

## **UK-Japan Financial Regulatory Forum Joint Statement 2025**

### **Summary**

The United Kingdom (UK) and Japan held the 3<sup>rd</sup> Financial Regulatory Forum on 30 January 2025, in London. In order to facilitate a deep and meaningful exchange across a broad set of economic, fiscal and financial regulatory discussion points, joint sessions with the 6<sup>th</sup> Financial Dialogue were also held. Two joint sessions were held in the morning, on the Transformation of the Global Landscape and Sustainable and Climate Finance, followed by separate Financial Regulatory Forum sessions in the afternoon.

On the Japanese side, the Financial Services Agency (FSA) was led by Toshiyuki Miyoshi, Vice Commissioner for International Affairs. On the UK side, His Majesty's Treasury (HMT) was led by Richard Knox, Director for International Financial Services, the Bank of England (BoE) was led by Zertasha Malik and the Financial Conduct Authority (FCA) was led by Rob Ward.

### **Sustainable and Climate Finance**

The UK and Japan shared developments on sustainable finance with discussions focussing on transition finance, transition plans, sustainability reporting and ESG ratings. The UK highlighted its focus on driving growth in the green finance sector as part of its broader growth mission including work to develop the UK's transition finance market following the publication of the Transition Finance Market Review in October 2024. The FCA outlined progress in the implementation of the Sustainability Disclosure Requirements and investment labels regime. Japan highlighted recent progress on sustainability disclosure and assurance regulations, and the development of national sustainability disclosure standards designed to deliver functionally aligned outcomes with ISSB standards. Japan also highlighted the importance of mobilising funds for Asia's climate transition in achieving global Net Zero and updated on the official launch of the Asia GX Consortium in October 2024, led by the FSA and ASEAN Financial Authorities.

Both jurisdictions updated on their respective approaches to transition plans and climate-related financial disclosures. Both countries reaffirmed their continued support for the International Sustainability Standards Board and agreed on the importance of developing a consistent approach to transition plans and disclosures across jurisdictions. They welcomed the IFRS Foundation's decision to assume responsibility for the transition plan disclosure materials developed by the UK's Transition Plan Taskforce. The UK and Japan discussed their respective industry codes of conduct for environmental, social, and governance (ESG) ratings and data providers and the UK highlighted ongoing work to bring the provision of ESG ratings into regulation. Both countries recognised the value of deepening bilateral cooperation and coordinating their engagement in multilateral fora. In this context, they also exchanged views on the progress of work in multilateral fora, including in the Financial Stability Board (FSB), the IOSCO Sustainability Taskforce and G20 Sustainable Finance Working Group with a view to building on previous collaborative efforts.

### **Asset Management**

Japan and the UK discussed developments related to the global asset management industry and the importance of the sector to our respective global financial hubs. The FSA updated on policies to promote Japan as a leading asset management centre and shared outcomes so far, including the increase in the number of NISA (Nippon Individual Savings Account) accounts and purchases of investment instruments through NISA accounts. The UK discussed the opportunities presented by improving the information available to retail investors to help with their decision-making. Participants also shared views on opportunities for cross-border business in their respective asset management sectors.

### **Capital Markets**

The UK set out the Government's ambition to reinvigorate capital markets to drive investment and innovation in the economy, and provided an update on the progress the UK is making towards T+1 through its Technical Group of industry experts. The FCA updated participants on recently implemented changes to the UK Listing Rules and the consultation on changes to the UK Public Offers and Admission to Trading Regulations regime. The FSA also provided an update on discussions on T+1 in Japan. Participants also exchanged views on their respective pension systems with a view to understanding how pension funds are regulated in each jurisdiction, and the role of the sector in driving growth.

### **Digital Finance**

On FinTech and Innovation, both the UK and Japan recognised the significant growth opportunities within this sector and emphasised the importance of mutual learning and collaboration. The UK highlighted its commitment to innovation through the Digital Securities Sandbox (DSS). The UK and Japan discussed the role of Artificial Intelligence (AI) in financial services. Both countries agreed that having international common understandings of benefits and risks is important for facilitating innovation while managing risks to consumers, financial market stability and integrity, and explored areas for collaboration through international fora, such as the FSB. The FSA provided an update on developments related to cryptoassets in Japan. Both sides also underlined the importance of implementation of the agreed FSB regulatory framework for cryptoasset markets and activities, and stablecoin arrangements.

### **International Financial Stability Issues**

Participants offered an overview of developments in their domestic banking systems and banking regulation, including resolution and Basel III. Participants reaffirmed the significance of strong prudential standards for banks and discussed the importance of ensuring members of the Basel Committee on Banking Supervision (BCBS) implement all aspects of the Basel III framework in full, consistently and as soon as possible. Japan and the UK discussed Non-Bank Financial Intermediation (NBFi) and the importance of encouraging resilience in the sector and addressing financial stability risks. The UK shared updates on domestic work to enhance the sector's stability including the outcomes of its system wide exploratory scenario. The members of the forum discussed the importance of international work given the cross-border nature of NBFi and shared views on the need for continued international engagement on the topic, especially at the FSB. Members of the forum also

reaffirmed the importance of finalising international work on NBFI leverage and ensuring timely implementation of the agreed FSB NBFI policies. Both countries acknowledged the importance of continued engagement on the topic bilaterally and in multilateral fora.

### **Conclusion**

Participants looked forward to the next Financial Regulatory Forum in Japan.