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

Held on March 17, 2026 (dialogue meeting with major banks, etc.)

1. Thorough support for corporate financing in light of the current international situation

○ The FSA recognizes that many businesses are facing a challenging operating environment, affected by factors such as rising prices, labor shortages, responses to U.S. tariff measures, and current situation in the Middle East.

○ In light of these circumstances, financial institutions are expected to further strengthen their financial intermediation functions, take all necessary measures to prevent any serious disruptions to corporate financing, and provide forward-looking management support while closely engaging with businesses.

○ In addition, given the increased volatility in financial markets under such uncertain international conditions, the FSA requests that financial institutions re-examine their preparedness to respond swiftly to sudden changes in market conditions.

2. Partial revision of the supervisory guidelines for the response to the Nankai Trough earthquake

○ In order to further clarify the measures to be taken by financial institutions in relation to the Nankai Trough earthquake, public comments were conducted on the proposed revisions to the supervisory guidelines for each business category. The results of the public comments were announced on February 10, 2026, and the revised supervisory guidelines began to be applied on the same day.

○ Financial institutions should continue to take all possible measures to respond appropriately in times of disaster, including the Nankai Trough earthquake, while referring to the content of the revised supervisory guidelines as needed.

3. Partial revision of supervisory guidelines based on the Regional Financial Power Enhancement Plan

○ On February 20, 2026, as part of the implementation of the Regional Financial Power Enhancement Plan, the results of the public comments on the proposed revisions to the Comprehensive Guidelines for Supervision of Small- and Medium-

Sized or Regional Financial Institutions, etc. were published. The proposed revisions aim to enhance support for M&A and business succession, promote lending that does not rely on personal guarantees, and enhance support for digitalization and human resource development. The revised supervisory guidelines will come into effect on April 1.

○ The FSA expects that financial institutions continue to make efforts to further enhance their financial intermediation functions in order to support the sustainable growth of regional economies, taking into account the business models and management strategies of local economies and client companies, while making ongoing reference to the revised supervisory guidelines.

4. Partial revision of the Guidelines for Business Revitalization, etc. of Small and Medium-Sized Enterprises (SMEs) and related Q&A

○ On March 16, 2026, the Study Group on Guidelines for Business Revitalization, etc. of SMEs, whose secretariat is provided by the Japanese Bankers Association, partially revised the Guidelines for Business Revitalization, etc. of SMEs and the related Q&A. The revised guidelines and Q&A will come into effect on April 1.

○ This partial revision aims to further enhance the effectiveness of the Guidelines, in light of the growing need for support for business revitalization, etc. of SMEs. It highlights the importance of early-stage business revitalization, aimed at sustaining and growing regional economies, as well as business succession and M&A, as key means of achieving this. It also underscores the importance of communication between SMEs and creditors during normal times in order to enable swift and smooth responses in times of stress, and clarifies practical handling based on accumulated use of the Guidelines.

○ In light of the partial revision, the FSA requests that financial institutions continue to make efforts to further disseminate and establish the purpose and content of the Guidelines and to provide proactive support for smooth business revitalization.

5. Amendments to the Enforcement Regulation of the Act on Prevention of Transfer of Criminal Proceeds (review of measures for face-to-face identity verification)

○ On March 6, 2026, the Enforcement Regulation of the Act on Prevention of Transfer of Criminal Proceeds was amended. Under the amendment, the current face-to-face identity verification method, whereby customers present a photo identification document in person, will be limited to identification documents equipped with an IC chip, and the reading of information stored on the IC chip will be made mandatory. In principle, other methods of identity verification will be abolished.

○ As a result of the amendment, both face-to-face and non-face-to-face verification of customer identification information, such as at the time of account opening, will in principle be conducted by reading information from IC chips. As IC chips themselves are considered difficult to counterfeit or tamper with, the amendment is expected to be highly effective in preventing account openings and fraudulent use involving forged identification documents.

○ In preparation for the enforcement of the amended regulation on April 1, 2027, the FSA requests that financial institutions steadily proceed with necessary system upgrades and other related measures.

6. Revision of supervisory guidelines concerning unauthorized access to securities accounts and fraudulent transactions

○ Cases of unauthorized access to securities accounts and fraudulent transactions have the potential to undermine trust not only in the securities industry but in the financial industry as a whole. In July 2025, enhanced countermeasures, such as the introduction of phishing-resistant multi-factor authentication, were requested. In order to reflect the measures to be taken in accordance with the characteristics of each type of business in the supervisory guidelines, the revised guidelines were published on February 27, 2026.

○ Regarding banks' internet banking services, in addition to the continued occurrence of unauthorized fund transfers, there have recently been cases in which customers' login IDs and passwords were stolen and investment trusts were fraudulently redeemed. Financial institutions are therefore requested to promptly implement applicable security measures, starting with those that can be addressed without delay.

○ The FSA will monitor the implementation of measures against unauthorized access and fraudulent transactions, in accordance with the revised supervisory guidelines.

7. Sales of private asset funds

○ Private asset funds have traditionally been utilized primarily by institutional investors. In recent years, however, mid-sized and internet-based securities firms, as well as regional banks, have begun offering such products. In addition, products that can be purchased in relatively small amounts have become available, thereby expanding investment opportunities for individual investors, particularly high-net-worth individuals.

○ These products differ from traditional assets in terms of liquidity, disclosure of information, and the transparency and frequency of valuation. Moreover, depending on the type of private assets involved, it may be extremely difficult for customers to fully understand the underlying investment assets.

○ Accordingly, when proposing and selling such products, it is important not only to comply with the principle of suitability, but also to ensure that customers can tolerate liquidity risk and the risk of loss of principal, to provide optimal portfolio proposals that take into account customers' overall asset holdings, and to offer clear and easy-to-understand explanations so that customers can adequately understand the nature and risks of the products.

○In this regard, it is common for financial institutions, as the criteria for initiating solicitation, to set the minimum level of customers' financial assets and upper limits on the proportion of such products—including illiquid and high-risk products—within their overall portfolios.

○ Private asset funds are considered to play an important role in supplying growth capital to startups and to serve as one of the options for constructing optimal investment portfolios for investors. In order to foster the sound development of the market, sales firms are expected to make appropriate proposals and conduct appropriate sales activities for suitable customer segments.

8. REVICareer Business in the Next Year

○ The REVICareer system is scheduled to undergo institutional revisions starting in April 2026. The main revisions consist of: (i) a review of the annual income eligibility requirements by prefecture, and (ii) a reduction in the maximum amount of benefit payments. These revisions are intended to enable a greater number of individuals to benefit from the program within a limited budget. With this understanding, continued cooperation is requested not only in registering human resources, but also in creating matching opportunities in the role of intermediaries.

○ In addition, revised supervisory guidelines reflecting the Regional Financial Power Enhancement Plan are scheduled to come into effect in April 2026. Under the revised guidelines, recruitment and placement services are positioned as one of the solutions for business support tailored to the life stages of personnel at client companies. When providing such services, it is considered important to accurately identify the management issues faced by client companies, further refine human resource requirements, and cooperate with recruitment agencies and other relevant parties. Taking these points into account, financial institutions are encouraged to continue their efforts to support businesses through recruitment and placement services.

9. Publication of sample forms of trust agreements for Enterprise Value Charges (EVCs)

○ On March 11, 2026, sample forms of trust agreements (establishment agreements) and loan agreements containing covenants for EVCs were published, together with explanatory materials.

○ With regard to covenants, the published materials present the basic principles for supporting lending based on a business's future prospects, with reference to overseas cash flow lending practices.

○ As these materials are expected to serve as a useful reference when considering a review of lending practices amid an environment characterized by an exit from deflation, rising interest rates, and increasing demand for funds, financial institutions are encouraged to review them.

10. Publication of the AI Discussion Paper (Version 1.1)

○ On March 3, 2026, the FSA published the AI Discussion Paper (Version 1.1).

○ Version 1.1, drawing on insights shared at the AI Public-Private Forum, includes the following additions:

- With a focus on the use of AI in customer-facing services, it presents examples of initiatives aimed at mitigating risks across four phases: (i) design and prior verification, (ii) appropriate explanations and cautions, (iii) verification and monitoring, and (iv) governance.

- It also notes that financial institutions are gradually moving into a phase of implementing concrete initiatives to improve operational efficiency and create new business opportunities through the use of AI, and that top management is expected to take the lead in steadily improving business processes.

The paper is intended to serve as a reference when promoting the use of AI going forward.

○ Looking ahead, financial institutions are expected to further advance efforts to enhance their business models through the use of AI—namely, AI transformation. In doing so, if there are any concerns regarding risk management, laws and regulations, or related matters, financial institutions are encouraged to consult with the FSA without hesitation.

11. Announcement of *Targeted Report on Stablecoins and Unhosted Wallets - Peer-to-Peer Transactions* by the FATF

○ The Financial Action Task Force (FATF) released its *Targeted Report on Stablecoins and Unhosted Wallets - Peer-to-Peer Transactions* on March 3, 2026.

(Reference) FATF press release

https://www.fatf-gafi.org/en/publications/Virtualassets/targeted-report-stablecoins-unhosted-wallets.html

○ Given the rapid expansion of the use of stablecoins, this report summarizes cases of misuse of stablecoins, related threats and vulnerabilities, examples of good practices in various jurisdictions, and recommended actions for both the public and private sectors, taking into account the increasing integration with the traditional financial system, including banks.

○ When considering the issuance and handling of stablecoins, relevant entities are encouraged to pay attention to the establishment of appropriate controls and governance frameworks, based on the risks and good practices presented in this report.

(End)