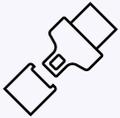


# Overview of Revisions to AI Discussion Paper (Version 1.1)

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- Updated AI Discussion Paper: Insights from the JFSA AI Public-Private Forum on AI Use, Risk Management, and Governance

## Point 1 : Examples of Risk-Mitigation for Customer-Facing Services



- With the ongoing evaluation of risk-mitigation measures for customer-facing services, a common understanding is steadily emerging.
- Measures are classified from four perspectives: “Design & Pre-testing”, “Appropriate customer guidance & Risk warnings”, “Review & Monitoring” and “Governance” to facilitate easy reference.

## Point 2 : Legal and Regulatory Requirements



- Present the view that, when a securities firm outsources AI system development to a systems subsidiary, it may provide customer conversation data including non-public information.
- Specific use cases and thorough consideration, in combination with open engagement with the authorities and industry associations, would lead to further regulatory clarity, industry-level knowledge sharing and developments of practices over the course of increasing AI utilization.

## Point 3 : AI Utilization in Practice



- We are moving into a phase of advancing concrete initiatives led by top executives to pursue operational and to create new opportunities. Responsible use of AI is expected to drive steady improvements in business processes.

## Other (Data Management, Governance, and Related Areas)



- Purpose-driven data preparation, as high-quality data directly determines AI utility.
- Agile delivery and risk-based approaches are effective, with expected progress in industry-level knowledge-sharing.

# Examples of Risk-Mitigation for Customer-Facing Services

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- With the ongoing evaluation of risk-mitigation measures for customer-facing services, a common understanding is steadily emerging.



## ■ Design & Pre-Testing

- Technical measures
  - RAG-based restriction of response scope; selection of higher-capability LLMs; fine-tuning; output filtering
- Service design
  - User choice between AI-based service and human-based service
  - Phased approach starting with administrative procedures and expanding AI application



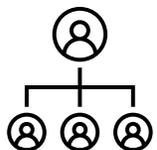
## ■ Appropriate customer guidance & Risk warnings

- Disclosure that responses are AI-generated and may contain errors inherent to generative AI
- Process/transaction checkpoints to confirm customer understanding, with progression gated until understanding is confirmed
- Disclosure of the rationale for responses and the information sources
- Customer choice to switch from AI assistance to human assistance at any time



## ■ Review & Monitoring

- Retention of AI–customer conversation logs, response monitoring, and customer follow-up (as needed)
- Objective-metric verification of biased solicitation or similar behavior
- Documentation of recommendation logic and third-party review
- Continuous improvement based on validation and monitoring



## ■ Governance

- Sound governance with executive leadership involvement and AI-literacy development for frontline staff
- Risk-based approach aligned to AI use cases
- Agile governance for lifecycle risk management with clearly defined goals