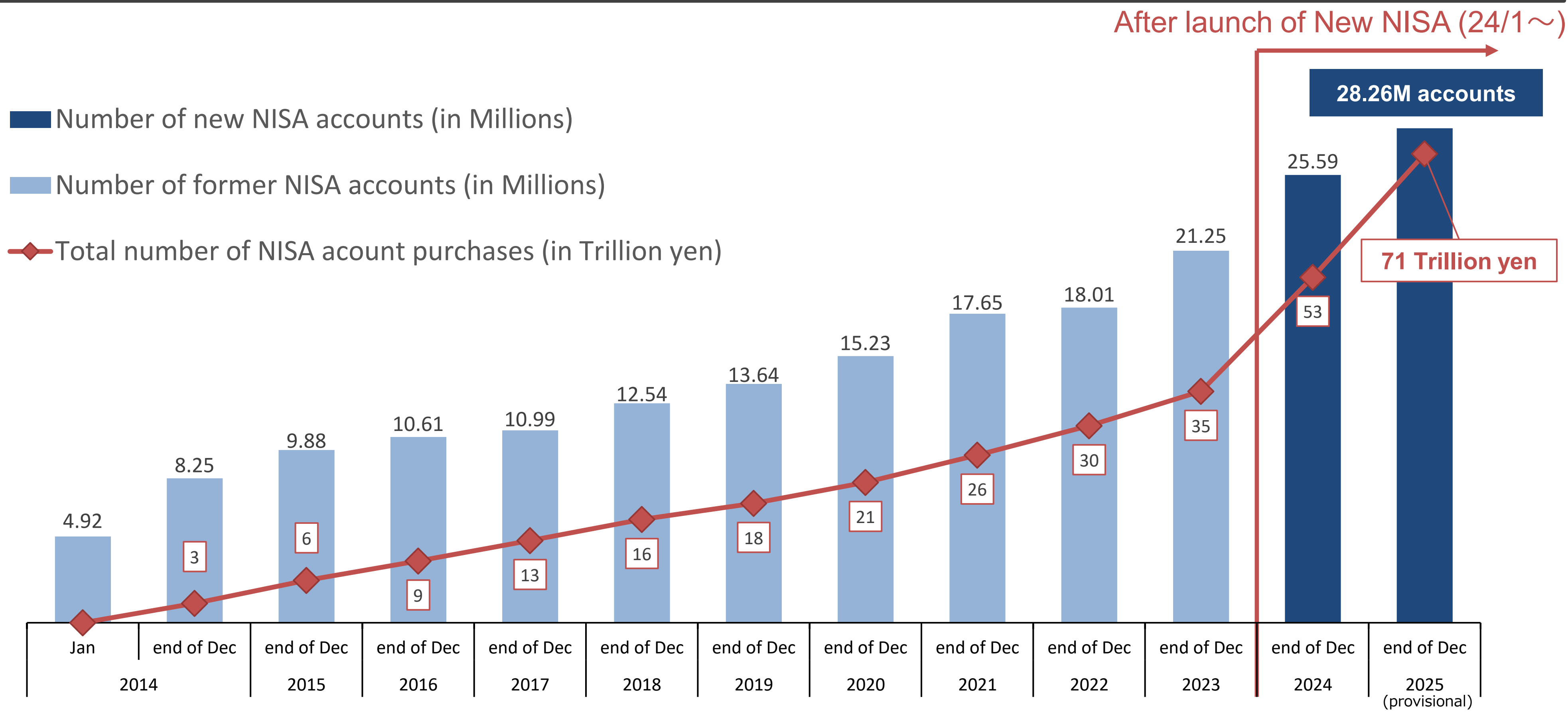
New NISA

- 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 **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

NISA Revisions in 2026

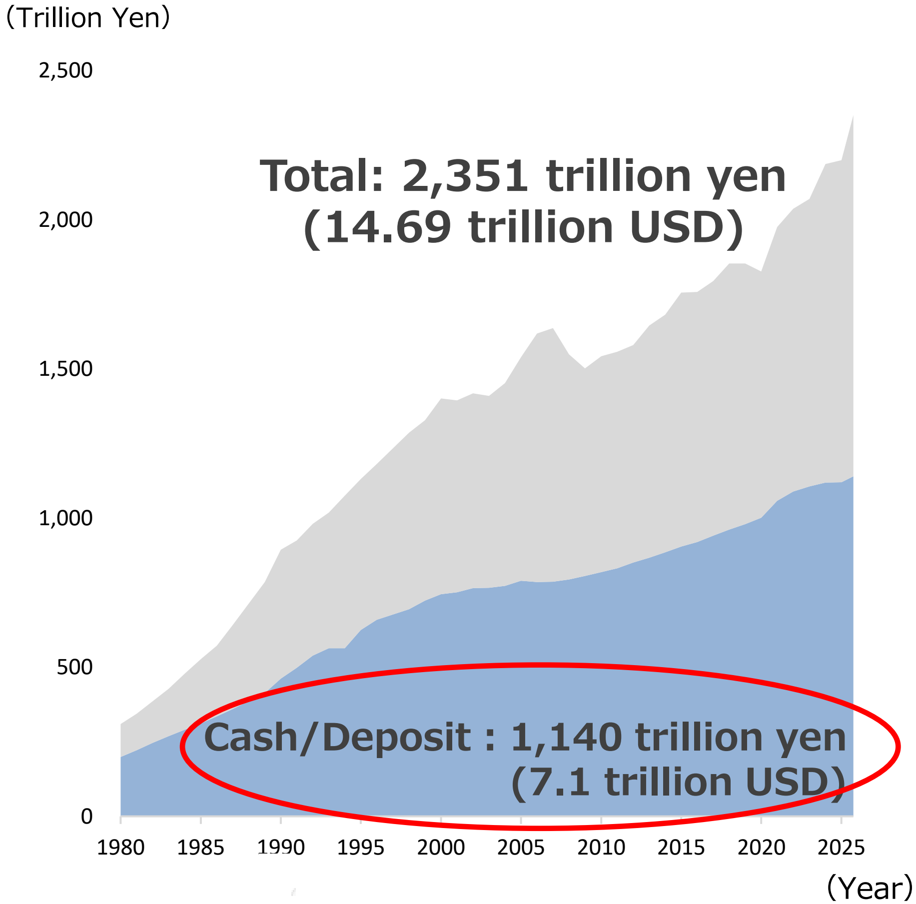
- **Removal of age restrictions for the installment-type scheme, allowing households to have NISA accounts for their children under 18** (effective in January 2027)
  - To promote asset building among younger generations and allow them to prepare for life events and funding needs after reaching adulthood—such 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.

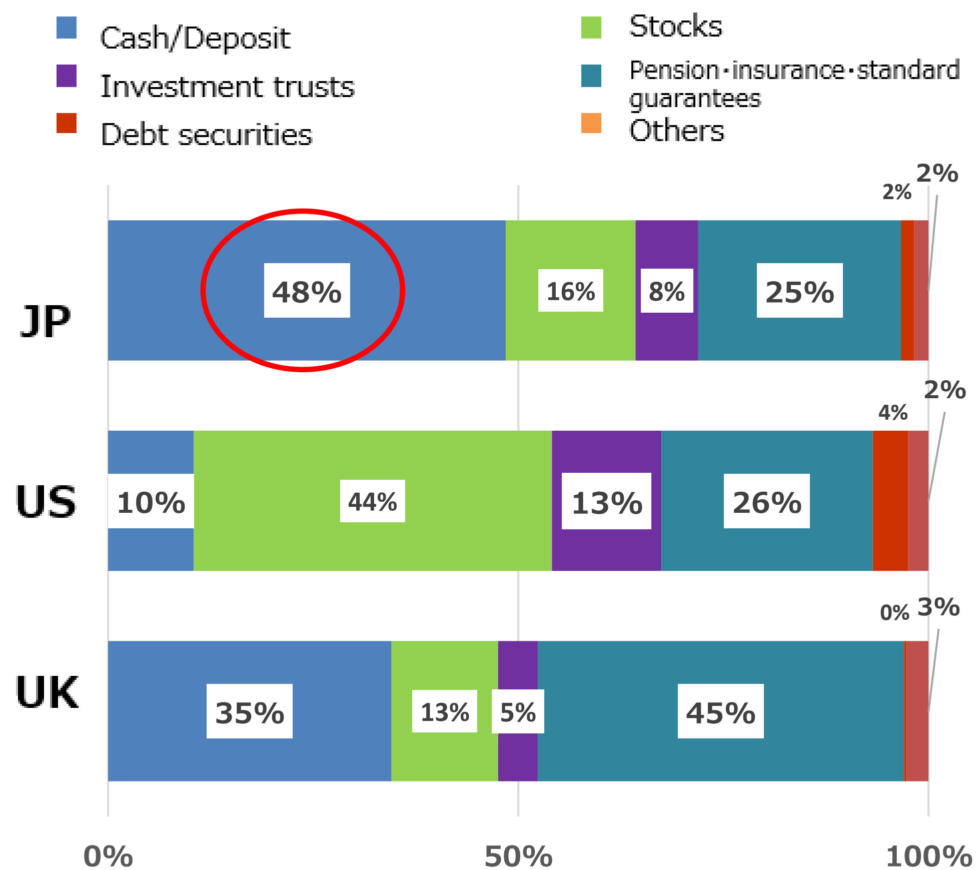
Household Financial Assets (end of December 2025)

- 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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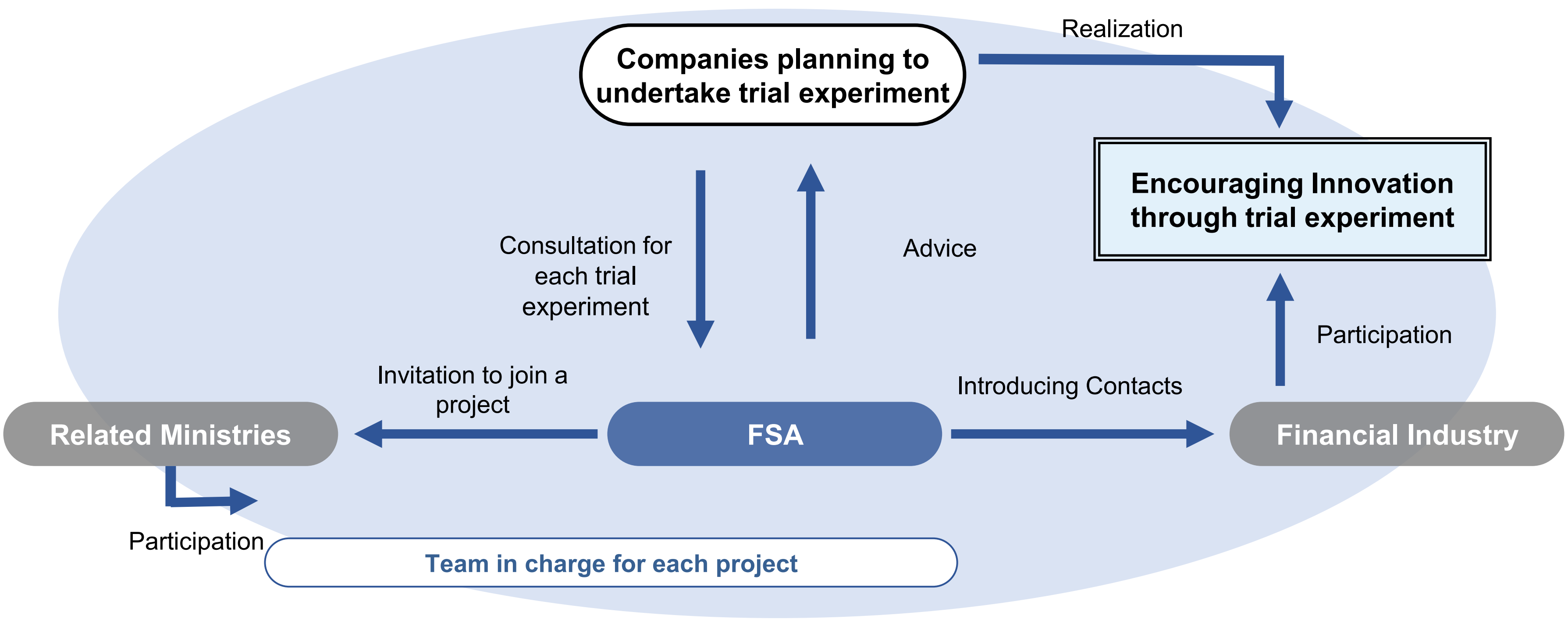
Payment Innovation Project (PIP)

- 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 trial experiments.



FSA AI Public-Private Forum

- Established in June 2025 to discuss the sound use of AI in the financial sector
- Members consist of public- and-private-sector stakeholders including the FSA, major financial institutions, financial services industry associations, digital industry associations, and consulting firms
- Members shared their practical examples on AI use cases, implementation, risk responses, and internal governance
- Topics discussed at the Forum include:
  - ✓ **Current use of AI, key challenges**, and **future directions** for addressing these issues
  - ✓ **Data preparation**: a critical input for AI, but the lack of standardization of data across departments and business units within a financial institution
  - ✓ **Applying AI to customer-facing services**: compliance with personal data protection laws as well as other key considerations
  - ✓ **AI governance**, technological trends, and expected future use cases

FSA's Initiatives in Response to Threat of Cyberattacks related to frontier AI

- April 24, 2026: FSA held **the Public-Private Coordination Meeting on Strengthening Cybersecurity Measures in the Financial Sector against AI-related Threats**.
- May 14, 2026: FSA **launched a working group** under the Public-Private Coordination Meeting and held its first meeting. The working group developed an advisory to financial institutions called "**Short-Term Measures for Financial Institutions in Response to Changes in Threat Posed by Frontier AI.**"
- May 22, 2026: FSA **issued a request to financial institutions regarding the advisory** the working group developed.

Request Regarding Short-Term Measures for Financial Institutions in Response to Changes in Threat Posed by Frontier AI

1. Positioning the Measure to Frontier AI as a Management Priority
2. Identification of Priority Services and IT Systems
3. Resolution of Technical Debt in Identified Assets
4. Securing Personnel for Patching
5. Verification of Vendor Maintenance Contracts
6. Adopting a Risk-Based Approach to Patching
7. Strengthening Measures Beyond Patching
8. Preparation for the Disruption of Priority Services and IT Systems
9. Maintaining and Strengthening External Collaboration

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Japan Weeks 2026

- 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.
- In October 2025, **87 events** drew around **25,000 participants** 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 from Japan Weeks 2025

▶ Opening Reception by Bloomberg

Minister Kato's opening remarks
UK FCA CEO's remarks on JPN-UK financial partnership

▶ Japanese Bankers Association Event

Minister Katayama on the formulation of a new financial strategy to unleash Japan's potential

▶ Japan Asset Management Forum Annual Meeting

Global and Japanese asset managers' discussion on the industry's future:
Corporate Value, Private Markets, Digital, and Sustainability

Key Events for 2026

Oct 19-23	• IOSCO FSEG Side Event (Oct 19, Title TBD) • FCT Sustainable Finance Forum (Oct 22)
Oct 26 (Mon)	• **IMAJ Annual Meeting** *members only • **Bloomberg Japan Weeks 2026 Opening Reception**
Oct 27 (Tue)	• **JBA Event** (Title TBD) • **Japan Asset Management Forum Annual Meeting**
Oct 28 (Wed)	• Bloomberg Event (Title TBD) • AIF APAC Forum
Oct 29 (Thu)	
Oct 30 (Fri)	• ICI Roundtable *members only • **FSA Symposium (Title TBD)**

▶ **Event registration now open!**
Contact japan_as_ifc@fsa.go.jp
for event registration & inquiries

JAPAN WEEKS

Japan Asset Management Forum (JAMF)

- 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**: 65 (as of June 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)	¥675.6 trillion ($4.50 trillion) (End of Mar 2026)
	Nikkei 225 Index	¥10,395 (Dec 28,2012)	¥66,329 (End of May 2026)
	TSE market capitalization (Month-end price)	¥300 trillion (Dec 28,2012)	¥1,376 trillion ($9.17 trillion) (End of May 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)	¥1,178 trillion ($7.85 trillion) (End of Mar 2026)
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-)	1,468 companies (94%) (End of Apr 2026)
	Private non-residential investment (Nominal)	¥79.0 trillion (FY2012)	¥125.8 trillion ($0.84 trillion) (FY2025)
	Ordinary profits (All industries (including finance and insurance))	¥59.2 trillion (FY2012)	¥130.6 trillion ($0.87 trillion) (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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