

Main Topics Presented by the Financial Services Agency (FSA) at a
Dialogue with the Financial Sector Association (major banks, etc.)

October 15, 2024

1. Financial measures in response to the disaster, etc. caused by heavy rains due to a
cyclone and a front

- With regard to the disaster, etc. caused by the heavy rains due to a cyclone and a front in September 2024, financial institutions in disaster-affected areas are requested again to meticulously offer support to disaster victims.

2. Promotion of the utilization of the System for Purchasing Specified Difficult
Recovery Claims

- The System for Purchasing Specified Difficult Recovery Claims, under which the Deposit Insurance Corporation of Japan purchases claims in which antisocial forces members are involved, has not been utilized so much in recent years. Financial institutions are expected to continue efforts to dissolve relationships with antisocial forces and positively utilize this system.

3. Permanent Cessation of Euroyen TIBOR

- With regard to Euroyen TIBOR, whose permanent cessation is scheduled for the end of December 2024, the FSA will encourage financial institutions to take appropriate measures in light of the status of their preparations for transition and responses to customers.

4. Validation of the effectiveness of AML/CFT frameworks

- In order to help financial institutions with their validation of the effectiveness of their AML/CFT frameworks, the FSA plans to publish the ideas and case examples it has obtained through dialogues with financial institutions.
- Managers of financial institutions are requested to proceed with validation of the effectiveness of their AML/CFT frameworks by referring to a report on the current status and challenges regarding AML/CFT published in June 2024, instead of waiting for the new publication.

5. Publication of the List of Financial Services Providers relating to customer-oriented business conduct

- On September 27, 2024, the FSA updated the list of "financial service providers" that adopted the "Principles for Customer-Oriented Business Conduct."
- Financial institutions are expected to devise a means to provide customers with customer-oriented financial instruments and services under the policies they have individually formulated.

6. Questionnaire survey on distributors' implementation status of customer-oriented business conduct

- On October 4, 2024, the FSA issued a questionnaire survey concerning customer-oriented business conduct to sales companies
- Financial institutions are recommended to utilize this questionnaire survey as an opportunity to review their own sales and management systems, etc. The FSA will conduct interviews regarding the questionnaire survey results.

7. Commencement of the questionnaire survey on the status of use of AI (Artificial Intelligence) by financial institutions, etc.

- On October 3, 2024, the FSA commenced the questionnaire survey on the status of use of AI (Artificial Intelligence) by financial institutions, etc. on its website.

* <https://www.fsa.go.jp/news/r6/sonota/20241003/ai-survey.html>

- Also taking into consideration the results of the questionnaire survey, the FSA plans to prepare a discussion paper within FY2024 with the aim of facilitating financial institutions' sound and effective use of AI. Please respond to the survey positively.

8. Review of the status of responses to climate-related financial risks by financial institutions

- The Office for Climate-related Financial Risk Monitoring Hub, which was newly established in the monitoring department in August 2024, intends to review the status of responses to address climate-related financial risks by financial institutions. The office will conduct surveys and interviews in this regard.

9. Japan Weeks

- Japan Weeks 2024 ended on a high note. We would like to express our appreciation to all those who offered cooperation for the event.

* Japan Weeks 2024 official website:

https://www.fsa.go.jp/internationalfinancialcenter/lp/japanweeks2024/index_en.html

- It is important to properly reflect the points discussed during the event and relevant opinions and comments in the initiatives for promoting Japan as a leading asset management center and achieving a status as a major investment nation.

10. Efforts for sustainable finance

- On October 2, 2024, the Asia GX Consortium was officially launched for the purpose of promoting GX investments in Asian countries.

* Asia GX (Green Transformation) Consortium announces its official launch

<https://www.fsa.go.jp/en/news/2024/20241002-01/20241002.html>

- The Consortium plans to hold practical discussions for promoting transition finance in Asia, with the aim to form specific methodologies and real cases of transition finance.