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⇐ Access the online version here

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

# Keynote speech by State Minister AKAZAWA Ryosei at the ESG Finance High Level Panel

On April 16 this year, the fourth ESG Finance High Level Panel, organized by the Ministry of the Environment\*1 was held, and State Minister for Financial Services AKAZAWA Ryosei made a keynote speech. Presented here is the text of the keynote speech.

Good afternoon, everyone. I am AKAZAWA Ryosei, a member of the House of Representatives, State Minister of Cabinet Office for Financial Services. I would like to express my heartfelt appreciation for being given the opportunity to make a keynote speech at the fourth ESG Finance High Level Panel. I am pleased to be reunited with State Minister of the Environment SASAGAWA Hiroyoshi, who is also attending this panel meeting, for the first time in a long while. I would also like to thank the Ministry of the Environment for organizing this panel meeting. On behalf of the Financial Services Agency (FSA), I also express sincere respect to Minister of the Environment KOIZUMI Shinjiro for exercising his strong leadership in actively conducting an initiative to integrate the environment and finance. An opportunity like today's meeting is truly pleasing.



State Minister AKAZAWA delivering the keynote speech

## **1. ESG investment and sustainable finance**

First, I will talk about the expansion of ESG investment and expectations for sustainable finance. ESG investment is expanding in scale in and outside Japan. In 2020, despite the effects of the COVID-19 pandemic, the value of green bonds issued by Japanese issuers exceeded 1 trillion yen for the first time. In addition, the value of social bonds issued in Japan in 2020 surpassed 900 billion yen.

Moreover, around the world, the decarbonization initiative is accelerating. In Japan as well, in October last year, Prime Minister SUGA declared the national goal of achieving carbon neutrality by 2050. The carbon neutrality goal represents an ambitious challenge that involves changes in economic and social systems and business models.

Today, there are greater expectations than ever for the role of finance in resolving environmental and social problems and supporting structural economic and social changes. One of the expectations in finance's role is constructive dialogue with investee companies—an activity which I understand is called engagement—going beyond the usual meaning of the term, which is circulation of funds—and it coincides with growing attention to finance that goes hand in hand with the real economy. I also really hope that financial institutions will work hard to support core business operations. As business operators borrowing increasing amounts of interest-free and unsecured loans are supporting local communities, I am placing my expectations on financial institutions.

## **2. Efforts by the FSA**

Next, I will talk about efforts being made by the FSA. Under the Corporate Governance Code and the Stewardship Code, the FSA is already requiring companies to address such matters as sustainability-related challenges, including social and environmental problems, and the disclosure of ESG information and institutional investors to give

\*1 For detailed information on the ESG Finance High Level Panel, please access the Ministry of the Environment's website at: <http://www.env.go.jp/policy/esghighlevel.html> (Available in Japanese)

consideration to sustainability under their investment strategy.

The FSA has also been supporting companies and financial institutions striving to ensure disclosure based on recommendations related to climate change from the Task Force on Climate-Related Financial Disclosures (TCFD). In addition, under a draft of revised Corporate Governance Code, which was published on April 6 this year, the FSA would require companies listed in the prime market of the Tokyo Stock Exchange, which will open in April next year, to enhance disclosure in terms of both quality and quantity based on the recommendations from the TCFD.

Moreover, in order to facilitate flows of domestic and foreign private funds toward Japanese companies' efforts to realize a sustainable society, including carbon neutrality, the FSA believes that it is important that financial institutions and financial and capital markets appropriately perform their functions. From that perspective, in December last year, the Expert Panel on Sustainable Finance was established at the FSA. The panel is holding wide-ranging discussions on challenges related to sustainable finance in Japan and how to address them.

### **3. ESG regional finance**

Now, I will discuss ESG regional finance, which is the main theme of today's meeting. As regional financial institutions owe their existence to local economies, the development of local economies is directly related to their own development. Regional financial institutions and local economies share a common destiny, so to speak. Looking at the situation in Tottori Prefecture, which is my constituency, I realize that regional financial institutions possess the essential resources, such as competent personnel, the trust of local communities, and regional networks of connections. Regional financial institutions must create shared added value together with local communities by taking advantage of those important resources to resolve various challenges faced by the communities. Since taking office as State Minister for Financial Services in September last year, I have talked with the top leaders of financial institutions in various regions on a variety of occasions. I have invariably asked them to share pains and pleasures with local companies. This request reflects my hope that regional financial institutions will go beyond their traditional role as commercial banks and really work hard for the sake of local communities.

As Chairman TAKEGAHARA informed you earlier, the Common Vision for Diffusing ESG Regional Finance to Create Sustainable Society (provisional translation) describes a comprehensive vision of the role expected of regional financial institutions, including identifying local resources and challenges and sharing perspectives and cooperating with regional stakeholders with respect to the prioritization of challenges to be addressed. I strongly hope that regional financial institutions will engage in ESG regional finance while referring to the Common Vision, which will be announced today.

At a time when the situation is changing nationwide and globally at the same time, as exemplified by the emergence of various regional challenges, the fight against the COVID-19 pandemic, digitization, and the response to climate change, it is not easy for anybody to support local economies. However, expectations for the role of regional finance, including the ability to identify new business opportunities, are expected to grow further.

From this viewpoint, on March 31, the FSA and the Ministry of the Environment established a collaborative team on sustainable local economic and social revitalization.\*<sup>2</sup> Several times, Minister KOIZUMI has asked us about possible areas of cooperation between the Ministry of the Environment and the FSA, and I expect that the collaborative team may provide an answer to that question. We hope to take advantage of the two ministries' knowledge and knowhow to support efforts to contribute to the use of resources and the resolution of challenges faced by local economies.

### **4. Conclusion**

I would like to conclude my speech by praying that ESG finance will develop in the future so that we can work with relevant people, including all of you who are attending this meeting, in order to contribute to the creation of sustainable society. Thank you for your kind attention.

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\*<sup>2</sup> "Establishment of the 'Collaborative Team to Achieve Revitalization and Sustainability of Regional Economic Societies' by the FSA and the Ministry of the Environment," published on March 31, 2021:

<https://www.fsa.go.jp/news/r2/20210330/20210322.html> (Available in Japanese)

# Speech by State Minister AKAZAWA Ryosei at the Commemorative Ceremony for Japan-China ETF Connectivity

On April 8, 2021, the Japan Exchange Group and the Tokyo Stock Exchange held a commemorative ceremony for Japan-China ETF Connectivity.\* From the Financial Services Agency (FSA), State Minister for Financial Services AKAZAWA Ryosei attended the ceremony. Presented here is the text of a speech made by State Minister AKAZAWA .

Good morning. I am AKAZAWA Ryosei, State Minister for Financial Services. I would like to express my sincere appreciation for being given the opportunity to speak at the commemorative ceremony for the Japan-China ETF Connectivity.

First, I offer my heartfelt congratulations on the realization of mutual listing of exchange-traded funds (ETFs) between Japan and China.

My heartfelt congratulations extend to all people who have contributed to the realization of mutual listing, including CEO KIYOTA and other people at Japan Exchange Group, people at Tokyo Stock Exchange and exchanges in Shanghai and Shenzhen, CEO MATSUSHITA and other people at Daiwa Asset Management Co. Ltd. and Daiwa Securities Group Inc., whose ETFs have been listed, and people at ICBC Credit Suisse Asset Management Co Ltd.



〔 State Minister AKAZAWA delivering the speech. 〕

The Japan-China ETF Connectivity is based on "Japan-China securities market cooperation," which was agreed upon at the Japan-China summit in 2018. It represents a concrete result of the agreement reached between exchanges in Japan and China at the Second Japan-China Capital Markets Forum, which was held in January this year.

I believe that it is very significant for invigorating capital markets in Japan and China that a linkage has been established between a broad range of products in both countries in addition to the existing linkage between representative indexes.

At present, in the low-interest-rate environment, investors in Japan are highly interested in the growth potential and profitability of China's capital market, so the balance of Japanese securities investments in China is rapidly increasing.

I also expect that Japan's mature securities market will provide opportunities to earn stable investment profits to Chinese investors whose needs for internationally diversified investments are growing in line with the accumulation of personal financial assets beyond the level in Japan.

\* Information on the ETF Connectivity is also provided in the Policy Commentary Corner in the Access FSA No. 211, too.

For detailed information, please access the following URL.

"Holding of the Second Japan-China Capital Market Forum":

<https://www.fsa.go.jp/en/newsletter/accessfsa2021/211.pdf>

This indicates that the capital markets in Japan and China are mutually complementary, so I have the sense that there is huge potential for cooperation.

Under these circumstances, the Japan-China ETF Connectivity, which is intended to connect the two countries' capital markets and increase investment opportunities for investors in both countries, has a very important role to play. Therefore, I am greatly looking forward to the continued enhancement of cooperative relationships between the two countries' exchanges and securities industries.



Participants gathering for a photo opportunity.

Fortunately, as a result of your efforts, Japan-China securities market cooperation has made significant progress.

I am very pleased that a multi-layered cooperative relationship, including not only between the two countries' governments but also between the two countries' exchanges and securities industries, has been steadily established and strengthened, as shown by the expansion and enhancement of the ETF Connectivity, the holding of the Second Japan-China Capital Markets Forum, and Japanese securities companies' entry into China's securities market.

The FSA hopes to further develop Japan-China securities market cooperation through joint efforts by the public and private sectors.

I would like to conclude my speech by praying for further development of the securities markets in both Japan and China.

I would like to extend my congratulations to you once again.



State Minister AKAZAWA ringing the market bell.

# The Results of the Public Comment Process Regarding the "Draft Cabinet Order and Cabinet Office Order Relevant to the Amendment of the Payment Services Act of 2020, etc."

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(\*The opinions expressed in this report are the personal views of the authors and do not necessarily reflect the organization with which the authors are affiliated.)

From December 25, 2020, to January 25, 2021, the Financial Services Agency (FSA) implemented a public comment process regarding the amendment of the Cabinet Order and Cabinet Office Orders, etc. relevant to the amendment of the Payment Services Act (Act No. 59 of 2009), one of the laws covered by the Act Partially Amending the Act on Sales, etc. of Financial Instruments, etc. for the Enhancement of the Convenience for and the Protection of Users of Financial Services (Act No. 50 of 2020; hereinafter referred to as the "Amendment Act"), which was promulgated on June 12, 2020. The relevant Cabinet Order and Cabinet Office Orders, etc. were promulgated on March 19, 2021, and the amended portions related to the Payment Services Act of the Amendment Act came into effect on May 1, 2021.\*1

Here, the outline of the amendment of the Payment Services Act is described, and major questions and opinions collected through the public comment process and the FSA's views thereon are explained.

## 1. Division of the fund transfer service into three types

Under the Payment Services Act before the amendment, the upper limit (1 million yen per transaction) was set on the value of money transfers that may be handled by fund transfer service providers, and money transfers valued less than or equal to the upper limit were subject to a universal regulation regardless of their value.

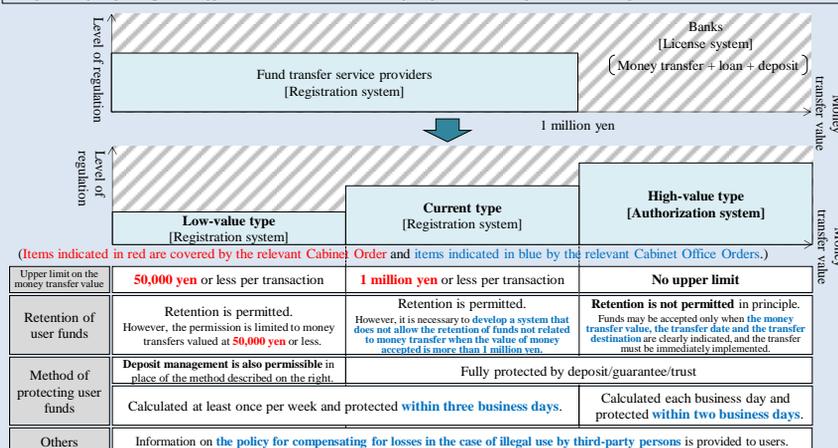
In this situation, it was pointed out that there were some user needs for money transfers valued higher than the upper limit, including overseas money transfers. On the other hand, actually, the per-transaction value of most money transfers handled by existing fund transfer service providers was tens of thousands of yen or less.

In light of the above needs and the actual situation of money transfers, under the latest legal amendment, Type I Fund Transfer Service (high-value type), which is intended to meet the needs for money transfers valued more than 1 million yen and Type III Fund Transfer Service (low-value type), which is intended to enable the provision of low-cost, highly convenient service regarding money transfers valued at tens of thousands of yen, have been created in addition to Type II Fund Transfer Service (the current type), to which the requirements of the existing service continue to be applicable in principle. These three types of business are subject to different sets of regulations commensurate with their respective functions and risks (for detailed information, see the figure below).

### Outline of the Amendment of the Payment Services Act of 2020 (came into effect on May 1, 2021)

#### 【Key points of the legal amendment】

- In addition to the current type of fund transfer service, two new types—the high-value and low-value types—have been created, with different sets of regulation applicable depending on the money transfer value.
- Specifically, depending on the type, the retention of user funds may be permitted or not permitted and the protection method varies.



\*User funds accepted by fund transfer service providers need to be funds used for money transfer.

Regarding fund business operators engaging in Type II Fund Transfer Service, although the requirements of the existing service continue to be applicable in principle, it has been pointed out that user funds are being retained by some fund transfer service providers in excess of the value that was assumed when the Payment Services Act was enacted. In light of this, from the viewpoint of protecting users, the following provisions have been added to the relevant Cabinet Office Order.\*2

\*1 For detailed information, please refer to the below.

A relevant bill submitted to the Diet (the 201st session): <https://www.fsa.go.jp/common/diet/index.html> (Available in Japanese)

The Results of the Public Comment Process Regarding the "Draft Cabinet Order and Cabinet Office Orders, etc. Relevant to the Amendment of the Payment Services Act of 2020, etc.": <https://www.fsa.go.jp/news/r2/sonota/20210319-2/20210319-2.html> (Available

## **(1) Development of a system to check whether or not funds accepted from users are intended for exchange transactions**

Fund transfer service providers engaging in Type II Fund Transfer Service are required to develop a system to check whether or not funds accepted from users are intended for exchange transactions when the money transfer value is higher than the upper limit of 1 million yen (Article 51 of the Payment Services Act and Article 30-2(1) of the relevant Cabinet Office Order).

In the public comment process, many questions and opinions were collected with respect to the actions that fund transfer service providers are newly required to take under this provision. The FSA's view regarding this provision is as follows.

[FSA's view]

The system required by the provision of Article 30-2(1) of the relevant Cabinet Office Order should be developed with due consideration given to the business model of each fund transfer service provider in a way that ensures that the system is effective in light of the purpose of the provision. Therefore, the FSA understands that the regulation is not a rigid one that recognizes problems because of the presence or absence of particular actions taken and that it does not ban any particular business model.

## **(2) Measures to prevent the retention of user funds that may be recognized as not intended for exchange transactions**

In addition, fund transfer service providers, regardless of the type of fund transfer service, are required to return funds accepted from users that may be recognized as not intended for exchange transactions to them and to implement other measures to prevent the retention of such funds (Article 51 of the Payment Services Act and Article 30-2(2) of the relevant Cabinet Office Order).

In the public comment process, many questions and opinions were collected with respect to the purpose of this provision and the actions that fund transfer service providers are required to take under this provision. The FSA's view regarding this provision is as follows.

[FSA's view]

The provision of Article 30-2(2) of the relevant Cabinet Office Order has been created based on the existing idea that when fund transfer service providers accept funds not related to exchange transactions from users, they may violate the regulation of deposited money under the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates.

Therefore, the FSA understands that fund transfer service providers implementing fund transfer service in an appropriate manner based on the existing idea are not required to take any additional actions under this provision.

## **2. Treatment of payment collection agency**

In recent years, the situation surrounding the payment collection agency business, which collects payment from debtors on commission from creditors, has been changing, as exemplified by the provision of new services—such as a "warikan" (Dutch account) app—that, in effect, conduct money transfers between individuals while taking the form of payment collection agency.

Under the latest amendment of the Payment Services Act, it has been made clear that payment collection agency services that meet certain requirements prescribed by the relevant Cabinet Office Order—such as the warikan app—are subject to the regulation of exchange transactions (Article 2-2 of the Payment Services Act and Article 1-2 of the relevant Cabinet Office Order).

In the public comment process, many questions and opinions were collected with respect to the significance of this provision and how to handle activities that are not recognized as being related to exchange transactions under this provision. The FSA's view regarding this provision is as follows.

[FSA's view]

The FSA understands that the provision of Article 2-2 of the Payment Services Act is a so-called confirmation provision.

Activities that are recognized as not deemed to exchange transactions under this provision are not necessarily unrelated to exchange transactions. Ultimately, whether or not an activity conducted by a business operator is deemed to exchange transactions should be judged on a case-by-case basis in light of the specifics of the transactions conducted by the business operator, among other factors.

Above, we described the main points of the results of the public comment process regarding the amendment of the Payment Services Act of 2020 and the amendment of the relevant Cabinet Order and Cabinet Office Orders, etc.

Under the new regulatory framework, the FSA expects that fund transfer service providers will provide more convenient services with the protection of users as the prerequisite and intends to strive to ensure appropriate regulatory enforcement.

\*2 The relevant Cabinet Office Order refers to the Cabinet Office Order on Funds Transfer Service Providers (Cabinet Office Order No. 4 of 2010).

# "Initiatives for strengthening the cooperation between the FSA and the Bank of Japan (BOJ)"

SATO Masayuki, Senior Deputy Director,  
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(\*The opinions expressed in this report are the personal views of the authors and do not necessarily reflect the organization with which the authors are affiliated.)

On March 22, 2021, the FSA and the Bank of Japan (BOJ) announced the "Initiatives for strengthening the cooperation between the FSA and the Bank of Japan (BOJ)"\* The outline of the initiative are explained here.

## ➤ Background

In recent years, the FSA and the BOJ have been cooperating in monitoring financial institutions in a broad range of fields. In order to realize higher quality monitoring, they have agreed to strengthen their cooperation while giving consideration to the regulatory costs for financial institutions. The FSA and the BOJ established a task force of senior officials, which has deliberated cooperating schemes and exchanged opinions with the financial industry. At this time, the FSA and the BOJ summarized the status of efforts and developed plans regarding (i) matters related to monitoring, (ii) matters related to data, and (iii) matters in other fields and announced the results in the form of the "Initiatives for strengthening the cooperation between the FSA and the Bank of Japan (BOJ)."

## ➤ Strengthening of cooperation in monitoring

In December last year, the FSA and the BOJ established a working-level group on the collaboration between the FSA's inspections and the BOJ's on-site examination. The liaison group has held discussions mainly on matters related to the FSA's inspections and the BOJ's on-site examination, such as the priority themes concerning the monitoring of financial institutions, coordination of the schedules of the FSA's inspections and the BOJ's on-site examination, and the sharing of inspection and examination results.

While the FSA is responsible for conducting routine inspections of major banks, the BOJ conducts on-site examination once every several years in addition to everyday off-site monitoring. The FSA and the BOJ coordinate perspectives and exchange opinions on their high-priority themes, and in the future, they plan to conduct more joint surveys on highly important themes, such as risk management regarding foreign currency liquidity and cybersecurity.

With respect to the monitoring of regional financial institutions, it is important to make effective use of the respective resources of not only the FSA and the BOJ but also the Ministry of Finance's Local Finance Bureaus because the number of regional financial institutions is very large compared with the number of major banks. Specifically, the FSA and the BOJ plan to share the monitoring target financial institutions in light of the status of risks faced by individual financial institutions while proceeding with the sharing of inspection and examination results, inspection and examination plans, and the perceptions of risks.

As a precondition for strengthening cooperation in this way, the FSA and the BOJ are also taking the procedural steps necessary for the sharing of information between the two organizations. The FSA is also such as revising the guidelines for supervision in preparation for the sharing of inspection results upon receiving consent from financial institutions.

## ➤ Strengthening of cooperation on matters related to data

While the submission of various statistical data and reports by financial institutions is a precondition for high quality monitoring by the financial authorities, it imposes the regulatory costs on financial institutions. While giving consideration to that costs, the FSA will conduct the following initiative.

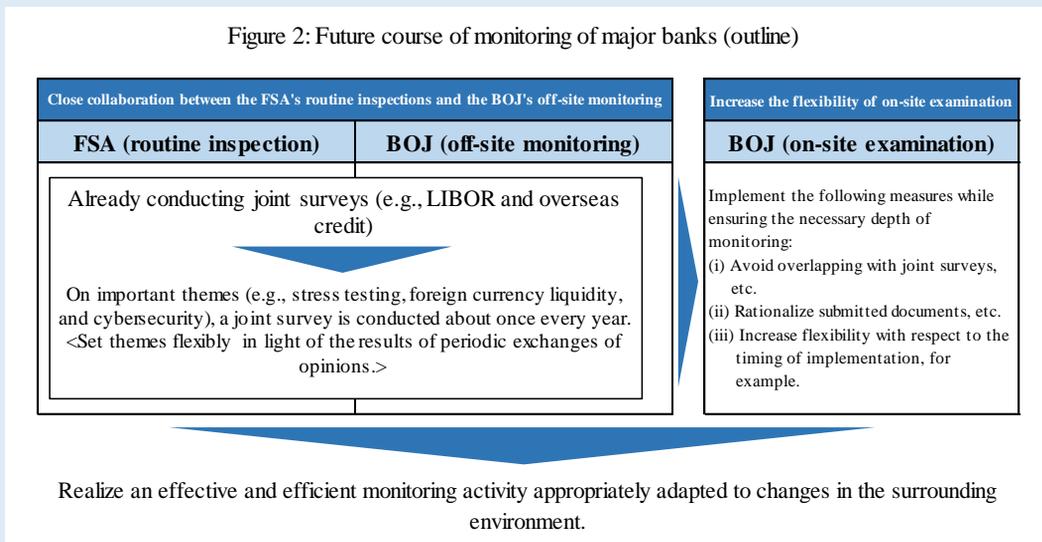
Figure 1: Initiative to further strengthen cooperation (outline)

Matters related to monitoring
Sharing of information: Sharing of priority themes and inspection and examination results
Major banks: Conduct more joint surveys and avoid overlapping activities
Regional financial institutions: Share the burden of monitoring through inspections and examinations in light of the risk status
Matters related to data
Rationalization of paperwork: Continue the rationalization in light of requests from the financial industry.
Unification of submission destinations: Develop computer systems to gradually achieve unification.
Joint platform: Start a joint study on overseas cases
Others
Macro prudence: The BOJ taking the leading role in holding multifaceted discussions
Entry-point screening: Improve efficiency through joint hearings, etc.

Ensure continuity and effectiveness through periodic exchanges of opinions with the financial industry.

\* "Initiatives for strengthening the cooperation between the FSA and the Bank of Japan (BOJ)," announced March 22, 2021: <https://www.fsa.go.jp/news/r2/20210322/20210322.html> (Available in Japanese)

Figure 2: Future course of monitoring of major banks (outline)



### (i) Rationalization of paperwork

Various statistical data and reports submitted to the FSA and the BOJ include those that are similar in content but different in format. While the FSA has already been making efforts to unify formats with the BOJ, it decided at this time to unify formats or abolish the requirement for submission of data and reports unless there is any particular reason for not doing so. Going forward, the FSA will proceed with the rationalization of paperwork as far as possible while taking into consideration requests from the financial industry.

### (ii) Unification of submission destinations

Even if datasets and formats are unified, the costs of submitting documents to both the FSA and the BOJ still remains from financial institutions' viewpoint. At this time, the FSA and the BOJ have implemented a trial to share data files concerning submitted documents not only between the two of them but also between them and industry associations. Going forward, the FSA and the BOJ will gradually unify submission destinations of documents.

### (iii) Joint data platform

Moreover, in order to further improve the efficiency of collection and sharing of data in the future and realize more advanced monitoring using various data, the FSA and the BOJ need to conduct a study on the development of a joint data platform. Although this study, which covers a wide range of matters, poses a difficult challenge, the FSA and the BOJ have started joint research regarding cases of foreign authorities.

### ➤ Strengthening of cooperation in other fields

With respect to matters other than monitoring and data, the FSA and the BOJ are also strengthening cooperation in the field of so-called macro prudence, which refers to ensuring the stability and soundness of the entire financial system, and they are conducting joint hearings in the process of "entry-point screening," including the FSA's screening for a bank license and the BOJ's screening for current account transactions.

### ➤ Conclusion

In order to actually reduce the regulatory costs on financial institutions and implement high quality monitoring in the future, continuous efforts are essential. The FSA and the BOJ will periodically hold a meeting of the working-level group on collaboration between the FSA's inspections and the BOJ's on-site examination in order to further strengthen cooperation. They will also establish a permanent council for exchange of opinions among senior officials and engage in periodic exchanges of opinions with the financial industry at various levels.

# Publication of "Unko Money Drill" Workbook for Elementary School Students, and Our Financial and Economic Education Initiatives

(\*The opinions expressed in this report are the personal views of the authors and do not necessarily reflect the organization with which the authors are affiliated.)

The Financial Services Agency (FSA) is promoting financial and economic education. Under collaboration with Bunkyo's "Unko Drill" workbook series<sup>\*1</sup> that has become popular among children by adding a fun element ("unko" means "poo") to the boring workbooks, the FSA has published "Unko Money Drill" (Unko Drill x FSA),<sup>\*2</sup> an online financial education workbook for elementary school students.

We interviewed NAKAMURA Kaori, Senior Deputy Director of Financial Literacy Promotion Team under the Strategy Development and Management Bureau. She explained the background behind this publication and the FSA's approach to financial and economic education for the younger generations.

—Please explain the background behind the development of the "Unko Money Drill" workbook? To what points did you give particular consideration in developing it?

While the Financial Literacy Promotion Team has regularly visited senior high schools and colleges, and given lectures on financial literacy, I felt that we could do more for elementary and junior high school children.

With this in mind, I had an opportunity to meet Bunkyo's for a casual discussion on financial education. As the person in charge from Bunkyo's has worked in financial industry in the past and held a solid knowledge on financial education, we agreed to collaborate and promote financial education using "Unko Drill," which is super popular among children.

All five members of Financial Literacy Promotion Team and Bunkyo's have seriously engaged in idea exchanges with a frequent usage of "unko (poo)!!" and discussions about the contents of the workbook. We set the following four principles for the workbook:

- (i) Create questions with money-related incidents at elementary schools, where children are likely to experience in their everyday lives.
- (ii) Never forget the Unko Drill's spirit of humor, and add fun elements to choose answers, particularly incorrect ones.
- (iii) Sometimes, create multiple correct answers—in real life, a single question has several correct answers.
- (iv) Create answer explanations, by following the friendly character tone of the "Professor Unko," and avoiding the monotonous lecturing tone of typical government officials.



<sup>\*1</sup> A drill workbook series published by Bunkyo's that uses the word "unko" in each and every question. The lineup of "Unko Drill" workbooks has expanded to include workbooks on Japanese language, math, and English for elementary school students and pre-school children, with total 8.2 million copies.

<sup>\*2</sup> "Announcement of the "Unko Money Drill" Workbook for Elementary School Students," published on March 18, 2021: <https://www.fsa.go.jp/news/r2/sonota/20210318/20210318.html> (Available in Japanese)

**—What was the reaction to the online publication of this workbook?**

We were hoping that awareness about the workbook would gradually spread, starting among FSA colleagues and their families, for example. However, right after the announcement (on a Thursday afternoon), as early as in the evening of the same day, the workbook started to widely appear on social media, and even the Yahoo! Topics picked up an article about it. Moreover, a story about the workbook was carried by the Financial Times, a newspaper that, I hear, would cost tens of millions of yen for an advertisement. We were positively surprised by the stronger reactions than we had expected. On the FSA's internal online bulletin board, our post regarding the online publication of the "Unko Money Drill" gathered "likes" and messages from more than 100 people. Furthermore, to our great pleasure, Parliamentary Vice-Minister (financial services) Wada himself posted a tweet, and we realized the amazing "unko power."

**—Before the COVID-19 crisis, the FSA showed a strong intention to send its colleagues including senior officials to schools for lectures. How was this initiative changed because of the COVID-19 crisis?**

The COVID-19 crisis has changed our way of conducting lectures dramatically. When I was assigned to my present position in last July, in-person lectures had already resumed at senior high schools. However, because of the aftereffects of school closures and problems related to the development of online lectures, we had to wait until the autumn-winter season before resuming visiting lectures.

After graduating from senior high school, young adults become much more involved with money, as some of them start working and/or living alone. Therefore, we would like them to acquire basic financial literacy while they are in senior high school. From that viewpoint, the present situation is very unfortunate and frustrating.

Of course, as we cannot just wait and do nothing we have prepared educational videos for senior high school students, each of them lasting around 10 minutes. At the same time, we have prepared a guidance video for teachers as a supplementary teaching material in order to help them use the educational videos in their classrooms.\*<sup>3</sup>

At universities, even though online lectures has stated to be used widely we felt a bit awkward talking to the computer screen without seeing students' reactions. However, we have learned that online lectures have their advantages, such as a significant increase in student attendance and a high frequency of questions, so we would like to work out how to effectively combine the advantages of both in-person and online lectures.

**—Under the new Course of Study for junior high schools that will become effective in FY2021, the social study and home economics subjects will place more emphasis than before on financial and economic education. The new Course of Study for senior high school will become effective in FY2022, too, including from the viewpoint of asset building. Please explain the FSA's approach to financial and economic education for junior and senior high school students.**

From the viewpoint of helping people to acquire financial literacy at a younger age, it is very noteworthy that more emphasis will be placed on financial and economic education under the new Courses of Study.

As lectures using videos and the online format will become common at junior and senior high schools in the near future, we think this will give a positive impact on financial and economic education. People tend to have the perception that finance is something "complicated." However, for example, when explaining the concept of compounding effect of interest rate, with which the Japanese people are said to be unfamiliar, using video materials instead of providing explanations in the traditional classroom lecture style is likely to be much easier to understand.

Another important point is to provide enough orientation and training for teachers. The objectives of the new Courses of Study can be achieved only if teachers understand the importance of financial and economic education. Although it is not easy, we will make continuous efforts together with relevant organizations.

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\*<sup>3</sup> Lecture videos for senior high school students and a guidance video for teachers:  
<https://www.fsa.go.jp/ordinary/douga.html> (Available in Japanese)

# Distribution of Explanatory Videos to Enhance Disclosure of Narrative Information

## 1. Introduction

The Financial Services Agency (FSA) amended the Cabinet Office Order on Disclosure of Corporate Affairs, etc. and has published the Principles Regarding the Disclosure of Narrative Information and the Best Practices for the Disclosure of Narrative Information, etc. as part of its initiatives for enhancing the disclosure of narrative information.

Recently, the FSA commenced the distribution of explanatory videos (the FSA's Official YouTube Channel) for further enhancing corporate disclosure.

## 2. Content of the videos

The explanatory videos mainly target persons engaging in account settlement work, etc. The videos are 10 to 20 minutes long.

The explanatory videos consist of two categories, one outlining the overview of the disclosure of narrative information and one explaining the details of major items to be disclosed in annual securities reports, etc.

The video on the overview of the disclosure of narrative information outlines overall information, such as the background behind the need to enhance disclosure of corporate information, recent efforts by the FSA, positioning of financial information and narrative information (non-financial information).

The videos on major items to be disclosed in annual securities reports, etc. individually explain the following topics: "Business Policies and Environment as well as Issues to be Addressed, etc."; "Business Risks"; "Analysis by the Management of Financial Conditions, Operating Results and Cash Flow Status (MD&A)"; and "Status of Corporate Governance, etc." More specifically, explanations are first given with regard to the matters that are required to be stated under laws and regulations and preferable disclosure in line with the Principles Regarding the Disclosure of Narrative Information, and then practical examples are introduced with best practices in the form of Q&A. Please access the FSA's Official YouTube Channel and watch the videos.

[Explanation on Narrative Information 1]  
Overview of the Disclosure of Narrative Information



[Explanation on Narrative Information 2]  
Business Policies and Environment as well as Issues to be Addressed, etc.



[Explanation on Narrative Information 3]  
Business Risks



[Explanation on Narrative Information 4]  
MD&A-1 (Common Matters)



[Explanation on Narrative Information 5]  
MD&A-2 (Analysis of Cash Flow Status and Material Accounting Estimates)



[Explanation on Narrative Information 6]  
Status of Corporate Governance, etc.



\* Materials of the videos are available on the following webpage.

<https://www.fsa.go.jp/news/r2/singi/20210416.html> (Available in Japanese)

## 3. Conclusion

In addition to these explanatory videos, explanations on the initiatives for enhancing the disclosure of corporate information are also available on the FSA's website. Please access the website from the following URL or QR code.

➤ Information on disclosure of corporate information (enhancement of narrative information)  
URL: <https://www.fsa.go.jp/policy/kaiji/kaiji.html> (Available in Japanese)

QR code:



# Pay Attention to Troubles over Crypto-Assets!

A number of consultations have been made concerning problems involving crypto-assets, which are electronically traded via the internet, including troubles caused by solicitation of investments in relation to the exchange of crypto-assets.

In response, the Financial Services Agency (FSA) issued a notice titled "Pay Attention to Troubles over Crypto-Assets!" on September 29, 2017, jointly with the Consumer Affairs Agency and the National Police Agency, to broadly call for attention of crypto-asset users. This notice has been reviewed every year based on the content of users' consultations, and the latest updated notice has been issued.

\* Notice: "Pay Attention to Troubles over Crypto-Assets!" (published on April 7, 2021) [https://www.fsa.go.jp/news/r2/virtual\\_currency/20210407.html](https://www.fsa.go.jp/news/r2/virtual_currency/20210407.html) (Available in Japanese)

Please check this notice in order to make careful decisions on whether or not to conduct transactions of crypto-assets. If you have any trouble, contact consultation services, instead of worrying by yourself.

## Points to Note when Using Crypto-Assets

- ✓ Crypto-assets are not legal tenders, differing from Japanese yen and the US dollar, etc., whose values are guaranteed by national governments. They are electronic data exchanged on the internet.
- ✓ Prices of crypto-assets may fluctuate, and there is the possibility that a sharp drop in prices causes a loss.
- ✓ Crypto-asset exchange service providers\* must be registered with the Financial Services Agency or the competent Local Finance Bureau. When you intend to use services, check whether the relevant service provider is registered or not on the websites of the FSA and the Local Finance Bureau.
  - \* Operators that provide services to exchange crypto-assets with legal tenders and to exchange crypto-assets with other crypto-assets, operators that manage crypto-assets, etc.
- ✓ When conducting crypto-asset transactions, you should receive explanations from the relevant service provider with regard to the details of the transactions and risks (price volatility risk, cybersecurity risk, etc.), including whether the service provider has received any administrative disposition from the FSA and the competent Local Finance Bureau, and should fully understand those explanations.
  - \* See the following for administrative dispositions by the FSA and Local Finance Bureaus: [https://www.fsa.go.jp/policy/virtual\\_currency02/index.html](https://www.fsa.go.jp/policy/virtual_currency02/index.html) (Available in Japanese)
- ✓ When you set a password for managing crypto-assets in a wallet provided by a crypto-asset exchange service provider, you need to take such measures as avoiding the use of the same password as your ID or any predictable password, such as your name, telephone number, or date of birth, and avoiding the use of the same combination of ID and password as that used for another website. Otherwise, there is the risk that crypto-assets you manage may be stolen.
- ✓ Consultations concerning crypto-assets and fraudulent coins are increasing. Be careful about fraud and fraudulent business practices linked to online dating sites, matching apps, etc.

## Pay Attention to Troubles over Crypto-Assets!

- Crypto-assets are **not legal tenders**, differing from Japanese yen and the US dollar, etc., whose values are guaranteed by national governments. They are electronic data exchanged on the internet.
- Prices of crypto-assets **may fluctuate**, and there is the possibility that a sharp drop in prices causes a loss.

**Point 1** Check the information on crypto-asset exchange service providers<sup>(\*)</sup>, such as whether they are registered with the FSA or the competent Local Finance Bureau.

<sup>(\*)</sup> Operators that provide services to exchange crypto-assets with legal currencies and to exchange crypto-assets with other crypto-assets, operators that manage crypto-assets, etc.

Crypto-asset exchange service providers must be registered with the Financial Services Agency or the competent Local Finance Bureau. If you intend to use these services, **be sure to check in advance whether or not the relevant service provider is unregistered or has received a warning as an unregistered service provider.**

Please check the information on the websites of the FSA and the Local Finance Bureau. [https://www.fsa.go.jp/policy/virtual\\_currency02/index.html](https://www.fsa.go.jp/policy/virtual_currency02/index.html)

**Point 2** Do not make investments without careful consideration even if you receive solicitation of investment from a person you met through a matching app, etc.

**There have been cases where persons made investments based on easy money making ideas they learned through online dating sites or matching apps but could not receive refunds or withdraw money. You need to make careful decisions.**

Access the following for more details. [https://www.caa.go.jp/policies/policy/consumer\\_policy/caution/caution\\_001/](https://www.caa.go.jp/policies/policy/consumer_policy/caution/caution_001/)

Consultations concerning financial services, including crypto-assets FSA Financial Services User Office <b>0570-016811</b> 10:00-17:00 on weekdays * Call 03-5251-6811 when you use an IP phone or PHS. (Available in Japanese)	Consultations concerning suspicious phone calls, etc. Consumer Hotline (no prefix) <b>188</b> * Consulted by a consumer affairs consultation service office, such as the nearest Consumer Affairs Center Police Consultation Hotline <b>#9110</b>
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## ● Consultation Services

FSA Financial Services User Office	Tel: 0570-016811 (Available in Japanese) * Call 03-5251-6811 when you use an IP phone or PHS. Available from 10:00 to 17:00 on weekdays
National Police Agency	Police Consultation Hotline: #9110 or the nearest police station
Consumer Hotline	#188 (The nearest consumer affairs consultation service office is introduced.)

# JFSA's Major Activities in April

(April 1 to April 30, 2021)



- [Updated statistics of money lending business \(April 30, 2021\)](#)
- [Revision of the Corporate Governance Code \(April 28, 2021\)](#)
- [The New GLOPAC Web Page Is Now Ready \(April 28, 2021\)](#)
- [Stewardship Code : 304 institutional investors have signed up to the Principles for Responsible Institutional Investors as of March 31, 2021 \(April 28, 2021\)](#)
- [Virtual Meeting of the International Forum of Independent Audit Regulators \(IFIAR\) \(April 28, 2021\)](#)
- [Deputy Commissioner for International Affairs Elected New Vice Chair of the International Forum of Independent Audit Regulators \(IFIAR\) \(April 28, 2021\)](#)
- [FSA updated Information on COVID-19 \(Novel Coronavirus\) \(April 22, 2021\)](#)
- [Tax Policies for Japan as an International Financial Center \(April 22, 2021\)](#)
- [Tax Treatment of Carried Interest \(April 22, 2021\)](#)
- [Preparation for permanent cessation of LIBOR \(April 20, 2021\)](#)
- [Finalization of Cabinet Office Order to Partially Amend the Regulation for Enforcement of the Insurance Business Act \(April 19, 2021\)](#)
- [The First Registration Case Using the Financial Market Entry Office \(April 16, 2021\)](#)
- [Revision of the Corporate Governance Code \(April 15, 2021\)](#)
- [Fourteenth Meeting of the "Council for Cooperation on Financial Stability" \(April 8, 2021\)](#)
- [Revision of the Corporate Governance Code \(April 7, 2021\)](#)
- [Call for Public Comments on the "Guidelines for Investor and Company Engagement" \(Revision Draft\) \(April 7, 2021\)](#)
- [FSA publishes English translation of monthly magazine, Access FSA No.211 \(April 7, 2021\)](#)
- [Stewardship Code : 299 institutional investors have signed up to the Principles for Responsible Institutional Investors as of February 28, 2021 \(April 7, 2021\)](#)
- [Revision of the Corporate Governance Code \(April 6, 2021\)](#)
- [Revisions of Japan's Corporate Governance Code and Guidelines for Investor and Company Engagement \(April 6, 2021\)](#)
- [Preparation for permanent cessation of LIBOR \(April 2, 2021\)](#)
- [Tax Policies for Japan as an International Financial Center \(April 1, 2021\)](#)

- JFSA's official English Twitter account  
[https://twitter.com/JFSA\\_en](https://twitter.com/JFSA_en)



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- Please send your opinions using the following email address to the Public Relations Office's personnel in charge of Access FSA.  
e-mail: Under bar [fsa\\_kouhou@fsa.go.jp](mailto:fsa_kouhou@fsa.go.jp)

**We are promoting  
information  
dissemination using  
Twitter!**

## Editorial Postscript

The Golden Week holiday period passed quickly while we were exercising restraint to prevent the spread of infection. How have you been?

The FSA has been deliberating various matters toward the new business year starting in July, and the Public Relations Office decided to seek opinions from readers of Access FSA for the purpose of improving our PR activities for the next business year.

If you have opinions or requests on themes or are eager to know more about some topics, please send an email to the address above ([fsa\\_kouhou@fsa.go.jp](mailto:fsa_kouhou@fsa.go.jp)). We are looking forward to hearing from you.

SAKAI Yoshitaka, Director, Public Relations Office, FSA  
Edited and issued by the Public Relations Office, FSA