

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

January 16, 2025

1. Financial measures in response to the disaster, etc. caused by the heavy snow from December 28, 2024

- With regard to the disaster, etc. caused by the heavy snow from December 28, 2024, financial institutions in disaster-affected areas are requested to offer considerate support to disaster victims.

2. Initiatives for “Promoting Japan as a leading asset management center” and customer-oriented business conduct

- As the Prime Minister and the Minister of State for Financial Services have expressed their commitment to further strengthening and developing this initiative, the FSA will continue its efforts to maintain the strong momentum toward successfully promoting Japan as a leading asset management center.
- At the same time, it is important to implement the PDCA cycle in response to changes in society and the economy. We would like to flexibly change our approaches as needed in response to new circumstances. If you have any concerns or suggestions, please feel free to consult with us.
- Financial institutions are requested to ensure customer-oriented business conduct even in structuring financial instruments and in frontline sales activities so that you can provide financial instruments that you personally find satisfactory and in the best interest of customers if you were in their position.

3. Results of requests for the FY2025 tax reform

- The Tax Reform Outline compiled by the ruling parties, which was publicized on December 20, 2024, includes the measures for the following major requests of the FSA:

- Enhancement of the convenience of the NISA program; and
- Required taxation measures accompanying the review of corporate pension and personal pension plans

* Publication of the "Key FSA-Related Items in the Outline for the FY 2025 Tax Reform":

<https://www.fsa.go.jp/en/newsletter/weekly2025/618.html#e08>

- There are still matters that we should continue deliberating on. We would like to take necessary actions for those matters from now on.

4. Results of the survey on the use of NISA (as of the end of September 2024)

- As of the end of September 2024, the number of NISA accounts is approx. 25.09 million and the total purchase amount reached approx. 49.0 trillion yen, and at present, one out of four people aged 18 or older holds a NISA account.
- We would like to repeat our request to financial institutions to carry out PR activities on the new NISA program meticulously in an easy-to-understand manner so that people can appropriately utilize the NISA program as one of the available means for building their assets stably, and to fully fulfill their fiduciary duty for customers.

5. Stabilization of the financial system and securement of trust therein

- We evaluate that Japanese banks generally have sufficient liquidity and stated capital, but we request you to endeavor to create further robust business models, while focusing on short-term changes, such as the political situations of individual countries and geopolitical risks, without prejudgment, and also fully forecasting long-term risk factors, such as structural changes due to a demographic shift and technological advancement.
- In the meantime, we seriously take the recent situation where cases of misconduct that may shake confidence in financial markets and financial institutions have occurred one after the other, including one involving staff of the FSA. Customers' trust is a precious asset for engaging in the banking business to manage customers' deposits and property. Financial institutions should make constant efforts to investigate causes and prevent the recurrence of misconduct under the initiative of

management teams.

6. Working Group on Improving Internal Audits of Financial Institutions

- From January 2025, the FSA will hold the Working Group on Improving Internal Audits of Financial Institutions with the cooperation of the Japanese Bankers Association and other industrial associations and external experts.
- Through discussions at the Working Group, we would like to present viewpoints that encourage improvements in the internal audits of entire financial institutions, that secure trust in them from domestic and foreign stakeholders, and that can also be utilized by non-financial institutions and overseas financial regulators.

7. Appropriate support for companies

- There may be cases where financial institutions provide support to customer companies, including financing support that will contribute to their efforts for improvement and reconstruction of their businesses, in collaboration with external support bodies, etc.
- However, some people have been arrested as they are suspected to have offered loan intermediary services without registration, and there are vicious M&A intermediaries. Please be careful and make confirmation so as not to get such people involved in the process or be utilized by them.

8. Progress in the "Reform Program regarding Personal Guarantee Provided by Business Owners"

- At the end of last December, the FSA published the performance for the first half of 2024 regarding the progress in the Reform Program regarding Personal Guarantee Provided by Business Owners. The percentage of loans not dependent on personal guarantee provided by business owners was 52.6% on average of all business categories, showing a steady increase from 47.5% in FY2023.

* "Publication of a statistical report on financing for enterprises by financial institutions in the private sector utilizing the 'Guidelines for Personal Guarantee Provided by Business Owners':

<https://www.fsa.go.jp/news/r6/ginkou/20241226-2.html> (Available in Japanese)

- We ask for your continued positive efforts to promote loan provision not dependent

on personal guarantee provided by business owners.

9. Matching of human resources with management skills to leading medium-sized firms and SMEs

- For REVICareer, which is human resources (professionals with expertise) in major corporations to play an active role at regional leading medium-sized firms and SMEs, a sufficient budget, approx. three times the current level, could be secured in the FY2024 supplement budget.
- We plan to change the system in a manner to enable major banks, etc. to flexibly participate as matchmakers. We appreciate your understanding.

10. Publication of the Results of the Survey on Financial Institutions' Status of Introduction of Guardianship Support Deposits and Guardianship Support Trusts

- The FSA conducted the Survey on Financial Institutions' Status of Introduction of Guardianship Support Deposits and Guardianship Support Trusts by setting the end of March 2024 as the base date and published the survey results on December 18, 2024.

* Publication of the Results of the Survey on Financial Institutions' Status of Introduction of Guardianship Support Deposits and Guardianship Support Trusts:

<https://www.fsa.go.jp/en/newsletter/weekly2024/617.html#e05>

- Financial institutions are requested to positively consider the introduction of support deposits and support trusts.
- Financial institutions that have already introduced them are expected to further promote relevant efforts.

11. Bank account opening assistance network for foreign customers in the Special Zones for Financial and Asset Management Businesses

- In order to assist bank account opening of foreign nationals intending to expand their overseas business in Japan, financial institutions and local governments are working to create an assistance network.
- As the targeted areas were increased lately, we are conducting PR activities targeting

financial institutions to solicit participation. Please positively consider participating in the network.

12. Government-wide efforts to strengthen cybersecurity

- From June to November 2024, the Cabinet Secretariat held meetings of the Expert Panel toward Improving Response Capabilities in the Field of Cybersecurity, and the recommendations of the Expert Panel were presented on November 29, 2024.

* Expert Panel toward Improving Response Capabilities in the Field of Cybersecurity

https://www.cas.go.jp/jp/seisaku/cyber_anzen_hosyo/index.html (Cabinet Secretariat's website; Available in Japanese)

- In the government-wide initiative to develop a system in response to the recommendations, the FSA would like to continue to exchange views with the financial industry.

13. Analysis of the Japanese stock market turbulence in early August 2024

- On January 8, 2025, the FSA published the "FSA Analytical Notes (2025.1) vol.1," which presents the analysis of Japanese stock market turbulence in early August 2024, using granular order/transaction level data.

(Reference) <https://www.fsa.go.jp/en/about/fsaanalyticalnotes/index.html>

- We hope that market participants will use the report as reference material.

14. Japan Fintech Week 2025

- The FSA will hold Japan Fintech Week 2025, by setting March 3 to 7 as the core week, with the aim of catalyzing business opportunities and fostering the continued growth of fintech innovation.
- The details of the events will be updated as needed on the official website. We have prepared various contents that will attract the attention of a broad range of people. We look forward to your positive participation.

(Reference) Outline of the Japan Fintech Week 2025

- Date: March 3 (Mon.) to 7 (Fri.), 2025 [core week]
- Venues: Various locations in Tokyo and other large cities in Japan
- Organizers: Financial Services Agency and FinTech Association of Japan

- Website: https://www.fsa.go.jp/policy/japanfintechweek/2025/index_en.html

(Reference) Outline of the FIN/SIM

- Date: March 4 (Tue.) to 7 (Fri.), 2025 [Four days] 9:00-18:00
- Venue: Marunouchi Hall (The archive is to be delivered at a later date.)
- Organizers: Financial Services Agency and Nikkei Inc.
- Website: https://www.finsum.jp/en_index.html

15. Measures to prevent misuse of accounts held by foreign nationals whose periods of stay have expired

- Based on the "Comprehensive Measures for Protecting People from Fraud," which was decided on in June 2024, the National Police Agency issued a document in December 2024 as one of the measures to prevent misuse of accounts held by foreign nationals whose periods of stay have expired.
- The document indicates that after the expiration of the period of stay, until confirming the special circumstances, such as a foreign national renewed it or filed an application for renewal, financial institutions are requested to restrict withdrawals and transfers of money from the foreign national's account. At the same time, financial institutions are also expected to make appropriate responses in such cases from the viewpoint of customers.

16. Publication of a document on the ideas and the way to proceed with dialogue on validation of the effectiveness of AML/CFT frameworks

- The Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism requests financial institutions to verify their own AML/CFT frameworks and constantly review and make improvements to them.
- The FSA is now preparing a document compiling ideas and case examples that will serve as reference when financial institutions verify the effectiveness of their measures, with the aim of publishing it around March 2025.
- Financial institutions are expected to proceed with validation under the initiative of management teams.

17. Follow-up of the written request for the strengthening of measures to prevent misuse of accounts

- In consideration of increasingly sophisticated and diversifying tactics of financial crime, the FSA issued a written request on measures for the prevention of misuse of deposit or savings accounts, including corporate accounts, in August 2024.
- The FSA plans to send questionnaires to financial institutions to ask about their responses to the request this month. We appreciate your cooperation.

18. Publication of a report compiled by the FSB Transition Plan Working Group (TPWG)

- In recent years, companies are showing increasing interest in transition plans as a tool to clarify their strategies on and management of climate-related risks.
- At the Transition Plan Working Group, which was established in the Financial Stability Board (FSB), members have had discussions with regard to the correlation between transition plans and financial stability from the viewpoint of financial authorities, and the Working Group compiled and publicized its report. Please refer to the website for details.

* FSB examines the relevance of climate transition plans for financial stability:

<https://www.fsb.org/2025/01/fsb-examines-the-relevance-of-climate-transition-plans-for-financial-stability/>

19. Japan Climate Transition Bonds

- Since February 2024, the Japanese government has repeatedly issued Japan Climate Transition Bonds (CT Bonds) as the world's first transition bonds.
- If financial institutions that have purchased CT Bonds disclose that fact on their websites, etc., such disclosure will be also meaningful from the perspective of heightening the social momentum toward the green transformation (GX).