

Main Topics Raised by the Financial Services Agency (FSA) at a Dialogue Meeting with the Industry Association

[Held on November 18, 2025 (with the Japan Securities Dealers Association (JSDA))]

1. Response to incidents of unauthorized access and transactions in Internet transactions

- In respond to incidents of unauthorized access and unauthorized trading of securities accounts, on October 15, 2025, the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” were amended and enforced, requiring strengthened security measures such as the mandatory adoption of phishing-resistant multi-factor authentication.
- Regarding the mandatory adoption of phishing-resistant multi-factor authentication, we would like to ask each securities company to take measures in principle by the end of June 2026; however, based on the damage situation in October 2025, both the number of securities companies involved in incidents and the number of incidents have increased since September, and for the safety of customer assets, we request securities companies to expedite implementation.
- With regard to compensation for customers who have suffered damage, we ask securities companies to take sincere measures to rebuild an environment in which investment can be made with peace of mind.
- We would like to ask each securities company to continue to recognize that the management has the responsibility for security measures and to make every possible effort to prevent the spread and recurrence of damage for customers.

2. Revision of the Q&A on Financial Instruments Transaction Business

- Regarding the handling of derivative products based on cryptocurrency ETFs formed overseas, given that the formation and sale of cryptocurrency ETFs are not permitted domestically, we consider this undesirable owing to investor protection concerns.
- Therefore, to convey the supervisory authorities' stance primarily to financial institutions considering handling such products, the “Q&A on Financial Instruments Transaction Business” was revised and published on the FSA website on October 31, 2025. We request that all member firms of the JSDA also review this information.

3. Current situation surrounding securities companies

- We understand that the financial results for the first-half of fiscal year 2025 (April–September period) announced by securities firms were generally favorable, driven by robust market conditions such as rising stock prices, and that this trend was observed across the board, including major securities firms, online-focused firms, and regional securities companies.
- The domestic stock market continues to perform well, but the possibility of sudden market volatility cannot be ruled out owing to various domestic and international developments. The FSA is monitoring the situation closely on a daily basis.
- Furthermore, while uncertainty about the future was evident at the beginning of the period owing to factors such as the impact of U.S. tariff measures, we understand that securities companies have continued to provide consulting services aimed at medium- to long-term asset building and have offered services tailored to customer needs.
- It bears repeating that, in Promoting Japan as a Leading Asset Management Center, securities firms play a vital role in providing financial products that serve the best interests of their customers. We ask that securities firms continue to ensure thorough customer service, including providing careful explanations, encouraging calm responses, and striving to deliver timely and appropriate information, so that customers can achieve stable asset building through the long term, regular savings, and diversification.
- We hope that management members, while paying close attention to domestic and international market trends, keep a watchful eye on every corner of the company, including the sales front lines, regularly verify that operations are conducted appropriately, and strive to provide better services.

4. Fraudulent accounting case of alt Inc.

- It is deeply regrettable that alt, which was listed on the Tokyo Stock Exchange in October 2024, was delisted within a short period owing to false statements in its annual securities reports, thereby undermining the trust of market participants, including investors.
- Securities companies that perform underwriting examinations are required to conduct appropriate examinations based on the JSDA's self-regulatory rules, etc. The

Financial Services Agency believes that, first and foremost, the parties involved in this matter must thoroughly examine and verify the facts, causes, and issues. However, regarding what measures are necessary to restore trust in the financial and capital markets, we would appreciate the opportunity to discuss this further.

5. Further promoting Japan as a Leading Asset Management Center

- As Prime Minister Takaichi and Minister of State for Financial Services Katayama stated following the inauguration of the Takaichi Cabinet, the government will continue and further advance initiatives aimed at channeling household savings into productive investments, thereby promoting Japan as a Leading Asset Management Center and accelerating Japan's Growth Strategy by leveraging the power of finance.
- At the meeting of the Headquarters for Japan's Growth Strategy held on November 4, 2025, the Prime Minister also instructed that a strategy be developed to unleash the latent potential of the Japanese economy as a whole and local economies through the power of finance.
- Specifically, we will promote initiatives to enhance corporate value through corporate governance reform, strengthen the supply of growth capital and risk money to companies, support steady asset building by households, advance asset management services and improve the capabilities of asset owners.
- Furthermore, we aim to bring together essential financial capital, human capital, and expertise for the benefit of companies and local communities by leveraging the power of finance. To this end, we will develop a comprehensive financial strategy — including the “Regional Financial Power Enhancement Plan” to be formulated within this year — and implement such strategy in close collaboration with the private sector.
- By so doing, we will support the strengthening of Japan's supply structure through investments that enhance growth and resilience against potential crises in the strategic fields from a financial perspective, thereby bringing about an economy that invites trust from investors around the globe. This will give rise to a virtuous cycle in which capital from around the world flows into Japan.

6. Regional Financial Strengthening Plan

- The FSA plans to formulate the Regional Financial Strengthening Plan within 2025. We will consolidate relevant measures to enable various players, including regional

financial institutions, to collaborate and leverage the power of regional finance to contribute to the regional economy — that is, to demonstrate regional financial strength.

- At present, the Financial System Council’s Working Group on Strengthening Regional Financial Capabilities has been convened, most recently on October 28. We hope to finalize the plan by the end of the year, taking into account the discussions in the working group.
- We believe that for the sustainable development of regional businesses and economies, collaboration with various domestic and international players, not limited to regional financial institutions, is essential. We request that each securities company take an interest in the plan.

7. Japan Weeks 2025

- Japan Weeks 2025, with the core week from October 20 to 24, 2025 was held and featured approximately 90 events this year, exceeding last year’s 70 events. Financial institutions and authorities from other countries also participated, and we believe that international recognition of Japan Weeks has progressed. The JSDA and securities companies provided their cooperation in organizing and participating in events, promotions, and other activities.
- The Japan Weeks 2026, while currently undetermined, will reflect the new administration’s stated policy that “accelerating growth strategies require the power of finance.” Therefore, we wish to continue working with all of you in close coordination and cooperation.

(Reference) Events featuring government speakers, hosted by the Japan Securities Dealers Association

- October 2 (Thur.) 15:00–16:00 National Securities Conference
(Former Prime Minister Ishiba video message: 15:15–15:20, Former Minister Kato remarks: 15:20–15:30)
- October 20 (Mon.), 13:00–18:00 Startup Forum – The Current State of Japanese Startups from Market Participants’ Perspectives and the Path Ahead –
(Former Parliamentary Secretary Nishino opening remarks: 13:05–13:10)

8. Survey results regarding the usage status of NISA accounts (as of the end of June 2025)

- On September 24, 2025, the NISA Account Usage Survey (June 2025 edition) was published. The number of NISA accounts was approximately 26.96 million accounts, and the total purchase amount was approximately 63 trillion yen.

- Also, on November 13, the FSA released the NISA Account Usage Survey by prefecture (June 2025 edition).
- The NISA Account Usage Survey had been conducted four times a year until 2024 (end of March, end of June, end of September, and end of December), but has been conducted twice a year* (end of June and end of December) since 2025. We kindly ask for your continued cooperation.

* The survey as of the end of March 2025 was conducted on a temporary basis.

9. Establishment of the Payment Innovation Project

- The FSA established the FinTech PoC Hub in September 2017 to alleviate hesitations and concerns that fintech companies and financial institutions tend to have when attempting unprecedented proof-of-concept (PoC) experiments, and has supported PoC experiments from the aspect of the interpretation of relevant laws and regulations and the summarization of issues regarding compliance and responses to supervision.
- Recently, progress has been seen domestically and internationally in enhancing payment systems through blockchain technology, such as streamlining cross-border remittances and DvP (Delivery versus Payment) settlements for security tokens, with some initiatives now moving into PoC phases. Given the rapid pace of technological advancement in this field, it is anticipated that challenges may arise in how to proceed with PoC experiments, including the interpretation of relevant laws and regulations.
- Based on these perspectives, on November 7, 2025, we launched the Payment Innovation Project (PIP), a project specialized initiative focused on the payment sector, within the FinTech PoC Hub, and as the first project, we selected a PoC experiment concerning the joint issuance of stablecoins by the group of three banks. The PIP will prioritize assigning personnel with deep expertise in the payment sector, including blockchain technology, relevant laws and regulations, and international trends to the support team to assist with individual PoC experiments.
- When considering initiatives to enhance payment systems, we encourage you to explore the use of PIP.

10. Initiatives regarding cybersecurity

- Recent cyberattacks are becoming increasingly severe, and incidents that significantly

disrupt business operations have been occurring frequently across various industries. Such threats are by no means irrelevant to financial institutions; it is essential that they address them as their own responsibility. Cybersecurity is a critical management issue for safeguarding business continuity and customer trust. The FSA requests that financial institutions continue to address it at the management level.

Cross-industry financial sector cybersecurity exercise (Delta Wall 2025)

- To enhance incident response capabilities across the entire financial industry, the FSA conducted a cybersecurity exercise (Delta Wall 2025) in October 2025.
- Among the participating financial institutions, active involvement was secured not only from their IT and cybersecurity departments but also from their management. Participants should not be satisfied merely with taking part in the exercise; they should utilize the exercise results. Specifically, they should review whether executives were able to make appropriate decisions, whether organizational contingency plans such as customer response and business recovery were effective, visualize what could not be done, and consider how to make improvements, including arrangements, business processes, budgets, and personnel.

Cyber Security Self-Assessment (CSSA)

- In the recent CSSA, a self-assessment based on the “Guidelines on Cybersecurity for the Financial Sector” was conducted for the first time. Individual results will be provided to each financial institution in November 2025. More detailed analysis and cross-cutting insights will be shared at a later date, so please utilize them in your future initiatives.

Transition to post-quantum cryptography (PQC)

- The Financial ISAC Japan has prepared the PQC transition guide for Japanese financial institutions, which outlines the overall framework, including concrete transition steps for PQC. The transition to PQC is an unavoidable initiative to ensure future security, and each securities company should steadily advance preparations, such as establishing appropriate organizational frameworks, setting system priorities, and creating crypto inventories, while referring to the Financial ISAC’s guide.

11. Resumption of the REVICareer Training Workshop

- The number of financial institutions registered in REVICareer has exceeded 200, and all regional banks and second-tier regional banks have been registered. Accordingly, the number of job postings registered in all prefectures has increased, and matching opportunities are expected to accelerate; therefore, continued cooperation in registering personnel is requested.

(Reference) As of the end of October 2025, the actual figures are as follows: number of registrants of personnel from large enterprises: cumulative total 5,579; number of registered financial institutions: 211; and number of matches: 277

- The training workshops, which had been suspended since October 2024, resumed in September 2025. They are available free of charge to registrants, so please inform registrants.

12. Release of the report of the Multilateral Sanctions Monitoring Team (North Korea-related)

- In October 2025, the Multilateral Sanctions Monitoring Team (MSMT) released its second report on the theme of “the Democratic People’s Republic of Korea’s (DPRK) cyber and information technology (IT) worker activities.”.
- The report which primarily covers cases found, contains specific information regarding North Korea’s cyber activities, including cryptocurrency theft, and its laundering and use, foreign currency earnings generated by IT workers, and information theft.
 - During the reporting period (January 2024–September 2025), North Korea stole at least USD 2.8 billion in cryptocurrency.
 - North Korea relied upon foreign-based facilitators, including in China, Russia, Argentina, Cambodia, Vietnam, and the UAE, to launder stolen digital assets into fiat currency.
 - Stablecoins were used in procurement-related transactions, including the sale and transfer of military equipment.
- The FSA requests that financial institutions continue strengthening cybersecurity measures and anti-money laundering controls, referring to the report.

13. Request for sanctions against Iran

- In September 2025, with regard to the Iranian nuclear issue, it was decided to reinstate sanctions against Iran (snapback) based on a United Nations Security Council resolution.
- In Japan as well, measures such as the amendments to notifications under the Foreign Exchange and Foreign Trade Act (promulgated and enforced on September 28) were implemented to reintroduce asset freezing and funds transfer prevention measures.
- In response, on September 30, the FSA issued “Transactions Related to Iran’s Nuclear Activities and Development of Nuclear Weapons Delivery Systems and the Supply of Large Conventional Weapons to Iran (Request)” to the financial institutions concerned.
- In the Request, the FSA urges the financial institutions to take thorough measures such as freezing assets and preventing fund transfers, as well as to fulfill their obligation to verify identity and report suspicious transactions. We request that you ensure thorough dissemination and implementation of these requirements to all affiliated financial institutions.

14. Request for cooperation in asset investigations pursuant to the Deposit Insurance Act

- The Deposit Insurance Corporation of Japan conducts asset investigations to support the Resolution and Collection Corporation in smoothly collecting claims purchased from financial institutions, and as part of this, it makes inquiries or requests for cooperation to financial institutions, etc. These inquiries may fall under “cases based on laws and regulations” under the Act on the Protection of Personal Information, which permit providing personal data to third parties without obtaining the individual’s consent; however, there appear to have been cases in which sufficient understanding of this point was not obtained.
- The Personal Information Protection Commission Japan has added inquiries and requests for cooperation conducted by the Deposit Insurance Corporation of Japan pursuant to Article 13 of the Supplementary Provisions of the Deposit Insurance Act as an example of “cases based on laws and regulations” in its newly formulated “Q&A on the Guidelines Concerning the Act on the Protection of Personal Information.”
- Taking this addition as an opportunity, the Deposit Insurance Corporation of Japan has issued a request for cooperation and other assistance to various industry associations under the name of its Governor. We kindly request your cooperation.

15. IOSCO Board Meeting

- On October 27–28, 2025, International Organization of Securities Commissions held its Board meeting in Madrid, Spain. The IOSCO Board discussed a wide range of topics, including the 2026 Work Program, fintech, and the valuation of collective investment schemes, and approved the publication of various final reports and consultation documents. Among the matters pertaining to the JSDA, we would like to specifically address the final report on pre-hedging.
- Pre-hedging is a practice whereby dealers, after ascertaining a customer’s trading intentions, execute trades in the market prior to executing transactions with the customer to manage transaction risk. While pre-hedging may offer benefits such as promoting price discovery and mitigating market impact, risks exist, including potential misuse of information, lack of transparency, and adverse effects on prices and liquidity.

(Reference) Existing industry standards for pre-hedging include the FX Global Code (developed by Global Foreign Exchange Committee), the Standard for the execution of Large Trades in FICC (fixed Income, currency and commodities) markets (developed by Financial Markets Standards Board), and the Global Precious Metals Code (developed by London Bullion Market Association). However, these standards have limitations, including incomplete coverage across asset classes and the absence of supervisory oversight or enforcement mechanisms by financial authorities.

- The IOSCO final report on pre-hedging sets out the definition of pre-hedging, together with recommendations concerning its implementation and the management of related conduct risk. In particular, it calls for the establishment of appropriate policies, procedures, and governance frameworks for pre-hedging, clear disclosure to clients, and the obtaining of prior consent from clients.
- While we have previously held briefings and explanatory sessions with the JSDA, we plan to hold another session to explain the contents following the recent finalization of the report. We would like to continue working closely with the JSDA to toward the domestic implementation of the recommendations.

16. G20 Finance Ministers and Central Bank Governors Meeting in October 2025

- The G20 Finance Ministers and Central Bank Governors Meeting was held in Washington D.C, from October 15 to 16, 2025. Based on the Chair’s Summary and

deliverables released after the meeting, the main points related to the financial sector are as follows.

- First, members reaffirmed the importance of implementing all agreed reforms and international standards, including the Basel III framework. The Financial Stability Board (FSB) published an interim report which reviewed the implementation of G20 financial reforms over the past 15 years. The report points out that the implementation of key reforms such as Basel III remains incomplete, and delays and inconsistencies across jurisdictions pose risks to the global financial system.
 - Furthermore, the FSB released a peer review report that assessed progress in implementing its global regulatory framework for crypto-assets and global stablecoins (GSCs). While regulatory development remains incomplete in many jurisdictions, Japan, alongside the EU and Hong Kong, was highly regarded for having completed regulatory frameworks for both crypto-assets and stablecoins. Regarding the issues pointed out, such as the partial implementation of stress testing for stablecoin issuers, the FSA will utilize them in future regulatory and supervisory considerations.
 - On non-bank financial intermediation (NBFI), members supported the work by the FSB and standard-setting bodies (SSBs) to address data challenges and vulnerabilities related to NBFI, including hedge funds.
 - On cross-border payments, members reaffirmed their commitment to the effective implementation of the G20 Roadmap.
 - On sustainable finance, most members supported 2025 G20 Presidency and the Sustainable Finance Working Group (SFWG) Co-chairs' Sustainable Finance Report, welcoming its findings and voluntary recommendations. Recommendations include integrating climate resilience into transition plans, improving risk assessments, and addressing natural catastrophe insurance protection gaps.
- The United States of America is set to assume the G20 Presidency from December 2025. The FSA will continue to communicate with financial institutions and contribute to global discussions.

(End)