



# FSA Newsletter No.83 2010

<http://www.fsa.go.jp/en/newsletter/index.html>



Visit to the Tokyo Stock Exchange  
(January 16, 2010)



Meeting for Exchange of Views for Smooth Financing  
(March 2, 2010)

## Table of Contents

<b>【Topics】</b>	
○ Development of institutional frameworks pertaining to financial and capital markets.....	2
○ Regulatory Reform Proposals for Internationally Active Banks (Outline of the BCBS consultative documents) .....	5
<b>【Featured】</b>	
○ The 6th International Conference on A Perspective of Asian Financial Sector under the Global Financial Crisis (January 21, 2010).....	7
<b>【Explanations of Laws and Regulations】</b>	
○ Results of public comments on the draft government ordinance and draft cabinet office ordinance, etc. on the 2009 partial revision of the Financial Instruments and Exchange Act etc., and results of the public comments on the draft cabinet office ordinances, etc. regarding disclosure system of information of corporations, etc. pertaining to those parts of the 2009 partial revision of the Financial Instruments and Exchange Act, etc. ....	10
<b>【Notices】</b> .....	18
<b>【Minister in His Own Words】</b> .....	21
<b>【Main Press Releases in January/February】</b> .....	22

\*Please note that not all items, including regulations and articles posted on the website, have been translated into English. Therefore some of the items that are mentioned in the following articles may not be translated fully into English.

## Development of institutional frameworks pertaining to financial and capital markets

In response to the recent global financial crisis, there have been various discussions held in Japan and overseas on such topics as over-the-counter (OTC) derivative transactions and hedge funds. In view of these discussions and the actual condition of Japan's markets, the Financial Services Agency (FSA) decided to commence a detailed examination on the issues that Japan should address in preparation for the 2010 ordinary session of the Diet. In the "Development of Institutional Frameworks Pertaining to Financial and Capital Markets" published on November 13, 2009, the FSA decided to conduct a survey of market participants and others on each of the following issues: (i) regulation of OTC derivative transactions, (ii) regulation of hedge funds, (iii) strengthening of securities clearing and settlement systems, (iv) consolidated regulation of securities companies, etc., and (v) ensuring investor protection and fair trade. Based on the fact-finding survey of market participants and others, from the viewpoint of taking appropriate responses in the context of international discussions and the actual state of affairs of Japan's financial systems and financial industry, the FSA published the "[Draft Blueprint for the Development of Institutional Frameworks Pertaining to Financial and Capital Markets](#)" on December 17, 2009. The FSA then conducted another round of public consultative exercise regarding the blueprint, aimed at obtaining a broader range of opinions from market participants and others.

Based on these opinions, the "Development of Institutional Frameworks Pertaining to Financial and Capital Markets" has been finalized and was released on January 21, 2010. In addition, in cases such as where administrative penalty has been imposed on a fund sales agent or trustee companies, at present a risk exists concerning the protection of investors, etc., owing to the fact that the FSA does not have the authority to initiate bankruptcy procedures of the fund sales agent, or appointment of alternative trustees, etc. Therefore in order to protect the investors and beneficiaries, improvements to the system to deal with such situations will be made.

Specific details are as below. Going forward, the FSA further takes steps to improve the system, including the presentation of a draft bill for consideration at the Diets during the 2010 session.

<Outline of the development of institutional frameworks pertaining to financial and capital markets >

### I. Improving the stability and transparency of the settlement of OTC derivative transactions

#### (1) Scope of the mandatory CCP clearing, and the system of CCPs

- OTC derivative transactions of a large trading volume (currently, "plain vanilla" interest rate swaps) are to be subject to mandatory CCP clearing at domestic CCPs, through alliances between foreign CCPs and domestic CCPs (the link system), or at foreign CCPs.
- OTC derivative transactions of a certain trading volume which are closely related to execution under Japan's legal system (currently, iTraxx Japan CDS index transaction) are to be subject to mandatory CCP clearing at domestic CCPs.
- For foreign CCPs entering into Japan's market through the link system and direct entry, a regulatory framework equivalent to the one applicable to domestic CCPs is to be created with the following entry requirements, and the FSA will continuously supervise them.
  - Foreign CCPs would be required to develop executive and administrative systems that are recognized as having a high degree of substitutability with the executive and administrative systems implemented by domestic CCPs to mitigate settlement risks, such as "mark to market."
  - Foreign CCPs would be under the appropriate supervision of foreign authorities.
- Financial instruments business operators, etc. with large-scale transactions are to be made subject to the mandatory CCP clearing.
- Regulations on major shareholders and capital requirement are to be introduced for domestic CCPs.

#### (2) Data storage and reporting of trade information

An institutional framework is to be established that allows for the submission of trade information on OTC derivative transactions to the authority from trade repositories, CCPs, or financial institutions.

## II. Strengthening the securities clearing and settlement systems, including for government bond transactions and stock lending transactions

### (1) Reduction of settlement risk for JGB transactions

Market participants should aim to produce and publish a roadmap for the following efforts during the first half of 2010.

- Strengthening systems of the Japan Government Bond Clearing Corporation in order to increase the use of its clearing services.
- Shortening the settlement interval, and establishing and disseminating rules for handling settlement fails.

In addition, the FSA will consider the mandatory CCP clearing of Japanese government bond transactions as a statutory measure.

### (2) Strengthening of the securities clearing and settlement systems relating to stock lending transactions

The parties concerned should urgently prepare and publish a roadmap that would include plans for the mandatory CCP clearing or for delivery-versus-payment (DVP) settlement of stock lending transactions (one possible target is by the end of 2010).

### (3) Desirable structure of Japan's CCPs

In order to improve the current situation where CCPs are separately established for each type of financial instrument (divided among five organizations), it is hoped that market participants will start examination on ways to improve clearing functions, giving due consideration to consistency of the clearing systems for different financial instruments.

## III. Consolidated regulation and supervision of securities companies etc.

### (1) Introduction of consolidated regulation and supervision of securities companies

- Large securities companies above a certain value of total assets are to be made subject to consolidated regulation and supervision that covers the securities company per se and their subsidiaries.
- Among them, those securities companies that should be subject to the monitoring of operations and risk of the entire groups are to be subject to group-wide consolidated regulation and supervision that covers their parent companies and so forth. However, when group-wide consolidated regulation and supervision has already been conducted based on other industry laws, provisions are needed to eliminate duplication of similar regulation and supervision. In addition, when a parent company of the securities company is subject to regulation and supervision by foreign authorities, or the parent company does not conduct its operation with its securities subsidiary in an integrated manner, appropriate measures should be adopted taking actual circumstances into consideration.

### (2) Strengthening regulations of major shareholders of financial instruments business operators

In such cases as where it is necessary to ensure the appropriate business operations of a financial instruments business operator, an institutional framework is to be developed so that it enables the authority to issue business improvement orders against major shareholders who hold a majority of voting rights.

### (3) Consolidated prudential regulations of insurance companies

From the perspective of protecting policyholders and so forth, the prudential standards on a consolidated basis are to be introduced, which would cover the entire group of companies led by an insurance company or an insurance holding company.

## IV. Hedge fund regulation

### (1) Expansion of the scope of registration

Under the Financial Instruments and Exchange Act, hedge fund managers in Japan are subject to regulation as registered investment managers. Given that no collective investment schemes for professionals, which are subject to a notification system, has been confirmed at present as falling under the category of hedge funds, there is no need to change the regulation to make them subject to registration.

### (2) Expansion of the reporting requirements pertaining to the risk management of funds

In view of international discussion and also taking into account the actual business condition of investment managers, the items to be reported by hedge fund managers to the authorities are to be expanded in collaboration with other countries.

## V. Ensuring investor protection and fair trade

### (1) Revision of the professional investor system with regard to local governments

Local governments are to be classified as “general investors” who can opt to become “professional investors” from the perspective of further enhancing investor protection.

### (2) Regulation of unsolicited offers for overall derivative transactions

The FSA will continue to exchange views with market participants and users on whether overall derivative transactions should be made subject to the ban on unsolicited offers, and will move forward with its examination so that a conclusion can be reached in the first half of 2010.

### (3) Expansion of the right for the authority to file a petition for commencement of bankruptcy proceedings for all types of financial instruments business operators

In cases where there are facts that could trigger the commencement of bankruptcy proceedings, the scope for which the authority is able to file petitions for the commencement of bankruptcy proceedings is to be expanded from only some financial instruments business operators (securities companies) to all financial instruments business operators.

### (4) Expansion of the right for the authority to file a petition for the appointment of new trustees, etc. such as when a trust business' license is rescinded

The FSA is to develop a system which allows the authority to file petitions such as for the appointment of new trustees and so forth in the event a trust business has had its license or registration rescinded.

## VI. Other

### o Development of a reporting system for short selling

The FSA is to continue to consider in a comprehensive manner as to the future perpetuation of a system for reporting and disclosing short positions, including in terms of (i) how price regulation ought to be, (ii) whether and how positions of derivative transactions including OTC derivative transactions should be reported, and (iii) what items should be disclosed.

## Development of Institutional Frameworks Pertaining to Financial and Capital Markets (Summary)

January 21, 2010  
Financial Services Agency

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\* For further details, please refer to the [Development of Institutional Frameworks Pertaining to Financial and Capital Markets \(January 22, 2010\)](#) in the “Press Releases” section of the FSA website.

## Regulatory Reform Proposals for Internationally Active Banks (Outline of the BCBS consultative documents)

On December 17, 2009, the Basel Committee on Banking Supervision (BCBS) published consultative document to propose revisions of the Basel II framework, aiming at strengthening the capital regulations pertaining to internationally active banks, and at introducing international framework for liquidity risk measurement, standards and monitoring.

### [1. Background]

On December 17, 2009, the BCBS announced a series of regulatory reform proposals for internationally active banks. These proposals are presented as ones among various options of the international rules for liquidity standards, bank capital and leverage. They were based on the calls by the G20 leaders at their London Summit last April and at their Pittsburgh Summit last September to strengthen capital base of banks.

The financial crisis triggered by the U.S. subprime mortgage problem, developed into a global financial and economic crisis, illustrated for instance by the subsequent collapse of Lehman Brothers and the injection of public funds into major banks in Europe and North America. The world economy has not yet completely shaken itself free from the recent crisis. In order to address problems of bank's risk coverage, which is what instigated

this crisis, the BCBS announced to strengthen regulations related to higher risk weights for re-securitisation exposures and tighter treatment of trading books in July last year. Along with the July 2009 revisions, the recently announced series of regulatory reform proposals are part of the comprehensive response designed to strengthen the soundness and risk management of banks in the medium to long term, and aim to prevent a recurrence of the financial crisis.

[2. Main elements of the consultative documents]

The regulatory reform proposals can be classified into five categories: (1) strengthening quality, consistency and transparency of capital, (2) strengthening risk coverage (strengthening the treatment of counterparty credit risk, etc.), (3) introducing leverage ratio regulation as a supplementary measure, (4) mitigating procyclicality, and (5) introducing regulatory standards for liquidity. Comments on the consultative documents should be submitted by April 16, 2010, to the Secretariat of the BCBS.

[3. Position of the consultative documents, and implementation of the regulations]

The BCBS considers several options at the consultative documents. Also, from February 2010, the BCBS plans to collect necessary data from banks in each country to conduct a quantitative impact study (QIS) in order to comprehensively analyze the overall impact of the proposals. In light of the results of the QIS and the comments received, the BCBS plans to finalize the new regulatory reform proposals by the end of this year.

At the processes of finalizing the regulatory reform proposals, the BCBS will adjust standards for each of the proposed regulations. Although these adjustments have not been indicated in the consultative documents, they will be made taking into account all of the main elements associated with the series of regulatory reform proposals. At this time, broad consideration will be given to the effects of the proposed regulations on the lending activities of banks and on the real economy. Moreover, with the aim of implementation by end-2012, the BCBS plans to phase in new standards as financial conditions improve and the economic recovery is assured. It will ensure that the new regulations are implemented in a way that is consistent with financial market stability and sustainable economic growth.

Moreover, in implementing the regulation, the BCBS has clearly stated that when it brings the new regulations into force, it will put in place grandfathering arrangements (allowing the existing treatment for a certain period even after the new regulations have been brought into force) for a sufficiently long period in order to ensure a smooth transition from the existing regulation.

In this way, based on the comments received from the public and the results of its QIS, the BCBS will conduct a review aimed at formulating the final proposed regulations, and at the same time, it also plans to examine how specifically to transfer to the new regulation in a way that does not adversely affect the real economy.

\* For further details, please refer to the [Basel Committee on Banking Supervision releases consultative documents for strengthening the resilience of the banking sector \(December 27, 2009\)](#) in the “Press Releases” section of the FSA website. (Japanese only)

## 【Featured】

### The 6th International Conference on A Perspective of Asian Financial Sector under the Global Financial Crisis (January 21, 2010)

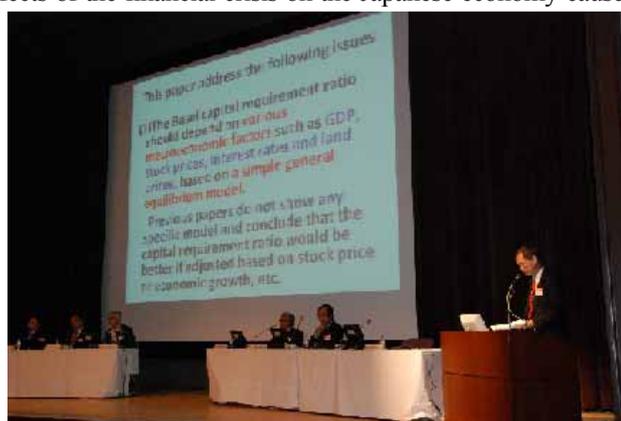
The Financial Research and Training Center (FRTC) of the Financial Services Agency (FSA) hosts joint international conferences with the financial industry, academic, and government sectors on practical issues related to the financial system. The topic for this year's conference was "A Perspective of Asian Financial Sector under the Global Financial Crisis," and the conference was held on Thursday, January 21, 2010, co-hosted by the International Monetary Fund (IMF), the Asian Development Bank Institute (ADBI) and the Keio University Global Center of Excellence Program. The conference was attended by about 230 participants from Japan and overseas, including researchers, government and central bank officials, financial institutions, and representatives from foreign embassies in Tokyo.

The conference examined the effects of the global financial crisis on banks in Asian countries, and considered through panel discussions a desirable approach to supervision and regulation of financial activities to maintain financial stability and underpin economic recovery.



#### Impact of the current crisis on Japanese and Asian Financial Sector (Session I)

In Session I, Mr. Susumu Okano (Executive Officer and Head of Research, Daiwa Institute of Research, Ltd.) reported that the direct impact of the subprime mortgage problem on financial institutions in Japan and other parts of Asia was relatively small compared to U.S. and European financial institutions. He continued that, despite a shortage of the U.S. Dollar in major Asian financial markets, there were no significant disruptions in the markets because lessons had been learnt from the 1997 Asian currency crisis and various measures had been taken against crises. Mr. Okano also reported that, although there were indirect effects of the financial crisis on the Japanese economy caused by a drop in exports of durable consumer goods, Japan's financial system was little affected; and Japan's manufacturing industry has been suffering from a decrease in exports, but the impact was smaller than that after the collapse of the bubble economy. Following his report, comments were made on why the effects of the financial crisis have been small on Asian financial institutions. The following four points were given as the reasons: (1) investment by Asian financial institutions in subprime-related instruments was small; (2) banks in Asia were relatively sound compared to



banks of other regions; (3) deposit insurance systems and other safety nets were in place; and (4) sound macroeconomic policy was being implemented.

### **Banking Regulation: Main lesson from the current crisis (Session I)**

In the second half of Session I, Mr. Shunsuke Shirakawa (Director, Office of International Affairs, FSA) reported on the consultative documents published by the Basel Committee on Banking Supervision (BCBS) in December 2009. The main elements of the reform proposal are as follows: (1) strengthening the quality of capital, (2) strengthening the risk coverage, (3) introduction of a leverage ratio (a supplementary measure), (4) mitigation of pro-cyclicality (effects of amplifying business fluctuations), and (5) introduction of regulatory standards for liquidity. The BCBS plans to have internationally-agreed rules formulated by the end of 2010, based on the results of public consultation and a quantitative impact study. In response to this presentation, there was a comment that, given that the financial regulatory reforms currently being undertaken by the BCBS and other global forums are being led by developed countries, perspectives from developing countries should also be incorporated into the reforms in the future.

Prof. Naoyuki Yoshino (Director of the FRTC; Professor of Economics, Keio University) and Mr. Tomohiro Hirano (Research Fellow of the FRTC) reported on their research at the FRTC on the desirable capital requirement that would stabilize lending. They conducted an analysis using a general equilibrium model, which includes the loan market, stock market, land market, goods market and money market, and found out that it would be desirable to link capital adequacy requirements to various macroeconomic variables such as stock prices, land prices, GDP and interest rates. They also explained that their analysis showed that, because economic structures and bank behavior are different from country to country, it would be appropriate to have different capital requirements for different countries calculated based on their economic structures, instead of applying the same capital adequacy ratio (8 percent for instance) to all countries.

### **Macro-prudential regulation and the perimeter of regulation (Session II)**

In Session II, Hervé Ferhani (Deputy Director, Monetary and Capital Markets Department, IMF) explained that, before the financial crisis, financial regulation had been conducted based on the understanding that the stability of the overall financial system would be maintained if the soundness of each individual financial institution was maintained. The global financial crisis, however, showed that even if individual financial institutions were sound, this does not necessarily mean that the financial system as a whole was stable. Ferhani said that there was a consensus that macro-prudential regulation, which looks at the stability of the overall financial system, was necessary. In the ensuing discussion, the aim of macro-prudential regulation was defined as mitigation of “systemic risk,” the risk accumulated in the overall financial system, and that such risk can be mitigated by broadening the scope of regulation. With regard to the coverage of regulation, it was pointed out that the financial institutions that should be subject to regulation need to be determined by focusing on the function and businesses they perform rather than on what categories of financial institutions they fall under. A comment was also made that, following the financial crisis, discussions at the global forums are moving toward expanding the coverage of regulation, but it must be noted that effective supervision should not be sacrificed by the expansion of regulation.

### **Asia’s financial sector reforms: ensuring effective financial intermediation with stability (Session III)**

In Session III, Dr. Hank Lim (Research Director, Singapore Institute for International Affairs) reported that the recent financial crisis has severely affected small and medium-sized enterprises (SMEs) in Asia. Dr. Lim explained measures taken by Asian governments, such as loan guarantees and setting targets for loans to SMEs. In particular, the Singapore government has introduced the “Special Risk-Sharing Initiative (SRI),” which was a scheme that promoted bank lending. The scheme enabled high-quality firms to raise funds and many SMEs were enjoying the benefits of this scheme. Then, the situation of SMEs in Korea was reported. Since most SMEs in Korea are export-related firms, exchange rate fluctuations greatly influence their financing, and many SMEs frequently used derivatives to cover exchange rate fluctuations, which as a result, severely affected such SMEs at the time of the recent financial crisis. Lessons can be drawn from this Korean experience that financial regulation should be conducted taking into account the specific features of SMEs in each country.

Ms. Cyn-Young Park (Principal Economist, Office of Regional Economic Integration, Asian Development Bank) reported that, although the effects of the recent financial crisis on Asian financial systems have been limited, they remain vulnerable, and therefore Asia needs to develop its financial systems by advancing the regional financial reforms in line with global reforms. To this end, it was necessary to further strengthen efforts, such as the Chiang Mai

Initiative and the Asian Bond Markets Initiative, and to achieve even closer cooperation by, for instance, arranging policy dialogue for the financial stability of the Asia region.

#### **Panel discussion (Session IV)**

In Session IV, Prof. Naoyuki Yoshino (Director of the FRTC) opened by summarizing discussions made in the earlier sessions, before holding a panel discussion. The main reports and discussions are as follows.

Mr. Pietro Ginefra (Chief Representative, Bank of Italy) explained Europe's response to the recent financial crisis. He explained how it had been decided to create the European Systemic Risk Board to conduct macro-prudential regulation of the financial system in the EU.

Mr. Yongxiang Bu (Director, Financial Risk Division, Research Department, the People's Bank of China) reported that, although the effects of the recent financial crisis on China's banks had been limited, China's financial system was still vulnerable, and that the reforms of the financial and capital markets were lagging. Going forward, he stated that China would need to work toward implementation of prudential policy measures such as creation of a deposit insurance system, while closely watching international developments in macro-prudential regulation.

Mr. Hervé Ferhani (Deputy Director, Monetary and Capital Markets Department, IMF) commented that, while economies have become more globalized, there was no global regulator, and thus there was a need to take a global approach to financial regulation so as not to cause fragmentation of regulation. In response to this, Dr. Masahiro Kawai (Dean, ADBI) said, given that financial systems in Asia are at different stages of development, and there are regulatory and legal differences, it would be difficult to apply the same regulations as the United States and Europe to Asian countries. The conference concluded with the remark that perspectives of Asia and other regions need to be incorporated into any global regulation.

- \* For further details of the conference, please refer to the Conference Materials for International Conference on ["A Perspective of Asian Financial Sector under the Global Financial Crisis"](#) on the website of the FRTC. The conference program, presentation materials and a summary of the conference are available at the site.

## 【 Explanations of Laws and Regulations 】

### **Results of public comments on the draft government ordinance and draft cabinet office ordinance, etc. on the 2009 partial revision of the Financial Instruments and Exchange Act etc., and results of the public comments on the draft cabinet office ordinances, etc. regarding disclosure system of information of corporations, etc. pertaining to those parts of the 2009 partial revision of the Financial Instruments and Exchange Act, etc.**

#### 1. Introduction

The Act for the Amendment of the Financial Instruments and Exchange Act (Act No. 58 of 2009) incorporates the development of institutional frameworks needed to build reliable and vibrant financial and capital markets, and was enacted on June 17 and promulgated on June 24, 2009. In response, the Cabinet Order for the Establishment of Relevant Cabinet Orders Following Enforcement of the Act for the Amendment of the Financial Instruments and Exchange Act, which is necessary to enforce the revised act, was decided by the Cabinet on December 22 and promulgated on December 28, 2009.

In principle, the effective date of the revised act is stipulated as “a date specified by a Cabinet Order, which may not exceed one year from the date of promulgation (June 24, 2009) of the Act for the Amendment of the Financial Instruments and Exchange Act (Act No. 58 of 2009).” Specifically, April 1, 2010 was made the effective date. (The Cabinet Order specifying the said effective date was also decided by the Cabinet on December 22 and promulgated on December 28, 2009.)

The cabinet orders and cabinet office ordinances pertaining to the revised act will, in principle, also be enforced from April 1, 2010.

However, the following provisions will be enforced from the dates as indicated:

- Under the introduction of regulations on credit rating agencies, those provisions pertaining to restrictions on solicitations that use credit ratings provided by unregistered credit rating agencies; and under the creation of a financial ADR system, those provisions pertaining to the use of designated dispute resolution bodies by financial institutions: October 1, 2010;
- Of the provisions pertaining to the mutual trading of products between financial instruments exchanges and commodity exchanges, those provisions pertaining to the actual mutual trading between exchanges: July 1, 2010, being the later of the “in-principle” effective date (April 1, 2010) and the effective date pertaining to the relevant provision of the revised Commodity Exchange Act (July 1, 2010);
- Of the provisions pertaining to the mutual trading of products between financial instruments exchanges and commodity exchanges, those provisions for the mutual trading of central counterparties (CCPs): within 18 months of the date on which the revised Commodity Exchange Act was promulgated (July 10, 2009), which is the effective date of the revised Commodity Exchange Act (on or before January 9, 2011)

Following are the main revisions pertaining to the recently developed cabinet orders and cabinet office ordinances.

#### 2. Introduction of regulations on credit rating agencies

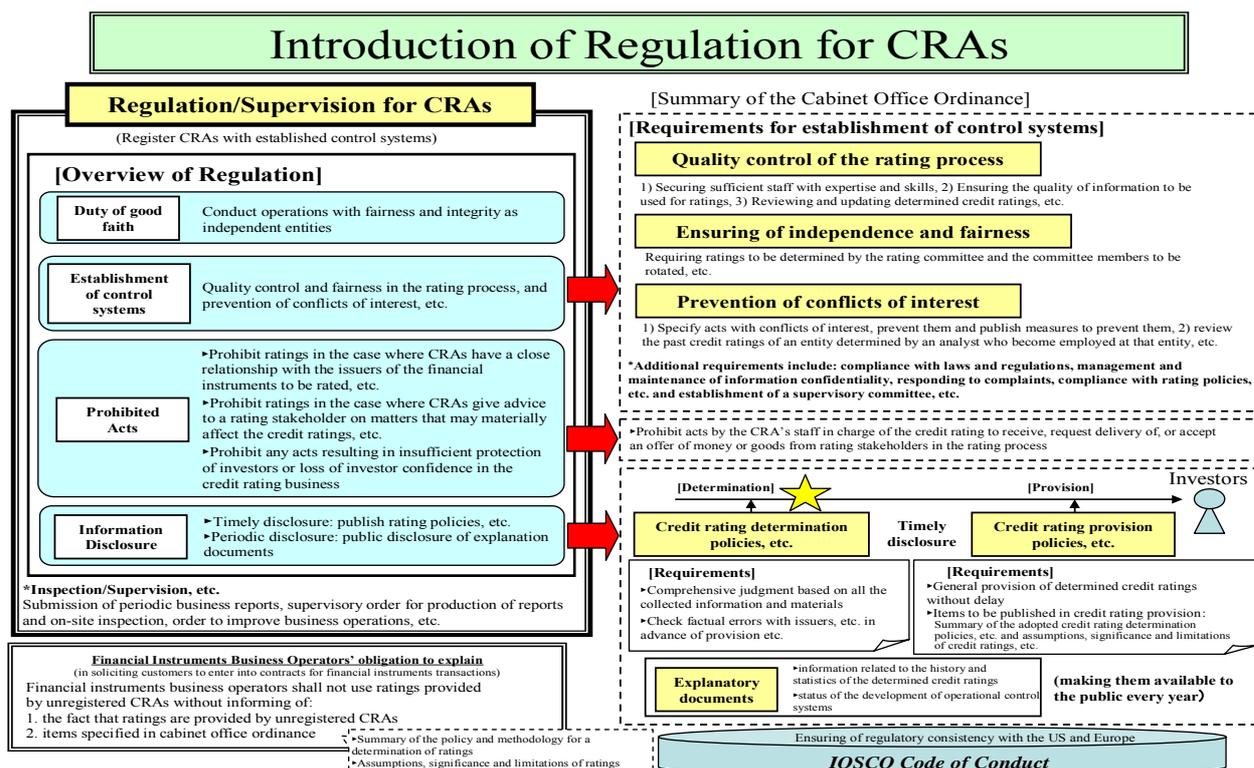
Under the revised act, credit rating agencies which establish operational control systems to conduct their credit rating business fairly and adequately may obtain registration from the Prime Minister. The revised act has established a regulatory and supervisory framework for those credit rating agencies that have obtained registration (“CRA”)

Through the recently developed cabinet orders and cabinet office ordinances, measures have been taken, including:

(1) Prescribing as requirements for the development of operational control systems by CRAs:

- Quality control of the ratings process, ensuring of independence and fairness (securing personnel who have expert knowledge and skills, ratings determination by credit rating committees, and rotation of members, etc.)

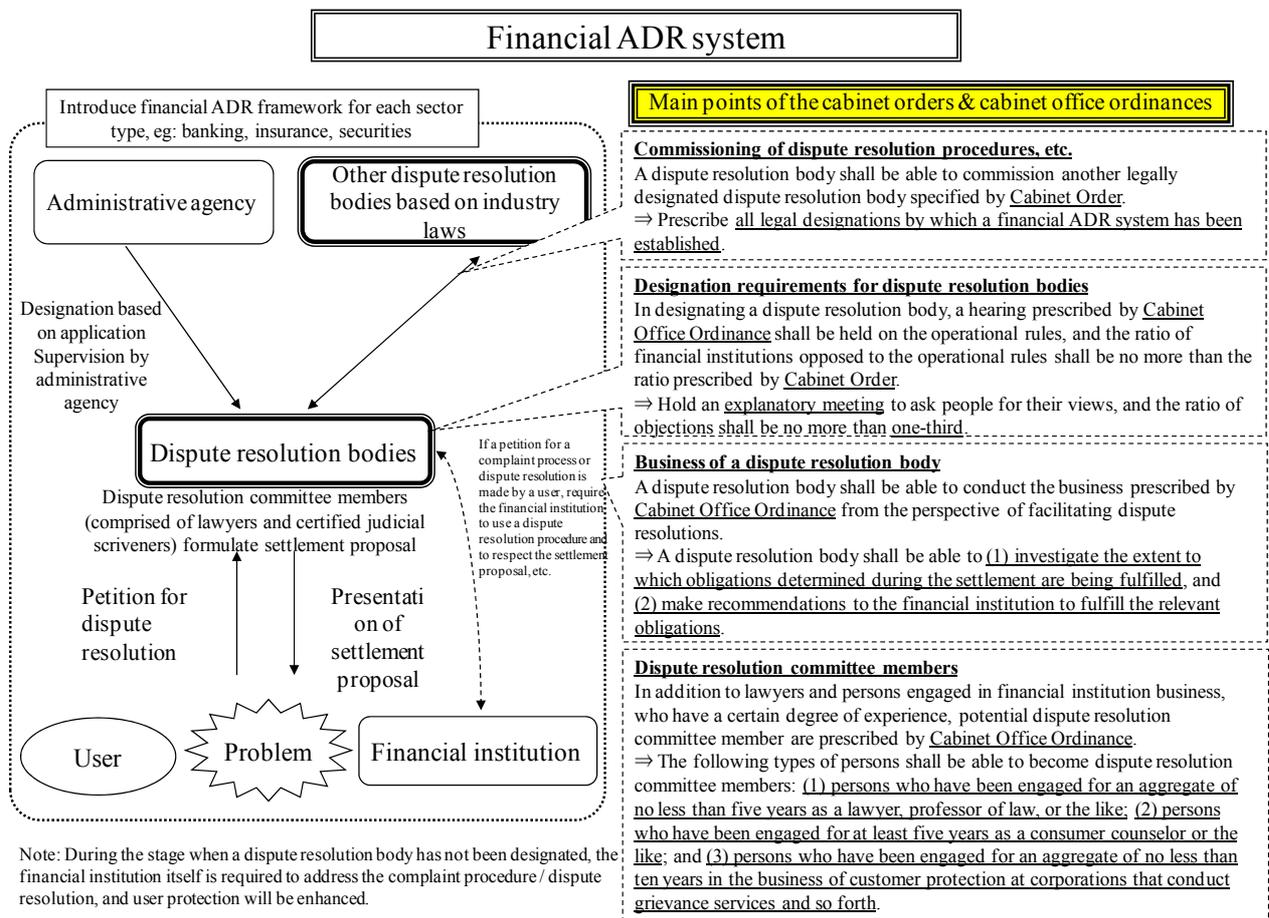
- Prevention of conflicts of interest, legal compliance, dealing with complaints, and establishment of a supervisory committee
- (2) As details of prohibited acts on CRAs, prescribing the prohibition on a credit rating analyst in charge from receiving money or goods from the issuer, etc. of the rated product
  - (3) Prescribing the requirements of ratings policies, etc. items to be contained in explanatory documents, which are subject to information disclosure
  - (4) As an explanatory obligation of a financial instruments business operator, etc. when providing the credit rating provided by unregistered credit rating agencies, prescribing (1) an outline of the policies and method used in determining the credit rating, and (2) the assumptions, significance and limitations-of the credit rating, etc.
- etc.



### 3. Establishment of an alternative dispute resolution system in the financial sector (financial ADR system)

The revised act puts in place a new legal framework for financial alternative dispute resolution (ADR) which provides a fast and simple out-of-court means for resolving problems relating to financial products and services. Specifically, a corporation or organization to process complaints and resolve disputes (dispute resolution body) is designated by the competent minister, and, while ensuring the neutrality and fairness of the dispute resolution, it has been decided to ensure the effectiveness of the dispute resolution by imposing financial instruments business operators, etc. with the obligation to comply with procedures, respect the outcomes and so on.

Through the recently developed cabinet orders and cabinet office ordinances, in connection with the designation of dispute resolution bodies, measures have been taken to hold explanatory hearings pertaining to the operational rules, and to prescribe the requirement that the ratio of financial institutions opposed to the operational rules shall be no more than one-third.



#### 4. Revision of procedures for switching classification between professional investor and general investor

With respect to the procedures for switching investor classification between professional and general, the revised act has put in place such measures as:

- (1) Making the effect of the change from professional to general investor effective until such time as the customer requests otherwise;
- (2) While a change from general to professional investor will continue to remain in effect for one year, the customer shall be able to revert to a general investor earlier than this if they so request.

Given that customers need to make decisions with appropriate timing, measures have been taken through the recently developed cabinet orders and cabinet office ordinances, such as allowing an investor, who has previously changed classification from general to professional, to apply to renew their professional classification from as early as one month before the renewal deadline.

**Revision of procedures for switching classification  
between professional investor and general investor**

Professional investor		General investor	
(1) Cannot switch to general investor	(2) Can switch to general investor	(3) Can switch to professional investor	(4) Cannot switch to professional investor
<ul style="list-style-type: none"> <li>• <b>Qualified institutional investors</b> <ul style="list-style-type: none"> <li>○ Financial institutions (banks, securities companies, etc.)</li> <li>○ Corporations (those that are registered and have a balance of securities of at least 1 billion yen) etc.</li> </ul> </li> <li>• <b>National government</b></li> <li>• <b>Bank of Japan</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Local governments</b></li> <li>• <b>Government-related institutions</b></li> <li>• <b>Listed companies</b></li> <li>• <b>Stock companies with an expected capital of at least 500 million yen etc.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Corporations other than (1), (2)</b></li> <li>• <b>Individuals who meet certain conditions</b> <ul style="list-style-type: none"> <li>○ Individuals who have at least one year's experience transacting with financial instruments business operators, and who are expected to                             <ul style="list-style-type: none"> <li>• have net assets of at least 300 million yen;</li> <li>• have investment financial assets of at least 300 million yen</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Individuals other than (3)</b></li> </ul>



[Current] Effect of switch is only for 1 year

[Post-revisions]

- Switch from professional to general investor remains effective until the customer requests otherwise
- Switch from general to professional investor will continue to remain in effect for one year, but the customer can revert to a general investor earlier than this if they so request



- **Given that customers need to make decisions with appropriate timing, investors, who have previously changed classification from general to professional, can now apply to renew their professional classification from as early as one month before the renewal deadline.**
- **Added the provision “can always revert to a general investor” to the items to be listed on the consent form signed at the time of changing investor classification from general to professional.**

5. Introduction of the obligation for segregated management for securities-related OTC derivative transactions

Given the increase in securities-based CFD transactions and the like made with individual customers, under the revised act, securities-related over-the-counter (OTC) derivatives have been made subject to the obligation for segregated management related to margins deposited by customers. This excludes any derivatives, such as those traded between financial institutions, which are found not to impede investor protection.

Through the recently developed cabinet orders and cabinet office ordinances, measures have been taken, including prescribing transactions that are not subject to the obligation for segregated management, such as those transactions where the other party is a type I financial instruments business operator, a registered financial institution (banks, etc.), a qualified institutional investor (corporations that have a balance of securities of at least 1 billion yen, etc.), or a stock company with capital of at least 1 billion yen. In relation to this, margin regulations have also been adopted for securities-related OTC derivative transactions made with individuals.

## Introduction of the obligation for segregated management for securities-related OTC derivative transactions

- Previously, given that securities-related OTC derivative transactions were primarily conducted between financial institutions, the obligation for segregated management had not been imposed for margins deposited by individual customers.
  - Recently, among the securities-related OTC derivative transactions, transactions made with individual customers have been observed, such as securities-based contract for difference (CFD) transactions
- Note: With a securities-based CFD transaction, a small margin is deposited and transactions are based on the difference between the current value and the settlement value of securities or of a securities index.
- ⇒ Subject to the obligation for segregated management, except for any derivatives, such as those traded between financial institutions, which are found not to impede investor protection. (2009 revised Financial Instruments and Exchange Act)

		Securities transactions (spot)	Securities-related derivative transactions
Obligation for segregated management	Exchanges		
	OTC		In principle, <b>×</b>

**Main points of the cabinet orders & cabinet office ordinances**

- Prescribed transactions that are not subject to the obligation for segregated management, such as those transactions where the other party is a type I financial instruments business operator, a registered financial institution (banks, etc.), a qualified institutional investor (corporations that have a balance of securities of at least 1 billion yen, etc.), or a stock company with capital of at least 1 billion yen.
- Foreign market derivative transactions are subject to the obligation for segregated management.

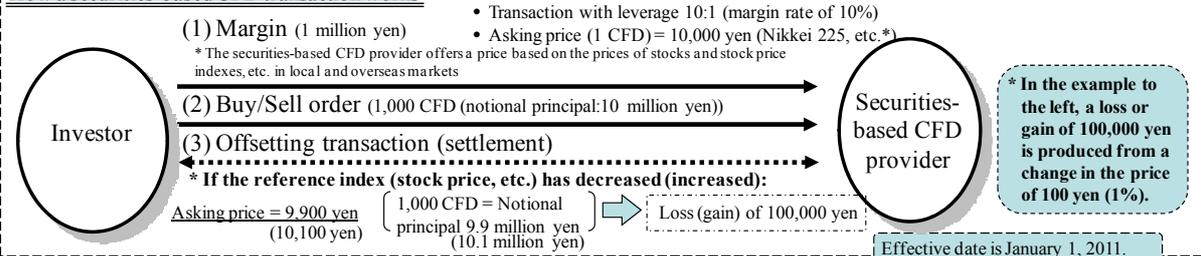
## Introduction of margin regulations for securities-related OTC derivative transactions

[Related]

### ◆ Current state of securities-related OTC derivative transactions

- Recently there has been an increase in a type of securities-related OTC derivative transaction among individual investors called “securities-based CFD transactions.” They are similar to FX transactions where a small margin is deposited, but instead transactions are based on the difference between the current value and the settlement value of securities or of a securities index.

#### How a securities-based CFD transaction works



### ◆ Need for margin regulation

- Customer protection (risk of customers sustaining unexpected losses)
- Business operator's risk management (risk of business operator's financial health being affected by the customer's loss exceeding their margin deposited)
- Excessive speculation

#### Main points of the cabinet office ordinances

#### Forward-looking approach

➢ With respect to securities-related OTC derivative transactions made with individual customers, based on securing margins of a level that can cover one day's fluctuations in the price of the traded asset, business operators are prohibited from trading unless they receive the following margin deposits (against the notional principal) for each type of asset:

- Individual shares: at least 20% (= leverage 5:1 or less)
  - Stock price index: at least 10% (= leverage 10:1 or less)
  - Bonds: at least 2% (= leverage 50:1 or less)
- Note: FX transactions: at least 4% (= leverage 25:1 or less)

※ With regard to securities-based CFD transactions, the Japan Securities Dealers Association (JSDA) is heading toward using self-regulation to treat the requirement for compulsory loss-cut rules and the prohibition of re-solicitation. The FSA will continue to exchange views with market participants and users on whether overall derivative transactions, including exchange-based transactions, should be made subject to the ban on unsolicited offers. The FSA will move forward with its examination so that a conclusion can be reached in the first half of 2010. (“Main Points of the Draft Blueprint for the Development of Institutional Frameworks Pertaining to Financial and Capital Markets,” released December 17)

6. Mutual trading of products between financial instruments exchanges and commodity exchanges

For the purpose of developing a fair and highly convenient market infrastructure, the revised act enhances the framework enabling the establishment of a commodity market through financial instruments exchanges and the establishment of a financial instrument market through commodity exchanges.

Through the recently developed cabinet orders and cabinet office ordinances, measures have been taken to restrict the voting rights held in financial instruments exchanges, including the development of provisions to equally treat either cases where a financial instruments exchange or a commodity exchange is the shareholder.

**Mutual trading of products between financial instruments exchanges and commodity exchanges**

○ Current status

- Financial instruments exchanges are regulated based on the Financial Instruments and Exchange Act, and commodity exchanges are regulated based on the Commodity Exchange Act. The mutual trading of products between exchanges is no possible.

From the perspective of strengthening the business foundation of exchanges and improving the convenience for users, comments were raised that the mutual trading of products between financial instruments exchanges and commodity exchanges should be permitted.

\* In various countries overseas, there are moves to strengthen business foundations through alliances between exchanges, such as handling both financial instruments and commodities at a single exchange group.

↓

○ Outline of revision

- Enable the establishment of a commodity market through financial instruments exchanges and the establishment of a financial instrument market through commodity exchanges (allow alliances directly between exchanges themselves or through a subsidiary or a holding company)
- In the mutual trading of products, ensure fair and appropriate market operations through the frameworks of both acts, such as the approval and authorization frameworks

↓

**Main points of the cabinet orders**

With respect to persons holding the voting rights of financial instruments exchanges, measures to treat commodity exchanges the same as financial instruments exchanges and exclude them from the category of joint holders (which are subject to aggregation)

↓

Regulations restricting the voting rights held in financial instruments exchanges

Ability to hold more than 50%	Ability to hold 20%-50%
(○) Domestic financial instruments exchange ↓ Domestic financial instruments exchange	(○) Foreign financial instruments exchange ↓ Domestic financial instruments exchange
[Measures resulting from recent revision] (○) Domestic commodity exchange ↓ Domestic financial instruments exchange	(×) Foreign commodity exchange → (○) Foreign commodity exchange ↓ → ↓ Domestic financial instruments exchange      Domestic financial instruments exchange

**Main points of the cabinet orders & cabinet office ordinances**

Measures to allow the equity participation of foreign commodity exchanges in Japan's financial instruments exchanges on par with the already stipulated equity participation of foreign financial instruments exchange in Japan's financial instruments exchanges (20%-50% holding)

7. Revision of disclosure regulations

In the revised act, from the perspective of revising disclosure regulations pertaining to the “secondary distribution of securities,” the phrase “on the same conditions” has been removed from the definition of “secondary distribution of securities.” In addition, with respect to soliciting for the sale of already-issued securities, disclosure regulations have been put in place, requiring statutory disclosure, provision of simplified information or exemption from disclosure, according to the forms of sale (whether primary trade or secondary trade in substance), the nature of the securities (government bonds issued by major countries, listed securities on major overseas exchanges, and the like) and the attributes of investors (whether only qualified institutional investors, or a small number or large number of individual investors, etc.). Furthermore, it was decided to review the shelf registration system for corporate bonds and so forth, and to approve the description of “maximum outstanding balance” instead of “planned amount of issue” as one of the items to be listed on the shelf registration statement.

Through the newly developed cabinet order and cabinet office ordinances, the following measures have been taken as revisions of the disclosure regulations pertaining to the ‘secondary distribution of securities’:

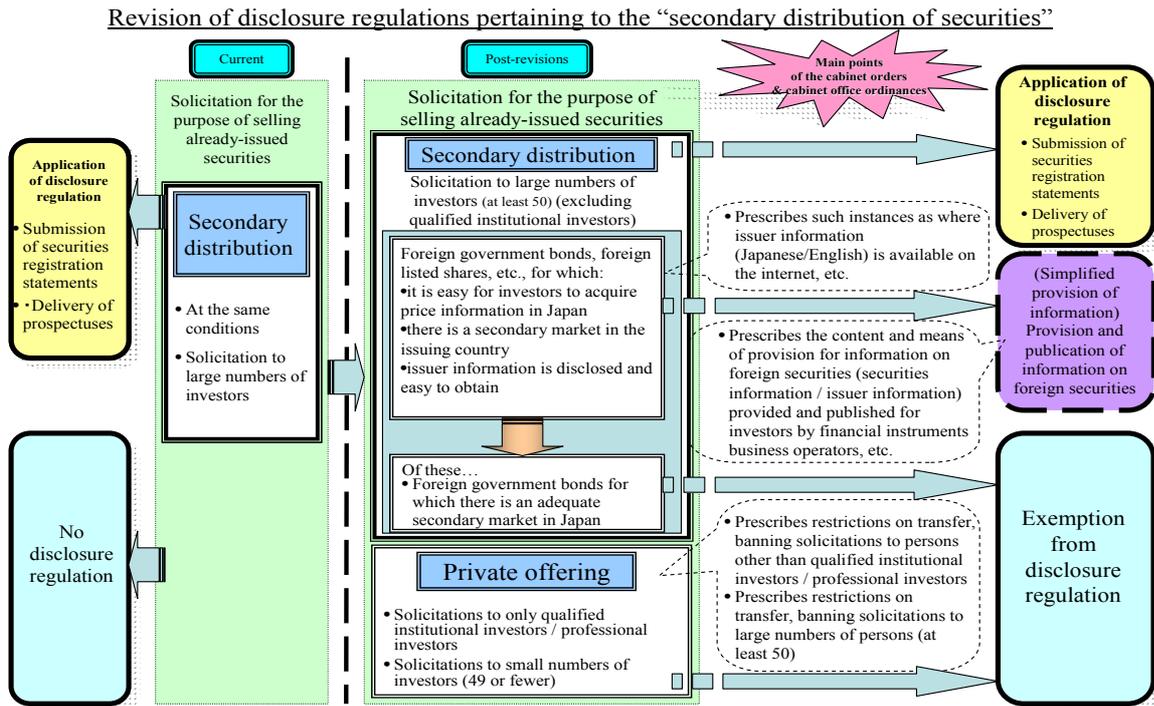
- The secondary distribution of securities: the exemption from statutory disclosure when the information of the price and the issuer of the securities is easily available. (e.g. foreign government bonds and foreign listed

stocks)

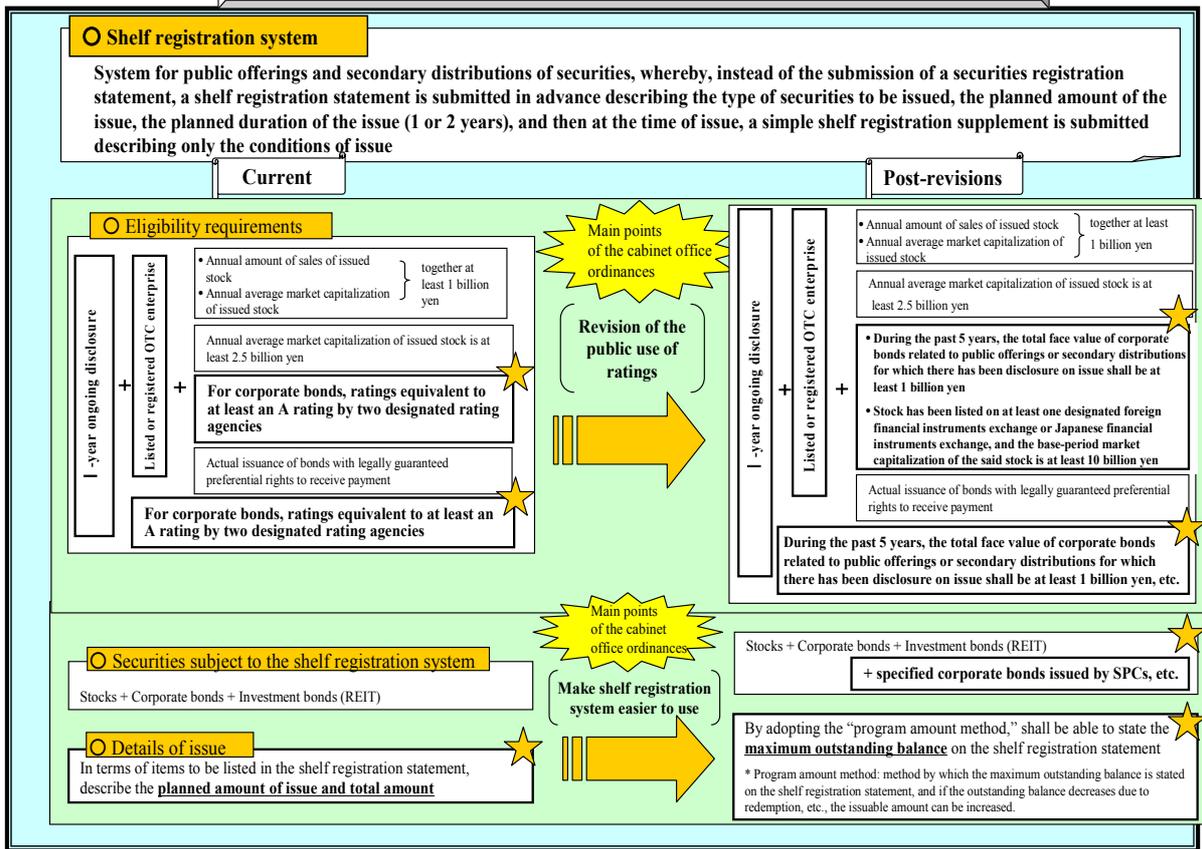
- Provided that, however, the information of foreign securities shall be provided as the content (e.g. information of an issuer) and the manner (e.g. via internet) are set out.

Furthermore, the following measures have been taken as revisions to the prospectus system:

- (1) With regard to mandatory prospectuses for investment trust beneficiary certificates, they shall be made easy for investors to read and use, by limiting the content of a mandatory prospectus to investment information that is extremely important, and by making them considerably simpler;
- (2) With regard to prospectuses pertaining to all securities, in terms of the methods by which an investor's consent can be obtained for the electronic delivery of prospectuses, add the telephone and other means to written notification and electromagnetic methods.

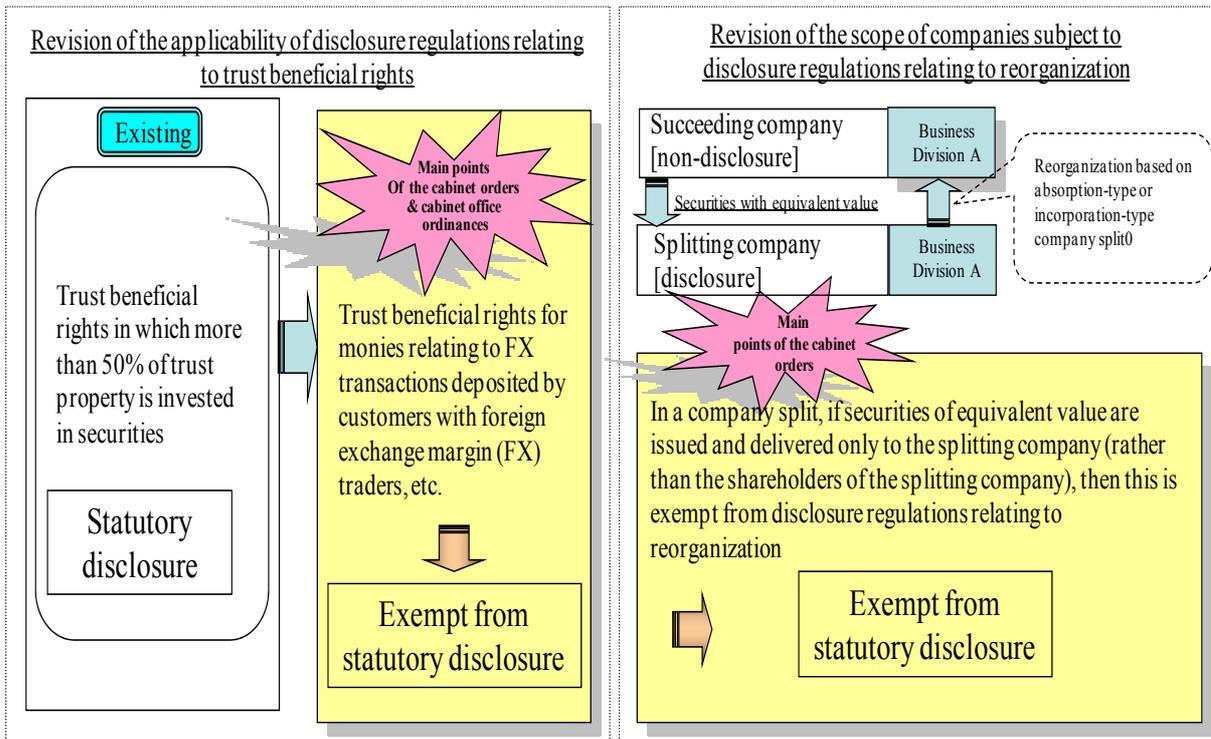


# Revision of registration system for corporate bonds, etc.

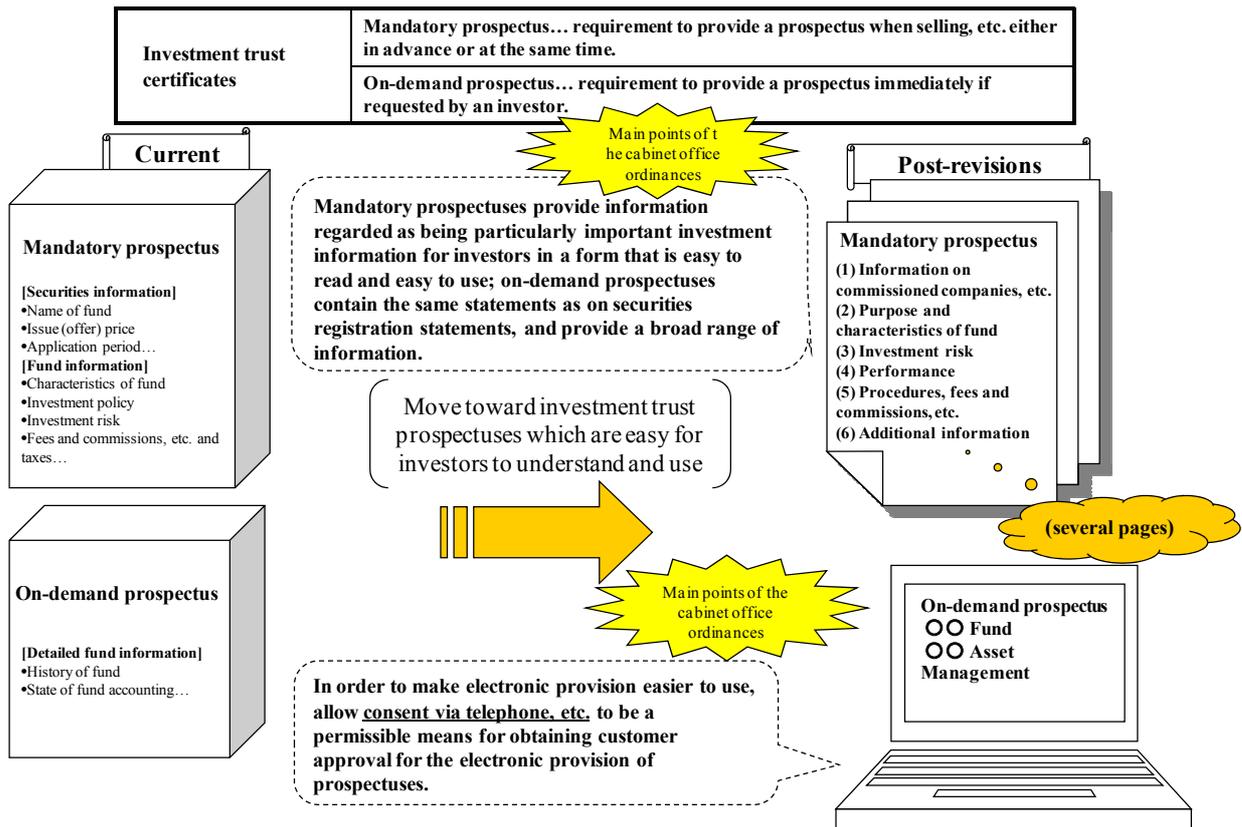


## Other Cabinet Order matters (related to disclosure)

[Related]



## Revision of investment trust prospectuses



\* For further details, please refer to the [Results of public comments on the draft government ordinance and draft cabinet office ordinance, etc. on the 2009 partial revision of the Financial Instruments and Exchange Act etc. \(December 22, 2009\)](#) and [Results of the public comments on the draft cabinet office ordinances, etc. pertaining to those parts of the 2009 partial revision of the Financial Instruments and Exchange Act, etc. regarding the corporate information disclosure system \(December 28, 2009\)](#) in the “Press Releases” section of the FSA website. (Japanese only)

## 【Notices】

### ○ Watch out for malicious solicitations for funds!

#### **Business operators must be registered to solicit investments in funds.**

On September 30, 2007, the [Financial Instruments and Exchange Act](#) (FIEA) came into force, and an obligation to register with local finance bureaus (including the Fukuoka Local Finance Branch Bureau and the Okinawa General Bureau) was placed upon business operators engaged in soliciting general investors to invest in funds. (Business operators engaged in services for professional investors (= specially permitted businesses for qualified institutional investors, etc.) were similarly imposed with an obligation of notification.)

Specifically, business operators who

- 1. Collect money from others (solicit for equity investments),**
- 2. Conduct some kind of business or investment, and**
- 3. Operate a system whereby revenues generated from the business or investment are distributed to the equity investors**

are now required to register with, or notify, their local finance bureaus.

[Registered fund managers and notified fund managers can be checked on the FSA website.](#)

**Great care should be taken against investment solicitations and so forth from unregistered persons.**

Furthermore, when soliciting contributions and so forth, even registered fund managers must, for instance, abide by the following rules:

- When making public advertisements, the business operator must indicate that it is a financial instruments business operator, and must indicate its registration number; and with regard to the outlook of profits, the business operator shall not make any indications that are significantly contradictory to facts or seriously misleading.
- When the business operator intends to conclude a contract, it shall deliver to the customer in advance a document containing the business operator's registration number, an outline of the contract and an outline of the fees.
- The business operator shall not “deliver false information” or “solicit by providing an assertive judgment on uncertain matters.”
- The business operator shall not compensate for losses.

The FSA recommends that people act with caution if they are not sure whether a fund manager is trustworthy, even if that manager is registered.

**With respect to notified fund managers, they are able to engage in business as long as they give notification to the FSA. At the time of notification, the FSA does not perform any screening or other kind of examination. Therefore, just because notification has been made does not necessarily mean that reliability can be assured, and so people should exercise great care when conducting transactions.**

## ○ Protecting the markets with information received from the public!

The mission of the [Securities and Exchange Surveillance Commission](#) (SESC) is to ensure the fairness and transparency of Japan's markets and to protect investors, through exerting its authority of market surveillance, inspections of securities companies, administrative monetary penalties investigations, disclosure documents inspections and investigations of criminal cases.

The SESC receives a wide range of information from the general public via phone, mail, fax and the internet, relating to suspected misconducts in the market such as those below. Information received is effectively used as reference material in its investigations, inspections and other activities. During business year 2008, the SESC received 6,412 items of information.

### < Information on specific stocks >

- Market manipulation (through “misegyoku” (false orders), short selling, etc.)
- Insider trading (selling off of stocks by a corporate insider prior to publication of material facts, etc.)
- Spreading of rumors (false rumors through posts to online bulletin boards or email magazines, etc.)
- Suspicious disclosure (annual securities reports, timely disclosure, etc.)
- Suspicious financing (fictitious capital increases, suspicious allottees, etc.)
- Problems of internal control for listed companies



Poster calling on the general public to provide information

### < Information on financial instruments business operators, etc. >

- Wrongful acts by securities companies, foreign exchange margin (FX) traders, management firms, investment advisory companies, etc. (inadequate explanation of risks, system-related problems, etc.)
- Problems related to business management systems or financial conditions (risk management, customer asset segregation, calculation of capital adequacy ratio, etc.)

### < Other information >

- Information on suspicious financial instruments, suspicious funds (fraudulent fund-raising schemes, etc.) or on unregistered business operators

- Information on market participants who are likely to impair the fairness of markets (so-called speculator groups, etc.)

If you have any information like that described above, please be sure to submit it to the SESC. In addition to information on shares, the SESC also accepts a wide range of information on derivatives, bonds and other financial instruments. (Please note that the SESC does not accept individual requests for dispute resolution and inspections.)

To submit information via the internet, please access the [Securities Watch & Report Portal](https://www.fsa.go.jp/sesc/watch/) on the SESC website.

□ **SESC Securities Watch & Report Portal**

Information Processing Officer, Market Surveillance Division,  
Executive Bureau, Securities and Exchange Surveillance Commission  
Central Government Office Building No.7, 3-2-1 Kasumigaseki, Chiyoda-ku, Tokyo, JAPAN 100-8922  
Direct line: +81 (3) 3581-9909  
Switchboard: +81 (3) 3506-6000 (extensions 3091, 3093)  
Fax: +81 (3) 5251-2136  
<https://www.fsa.go.jp/sesc/watch/>

○ **Beware of malicious phone calls from people pretending to be from the FSA or SESC! Warnings about unlisted shares.**

Many reports have been received of people claiming affiliation with the Financial Services Agency (FSA), the Securities and Exchange Surveillance Commission (SESC) or other organizations with similar sounding names, and who:

- Indicate they are “conducting a survey of victims related to unlisted shares,” or that “the unlisted shares the customer has at hand are safe because it has been decided to list them”; and then at about the same time, a person claiming to be the issuer of the unlisted shares suggests an additional purchase of the unlisted shares; or
- Indicate they are “negotiating on behalf of the victims of the unlisted shares for the company to repurchase the shares,” and who then request some kind of fee or remuneration.

Note: Examples of names that are suggestive of the Securities and Exchange Surveillance Commission:

Securities Surveillance Commission, NPO Securities Surveillance Commission, Securities and Exchange Audit Commission, Securities and Exchange Surveillance Association, etc.

Please be very careful of suspicious calls like those above. Personnel from the FSA and the SESC would never mention on the phone when unlisted shares are to be listed, or negotiate the purchase of unlisted shares. Nor would they ever outsource such operations.

If you receive such a call, please contact the [FSA Counseling Office for Financial Services Users](#) or the [SESC Securities Watch & Report Portal](#) and provide them with your information. Also, please report the incident to your nearest police station.

◆ **FSA Counseling Office for Financial Services Users**

Phone (Navi-Dial): 0570-016811  
\* (from IP phones or PHS): +81 (3) 5251-6811  
Fax: +81 (3) 3506-6699

◆ **SESC Securities Watch & Report Portal**

Information Processing Officer, Market Surveillance Division,  
Executive Bureau, Securities and Exchange Surveillance Commission  
Direct line: +81 (3) 3581-9909 Fax: +81 (3) 5251-2136  
Switchboard: +81 (3) 3506-6000 (extensions 3091, 3093)

## 【Minister in His Own Words】

This section provides information regarding the hot topics of the moment, selected from questions and answers given at the Minister's press conferences, etc.

If you wish to find out more, we invite you to visit the "[Press Conferences](#)" section of the FSA website.

**Q1:** Regarding a proposal for financial regulation that was abruptly announced by President Obama last weekend(January 21, 2010) how do you think it could affect Japanese banks?

A1. President Obama has presumably made that proposal in the knowledge that it would have some temporary impact on stock prices. He nonetheless made the proposal as he learned from his bitter experience that the government must play the leadership role in order to ensure that the financial sector functions appropriately. I think he has exercised admirable leadership.

**Q2:** Mitsubishi (Bank of Tokyo-Mitsubishi UFJ) of Japan, for example, has invested in Morgan Stanley, so if U.S. banks are affected, I suppose that Japanese banks will also be affected. How much do you think...

A2. That is beyond my knowledge. You should ask the banks' president. Such specific matters are beyond my knowledge. Certainly, there will be some impact. However, that proposal is intended to prevent something worse from occurring... In the future, President Obama's proposal could have a positive impact on Bank of Tokyo-Mitsubishi UFJ and other banks. Although things may be going well at this moment, the impact of the damage that may be caused should bubbles arise and an incident burst just like the implosion of the subprime mortgages would be much worse.

Therefore, I think it is natural that President Obama has called for discipline, if I may say so, in the U.S. financial and capital markets from the perspective that the United States should assume responsibility for the global economy.

**Q3:** In relation to that issue, is Japan considering following suit.

A3. The FSA (Financial Services Agency) has already been making serious efforts to guide and supervise financial institutions so as to ensure that they fulfill their social function to properly provide finance as usual. The FSA is working very hard. Although the philosophy of supervision and inspection has changed radically, or I should say I have changed the philosophy, I believe that FSA staff members are performing their tasks properly based on the new philosophy.

**Q4:** Am I correct in understanding that you do not have any plan to introduce a similar regulatory measure in Japan in response to President Obama's proposal?

A4. It is not the question of acting "in response" or... When President Obama does something admirable, I respect his action and I may even look at it as a reference for my actions, but I am not such an impulsive man as to be automatically prompted to do whatever he does.

[\[Extract from the press conference following the Cabinet meeting on January 29, 2010\]](#)

## ○ Subscribing to the Email Information Service (Japanese/English)

The Financial Services Agency provides an **Email Information Service (Japanese and English)** through its website. If you register your email address on the Japanese subscription page, we will email you once a day with the latest information, such as the monthly publication, “Access FSA,” and daily press releases.

If you register on the English subscription page, we will email you once a day with the latest information, such as the “What’s New” information on the English website as well as the “FSA Newsletter.”

To register in Japanese, please access [新着情報メール配信サービス](#), and to register in English, please access [Subscribing to E-mail Information Service](#).

## ○ Subscribing to the SESC Email Information Service

The Securities and Exchange Surveillance Commission (SESC) provides an **Email Information Service (Japanese/English)** through its website. If you register your email address, we will email you with the latest information from the SESC website, such as recommendations relating to administrative action against financial instruments business operators and recommendations relating to orders for the payment of administrative monetary penalties.

\* For further details and to register in Japanese, please access [新着情報メール配信サービス](#), and to register in English, please access [Subscribing to E-mail Information Service](#) on the SESC website.

## ○ Subscribing to the CPAAOB Email Information Service

The Certified Public Accountants and Auditing Oversight Board (CPAAOB) provides an **Email Information Service (Japanese/English)** through its website. If you register your email address, we will email you with the latest information from the CPAAOB website.

\* For further details and to register in Japanese, please access [新着情報メール配信サービス](#), and to register in English, please access [Subscribing to E-mail Information Service](#) on the CPAAOB website.



## [Main Press Releases in January/February]

January		
6	<a href="#">Access</a>	Secretariat meeting of the “Project Team on Money-Lending Systems” (January 7, 14, 2010)
7	<a href="#">Access</a>	Administrative Actions against Korea Exchange Bank, Japan Branches
8	<a href="#">Access</a>	FSA publishes the “Draft Stipulation of Laws Specified by the FSA Commissioner through Public Notice, Pursuant to the Provisions of Article 5(2) of the Order for Enforcement of the Act on Fund Settlement”
	<a href="#">Access</a>	Holding of the “Symposium on Life Planning and Asset Management”
	<a href="#">Access</a>	Administrative Action on Commerzbank Aktiengesellschaft Tokyo Branch
12	<a href="#">Access</a>	Overview of major banks' financial results as of September 30, 2009
	<a href="#">Access</a>	FSA publishes draft partial revision of the “Payment Standards for Mutual Aid Money, etc. of Compulsory Automobile Liability Mutual Aid and Insurance Payment, etc. of Compulsory Automobile Liability Insurance”
13	<a href="#">Access</a>	Decision to order payment of an administrative monetary penalty for insider trading by a person receiving information from an employee of Hitachi, Ltd.

15	<a href="#">Access</a>	Fourth trial date for the case of a violation of the Financial Instruments and Exchange Act in relation to insider trading by an employee of Ajinomoto Co., Inc.
	<a href="#">Access</a>	Fifth trial date for the case of a violation of the Financial Instruments and Exchange Act in relation to false statements contained in a prospectus relating to the secondary distribution of shares in BicCamera Inc. held by an officer of BicCamera Inc.
	<a href="#">Access</a>	Administrative action against LNC Co., Ltd.
	<a href="#">Access</a>	FSA publishes draft partial revision of the “Stipulation of Business, etc. Excluded from the Business Able to be Conducted by a Subsidiary Company of a Bank, etc. Pursuant to the Provisions of Article 17-3(2)(iii) and (xxxviii) of the Ordinance for Enforcement of the Banking Act”
19	<a href="#">Access</a>	Secretariat meeting of the “Project Team on Money-Lending Systems” (January 21, 2010)
	<a href="#">Access</a>	Certification of a certified investor protection organization
20	<a href="#">Access</a>	Public Consultation on the Designation of the International Financial Reporting Standards for their Voluntary Application in Japan
	<a href="#">Access</a>	FSA publishes draft partial revision of the “Comprehensive Guidelines for Supervision of Major Banks, etc.,” the “Comprehensive Guidelines for Supervision of Small- and Medium-Sized Enterprises and Regional Financial Institutions,” and the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.”
21	<a href="#">Access</a>	Decision to order payment of an administrative monetary penalty for insider trading by an employee of Arisaka Co., Ltd. (1)
	<a href="#">Access</a>	Decision to order payment of an administrative monetary penalty for insider trading by an employee of Arisaka Co., Ltd. (2)
	<a href="#">Access</a>	Decision to order payment of an administrative monetary penalty for insider trading by a person receiving information from an employee of Belluna Co., Ltd.
	<a href="#">Access</a>	Decision to order payment of an administrative monetary penalty for insider trading by a person receiving information from an employee of a firm that has concluded an outsourcing contract with Belluna Co., Ltd.
	<a href="#">Access</a>	FSA and the Tokai Local Finance Bureau host the “Symposium on Financial and Economic Education: Increase your understanding of financial products through life planning and money planning”
	<a href="#">Access</a>	Development of Institutional Frameworks Pertaining to Financial and Capital Markets
22	<a href="#">Access</a>	Results of invitation for comments on the “Draft Partial Revisions to Relevant Cabinet Orders, Cabinet Office Ordinances and Ministerial Ordinances Following the Introduction of the System for Transferring Beneficiary Rights of Trusts Issuing Beneficiary Securities”
	<a href="#">Access</a>	Update of the “Collection of Cases in which Administrative Action Has Been Taken”
	<a href="#">Access</a>	FSA extends temporary measures regarding restrictions on short selling and purchase of own stocks by listed companies
25	<a href="#">Access</a>	FSA releases draft 2010 version of EDINET Taxonomy
26	<a href="#">Access</a>	Secretariat meeting of the “Project Team on Money-Lending Systems” (January 28, 2010)
	<a href="#">Access</a>	Administrative Action on RBS Securities Japan Limited
	<a href="#">Access</a>	Update on “Basel Committee on Banking Supervision issues Compensation Principles and Standards Assessment Methodology”
27	<a href="#">Access</a>	FSA publishes report “Investigation and Research into the Taxation on Financial Income by Foreign Nations (with a focus on public and corporation bonds)”
	<a href="#">Access</a>	FSA publishes “Draft Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. (Supplement): Guidelines for Supervision of Credit Rating Agencies”
29	<a href="#">Access</a>	Promulgation of Cabinet Ordinances and FSA Regulatory Notices concerning the extension of temporary measures regarding restrictions on short selling and purchase of own stocks by listed companies
	<a href="#">Access</a>	Implementation status of the management enhancement plans of six regional banks
	<a href="#">Access</a>	Implementation status of the management enhancement plan of the Yamanashikenmin Shinyoukumiai and the management enhancement and guidance plan of The Shinkumi Federation Bank

	<a href="#">Access</a>	Implementation status of the management enhancement plans of Kiyoh Holdings, Inc., The Kiyoh Bank, Ltd., and The Howa Bank, Ltd.
	<a href="#">Access</a>	Distribution of Rating Grades Assigned under the Financial Inspection Rating System
	<a href="#">Access</a>	FSA adds new questions and answers to the “Financial Inspection Manual FAQ”
	<a href="#">Access</a>	Provision of information regarding the fraudulent use of deposit accounts
	<a href="#">Access</a>	Consultations received at the “Counseling Office for Financial Services Users” (October 1 – December 31, 2009)
	<a href="#">Access</a>	Update of the Collection of Statistics on the Money Lending Business
February		
1	<a href="#">Access</a>	Administrative action against iFOREX Co., Ltd.
	<a href="#">Access</a>	Decision to order payment of an administrative monetary penalty for insider trading by an employee of Belluna Co., Ltd.
	<a href="#">Access</a>	Administrative action against RST Corporation
2	<a href="#">Access</a>	Beware of fraudulent activity using documents stamped with a forged seal of the Kanto Local Finance Bureau!
	<a href="#">Access</a>	Holding of the “Symposium on Life Planning and Asset Management” (Osaka)
	<a href="#">Access</a>	Holding of the “Symposium on Life Planning and Asset Management” (Hiroshima)
3	<a href="#">Access</a>	FSA releases “Draft Public Notice Partially Amending the Public Notice Pertaining to the First Pillar of Basel II”
	<a href="#">Access</a>	Holding of the “3rd Roundtable Conference on the Certified Public Accountants System”
	<a href="#">Access</a>	Secretariat meeting of the “Project Team on Money-Lending Systems” (February 4, 2010)
5	<a href="#">Access</a>	FSA publishes the status of banks’ non-performing loans as of end-September 2009
8	<a href="#">Access</a>	Administrative action against Art Investment Bank (Japan) Limited
10	<a href="#">Access</a>	Publication of the “Draft Cabinet Office Ordinance, etc. for Partial Amendment of the Ordinance for Enforcement of the Banking Act, etc.”
	<a href="#">Access</a>	FSA publishes draft partial revision of the “Comprehensive Guidelines for Supervision of Small- and Medium-Sized Enterprises and Regional Financial Institutions”
	<a href="#">Access</a>	Publication of the “Draft Cabinet Office Ordinance, etc. for Partial Amendment of the Act on Securitization of Assets”
12	<a href="#">Access</a>	FSA publishes Q&A relating to the “Forms attached to the Cabinet Office Ordinance on the Temporary Measures to Facilitate Financing for SMEs, etc.” and the “Guidelines for financial supervision based on the Act Concerning Temporary Measures to Facilitate Financing for SMEs, etc.”
	<a href="#">Access</a>	Sixth trial date for the case of a violation of the Financial Instruments and Exchange Act in relation to false statements contained in a prospectus relating to the secondary distribution of shares in BicCamera Inc. held by an officer of BicCamera Inc.
	<a href="#">Access</a>	Proposal of Disclosure Items concerning Corporate Governance
	<a href="#">Access</a>	Administrative action against SBI Securities Co., Ltd.
15	<a href="#">Access</a>	FSA releases new draft questions and answers for the “Q&A on Stock Tender Offers”
16	<a href="#">Access</a>	Publication of the “Interim Summary of Issues” from the Secretariat meetings of the Project Team on Money-Lending Systems
	<a href="#">Access</a>	Secretariat meeting of the “Project Team on Money-Lending Systems” (February 18, 2010)
	<a href="#">Access</a>	Holding of the “Symposium on Life Planning and Asset Management”
17	<a href="#">Access</a>	Publication of the draft partial revisions of the Financial Inspection Manual and the Insurance Inspection Manual
22	<a href="#">Access</a>	Results of invitation for comments on the “Draft Order to Partially Revise the Orders Pertaining to the Book-Entry Transfer of Company Bonds, Shares, etc.”

23	<a href="#">Access</a>	Results of the public comment on the draft Cabinet Orders and Cabinet Office Ordinances, etc. following the enforcement of laws on fund settlement
	<a href="#">Access</a>	Results of the public comment on the “Draft Order for Partial Amendment of the Ordinance for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds”
	<a href="#">Access</a>	Approval of bank merger (1)
	<a href="#">Access</a>	Approval of bank merger (2)
	<a href="#">Access</a>	Decision to order payment of an administrative monetary penalty against false statements made in the annual securities reports, etc. relating to SBR Inc.
	<a href="#">Access</a>	Decision to order payment of an administrative monetary penalty against market manipulation by an employee of Townnews-Sha Co., Ltd.
	<a href="#">Access</a>	FSA releases draft questions and answers for the “Q&A on Large Shareholding Reports”
24	<a href="#">Access</a>	Administrative action against Alico Japan
26	<a href="#">Access</a>	FSA releases Draft Cabinet Office Ordinance Relating to the Disclosure of Corporate Information, etc.
	<a href="#">Access</a>	Partial amendment of the “designation of cities requiring total capital contributions to a credit union to be no less than 20 million yen”
	<a href="#">Access</a>	Results of the public comment on the draft partial revision of the “Stipulation of Business, etc. Excluded from the Business Able to be Conducted by a Subsidiary Company of a Bank, etc. Pursuant to the Provisions of Article 17-3(2)(iii) and (xxxviii) of the Ordinance for Enforcement of the Banking Act”
	<a href="#">Access</a>	Status of crime involving counterfeit ATM cards
	<a href="#">Access</a>	Update of the Collection of Statistics on the Money Lending Business
	<a href="#">Access</a>	Administrative action against Mortgage Support Co., Ltd.

\* Details of any items with an [Access](#) symbol, can be viewed by clicking on the [Access](#) symbol.