

Work Schedule for the Implementation of the Program for Further Financial Reform <Provisional Translation>

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
I. Creation of a vibrant financial system			
(1) Emphasis on users' needs and thorough implementation of user protection rules			
□ Establishment of a regulatory framework that promotes the offering of diverse and high quality financial products and services			
Expansion of distribution channels of financial products and services	<ul style="list-style-type: none"> • The First Subcommittee of the Financial System Council began substantive discussion of the “Investment Services Law (tentative name)” (Sep 2004). 	<ul style="list-style-type: none"> • The basic way of thinking about the “Investment Services Law (tentative name)” will be settled (aim for Jun 2005). • Based on the basic way of thinking mentioned above, implementation of work to develop legislation 	
	<ul style="list-style-type: none"> • The prohibition on banks engaging in securities introducing agents business was lifted (Dec 2004). • Along with the amendment of the Trust Business Law, a contractual trust agent system was set up (Dec 2004). 	<ul style="list-style-type: none"> • Re-examination of the bank agent system from the viewpoint of improving the convenience for customers 	
	<ul style="list-style-type: none"> • Based on the Report of the Second Subcommittee of the Financial System Council (Mar 2004), the expansion of the range of insurance products that financial institutions can sell and appropriate steps to avoid harmful effects will be studied and put into effect. 		
Promoting diversification and price flexibility in insurance products		<ul style="list-style-type: none"> • Revision of the guideline for supervision of insurance business in order to promote the enhancement of internal system for development and management of insurance products, based on the principle of self-responsibility for each insurance company (aim for Jun 2005) • Revision of the guideline for supervision to clarify further the FSA's standards for examining insurance products from the viewpoint of promoting the development of diverse products, with regard to third sector products and others(aim for Dec 2005) 	
		<ul style="list-style-type: none"> • Revision of the implementing regulations of the Insurance Business Law and other relevant rules through simplification of product examination concerning primarily non-actuarial elements of pricing, with a view toward promoting price flexibility for insurance products. (Successive amendment from 2005) 	
Approval of proper comparative advertising to promote fair competition	<ul style="list-style-type: none"> • Started a study of the manner in which insurance sales and advertising method should be explained to customers (Mar 2005) 	<ul style="list-style-type: none"> • Revision of the guideline for supervision of insurance business, based on the results of the study mentioned at left, with regard to insurance sales and advertising, from the viewpoint of clarifying and putting in order 1) matters that should be explained clearly and carefully, and 2) the manner of explanations offered to customers (aim for Dec 2005) 	
		<ul style="list-style-type: none"> • Continuous study of reviewing rules on comparative advertising so that appropriate comparative information about insurance products is provided to customers 	<ul style="list-style-type: none"> • Revision of the implementing regulations of the Insurance Business Law that regulate comparative advertising, based on the results of the study mentioned at left

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	FY2004	FY2005	FY2006
Diversification of the method of entry for banks and other financial institutions		<ul style="list-style-type: none"> Study of entry standards responding to diversification of the method of entry, based on new business models and risk management methods responding to these new business models (Apr 2005) 	<ul style="list-style-type: none"> Based on the study mentioned at left, a basic way of thinking will be settled.
Effective utilization of the premises and other facilities of financial institutions		<ul style="list-style-type: none"> Revision of the guidelines for supervision based on the study of methods for making efficient utilization of the premises and other facilities, taking into consideration the aim of regulations that prohibit other businesses (aim for Jun 2005) 	
Expansion of financing methods that do not rely excessively on real estate collateral and guarantees	<ul style="list-style-type: none"> Request to financial institutions that they promote finance that does not excessively rely on collateral and guarantees, given the importance of cash flow from businesses With regard to regional financial institutions, development of a new Action Program to inherit the existing Action Program, built on the evaluation of the results from the existing Action Program, based on the evaluation by the “Working Group on Relationship Banking” under the Second Subcommittee of the Financial System Council (Mar 2005) 	<ul style="list-style-type: none"> Based on the “New Action Program” mentioned at left, implementation of measures to facilitate finance for small- and medium-sized enterprises, including promotion of financing methods that do not rely excessively on collateral and guarantees 	
	<ul style="list-style-type: none"> Request to financial institutions to respond properly to the amended Civil Code, based on the amendment of the Civil Code that prohibits comprehensive guarantees (planned to become effective in Apr 2005) and other measures 		
	<ul style="list-style-type: none"> Revision of the guidelines for supervision, based on the above-mentioned amendment of the Civil Code (Mar 2005) 		
	<ul style="list-style-type: none"> Request to financial institutions to make proper use of movables as collateral, based on the amendment of Special Law on Credit Transfer (Planned to be put into effect around autumn 2005) 		
Promotion of both a full check of current regulations and deregulation, in order to meet market participants’ needs and promote sound competition as well as the cultivation of new business (Review of the regulations for financial products and services as well as for financial institutions and non-bank financial institutions)		<ul style="list-style-type: none"> Implementation of an expansion of disclosure and relaxation of the disclosure conditions for dependent subsidiary companies 	
	<ul style="list-style-type: none"> Started a study of future methods of regulating non-banks in the “Discussion Group on the Money Lending Business System (tentative name)” (Mar 2005) 	<ul style="list-style-type: none"> Continuous study in this Discussion Group of the matter mentioned at left, in cooperation with the related ministries 	
		<ul style="list-style-type: none"> Establishment of a project team within the FSA and investigation of problems in the existing regulations (aim for Aug 2005) Implementation of successive reviews of regulations, based on the full check mentioned above 	

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
	<ul style="list-style-type: none"> • Lifting of the prohibition on prepaid electronic network business by banks' subsidiary companies (Apr 2004) • Overall amendment of the Trust Business Law and implementation of a relaxation of limits on trust property and a lifting of prohibitions against general business corporations engaging trust business (Dec 2004) • Introduction of a securities introducing agents business system (Apr 2004) 	<ul style="list-style-type: none"> • Relaxation of the regulation of the business hours of bank branches • Allowing the Shinkin Banks to establish and issue electronically their financial statements, articles of association, the records of their general and directors meetings, and a list of the board members, in correspondence to the advance of IT (Apr 2005). • Implementation of successive deregulation, based on the basic way of thinking on the "Investment Services Law (tentative name)" • With a view toward further promoting use of trust functions, amendment of the Trust Business Law as necessary, in combination with the Ministry of Justice's ongoing study of the amendment of the Trust Law. 	<ul style="list-style-type: none"> • Lifting of the regulation on public banks' notice of financial results by electronic means • Voting by paper or electronically in Shinkin banks
□ Development and thorough implementation of user protection rules reflecting actual financial conditions			
Enactment of the "Investment Services Law (tentative name)"	<ul style="list-style-type: none"> • The First Subcommittee of the Financial System Council began substantive discussion of the "Investment Services Law (tentative name)" (Sep 2004). 	<ul style="list-style-type: none"> • The basic way of thinking about the "Investment Services Law (tentative name)" will be settled (aim for Jun 2005). • Based on the basic way of thinking mentioned above, implementation of work to develop legislation 	
Introduction of protection rules for policyholders of unregulated Kyosai	<ul style="list-style-type: none"> • As for unregulated Kyosai, submission of legislation to the ordinary Diet session to amend the Insurance Business Law, in order to apply the regulations of the Insurance Business Law in principle, and to establish a "Small-amount, Short-term Insurance Provider" system that relaxes the requirement on entry (Mar 2005) 	<ul style="list-style-type: none"> • Implementation of the legislation at left within one year of its approval 	
Observance of the suitability principle for insurance contracts	<ul style="list-style-type: none"> • Started a study of the way of explanation to customers during insurance sales and advertising (Mar 2005) 	<ul style="list-style-type: none"> • Request to insurance industry associations (the Life Insurance Associations, the General Insurance Association, etc.) to organize and publish product-by-product lists of key issues to be considered by policyholders at the time they enter into insurance contracts (aim for Dec 2005) • Continuous study of ways to clarify the suitability principle for insurance contracts, with a view toward protecting policyholders 	<ul style="list-style-type: none"> • Revision of the guidelines for supervision related to the suitability principle for insurance contracts based on the results of the study mentioned at left
Strengthened monitoring of insurance advertisements	<ul style="list-style-type: none"> • Strengthening the monitoring system of advertisements to detect ones that might give misunderstandings to policyholders 	<ul style="list-style-type: none"> • Revision of the guidelines for supervision in order to promote the enhancement of internal scrutiny process for advertisement at each insurance company (aim for Dec 2005) 	
Review of the insurance policyholder protection program	<ul style="list-style-type: none"> • Conducting a review of the content of compensation for life, non-life, and various types of insurance, and submitting legislation to the ordinary Diet session that amends the 	<ul style="list-style-type: none"> • Implementation of the legislation at left within one year of its approval 	

Items	Contents・Timing of Implementation		
	FY2004	FY2005	FY2006
	Insurance Business Law, in order to extend the provisions for government subsidy for the Life Insurance Policyholders Protection Corporation of Japan(Mar 2005)		
Clarification of the responsibility for sales and explanations in relation to the separation of providers and retailers	<ul style="list-style-type: none"> • The First Subcommittee of the Financial System Council began substantive discussion of the “Investment Services Law (tentative name)” (Sep 2004). • Combined with the lifting of the prohibition on banks engaging in securities introducing agents business (Dec 2004), establishment of measures to avoid harmful effects • Combined with the establishment of the trust contract agent system through the amendment of the Trust Business Law (Dec 2004), establishment of necessary measures, such as the duty to explain products to customers 	<ul style="list-style-type: none"> • The basic way of thinking about the “Investment Services Law (tentative name)” will be settled (aim for Jun 2005) • Based on the basic way of thinking mentioned above, implementation of work to develop legislation 	
			<ul style="list-style-type: none"> • Re-examination of the bank agent system to create the system, including the establishment of measures to protect customers
Clarification of concrete protection rules for personal information aiming at the appropriate protection of information, taking the usefulness of information regarding financial products and services into consideration	<ul style="list-style-type: none"> • In the Special Subcommittee of Sectional Committee on Financial System of the Financial System Council, discussion and settlement of ways of protecting personal information in the financial field (Dec 2004) • Development of the guidelines for supervision and the business guidelines (Dec 2004, Jan 2005), and revision of the implementing regulations of all related Business Laws (Mar 2005) 	<ul style="list-style-type: none"> • Implementation of the guidelines for supervision and the business guidelines and implementing regulations mentioned at left (Apr 2005) 	
Strengthening and thorough implementation of measures for the prevention of financial crimes such as crimes with counterfeit ATM cards	<ul style="list-style-type: none"> • Request to deposit taking financial institutions that they implement measures to prevent financial crimes with counterfeit ATM cards, based on surveys of their actual conditions (Feb 2005) • Examination of measures for prevention of financial crimes and ways for follow-up and compensation at the “Study Group on Counterfeit ATM card” and settlement of an interim report (Mar 2005) 	<ul style="list-style-type: none"> • The final report will be settled in the Study Group(aim for Apr 2005). • Request to financial institutions that they establish measures to prevent financial crimes and ways for follow-up based on the report 	<ul style="list-style-type: none"> • Based on the request made to financial institutions, implementation of follow-up on financial institutions’ actions and taking supervisory actions if necessary
□ Strengthening the framework for providing information and counseling in order to protect users			
Establishment of the “Counseling Office for Financial Services Users”	<ul style="list-style-type: none"> • Conducting necessary steps to establish a “Counseling Office for Financial Services Users” 	<ul style="list-style-type: none"> • Establishment of the “Counseling Office for Financial Services Users” (aim for Jul 2005) • Collection of the number of cases of consultations and main topics of consultations, and issuance of regular public announcements regarding the results 	
Strengthening an alternative dispute resolution system	<ul style="list-style-type: none"> • Based on the “Complaint and Dispute Resolution Assistance Model for Industry Associations and Self Regulatory Organizations in the Financial Field”(decided in Apr 2002), in the Financial Trouble Coordination Conference, implementation of preparations for regulations and follow-up on the improvement in the operation of complaint and dispute resolution assistance in the each industry group 		

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
		• Cooperation with the Cabinet Secretariat and Ministry of Justice's reform of the judicial system, such as implementation (by Jun 2007) of the "Law to Promote the Use of Out-of-Court Dispute Resolution Procedures (Alternative Dispute Resolution Law)"	
Expansion of financial and economic education making use of familiar examples, responding to the user's life cycle	• Examination of concrete measures for financial and economic education up to now • Setting up the "Financial and Economic Education Discussion Committee" (from Mar 2005)	• Discussion on methods of financial and economic education in the Discussion Committee mentioned at left (aim for Jun 2005) • Based on the discussion in the Committee mentioned at left, various measures related to financial and economic education will be put into effect, such as conducting symposiums sponsored by the FSA, meetings and training sessions for teachers, and dissemination of teaching materials, through the strengthening of cooperation between related ministries and private associations, and the use of the local finance bureaus	
Enrichment of public outreach by the government taking users' points of view into consideration	• With a view toward improving the convenience of the FSA homepage for users, implementation of a user survey, and use of outside consultants for a future homepage reform plan (Mar 2005)	• Along with making information put out by the FSA more easily understandable, enrichment of the content of the information • Revision of the top page of the FSA website as a first step, based on the future plan mentioned at left (Apr 2005) • Establishment of a new "Adviser for Financial Administration(tentative name)" for the local finance bureaus, which will provide very broad advice about financial administration including financial public relations activities (aim for July 2005)	
Establishment of financial institutions management that emphasizes user satisfaction	• Started a study in conjunction with business associations on measures related to improving management, by the use of user satisfaction survey (Mar 2005).	• Request to financial institutions that they implement the user satisfaction survey, and report publicly the results of the survey and management improvement measures stemming from the survey results (aim for Aug 2005) • Collection of the contents of the reports of financial institutions, and announcement of the results by the FSA	• Request to financial institutions that they implement the user satisfaction survey, and report publicly the results of the survey and management improvement measures stemming from the survey results (aim for Jun 2006) • Collection of the contents of the reports of financial institutions, and announcement of the results by the FSA
<input type="checkbox"/> Smooth implementation of the scheduled removal of the remaining blanket deposit insurance			
Public relations activity for deeper understanding of the system and for penetration of information services	• Implementation of public relations activities through various media outlets about the scheduled removal of the remaining blanket deposit insurance	• Continuous implementation of public relations activities for users after the scheduled removal of the remaining blanket deposit insurance	
Further enhancement of disclosure by financial institutions		• Enhancement of disclosures, such as public release of interim disclosure materials by banks	
Ensuring financial institutions' measures for aggregating deposits held by the same party, etc. through inspection and supervision	• Conducting inspections for aggregating deposit held by the same party for all deposit taking financial institutions (by the end of Mar 2005)	• Continuous cooperation with the Deposit Insurance Corporation of Japan (DICJ) to confirm through examination the maintenance and improvement of the accuracy of aggregated data after the scheduled removal of the remaining blanket deposit insurance	
(2) Strategic use of IT for strengthening the competitiveness of financial institutions and further developing financial infrastructure			
<input type="checkbox"/> Strategic use of IT			
Study toward legislation concerning electronic fund settlement and payment, and online financial transactions		• Establishment of a "Working Group on Various Topics Faced by the Financial Sector stemming from Technological Innovation (tentative name)" within the Financial System Council (Apr 2005), and study of things such as the method of	

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
		<ul style="list-style-type: none"> legislating for electronic credits from the viewpoint of the financial system •Based on the circumstances of the above study, implementation of successive work to make concrete measures 	
Fact finding on both the current status of IT use and the execution of information exchange about system development among financial institutions (implementation of the IT caravan, etc.)	<ul style="list-style-type: none"> • Implementation of a survey in order to grasp the actual situation of the circumstances of IT usage by financial institutions, and collection and official announcement of the survey results (aim for Aug 2005) 		
Promotion of low-cost operations through the application of market competition principles, such as introducing assessments by outside experts concerning IT investment, etc.		<ul style="list-style-type: none"> • Within the FSA, while analyzing the results of the above survey and getting a grasp on the actual conditions overseas, implementation of exchanges of opinions with persons with practical experience and influential individuals about the efficiency of IT investment and measures for the strategic use of IT (from Aug 2005) 	
Establishing a system which contributes to enhancing customer convenience, such as a channel and outlet (branch) strategy that makes use of IT			<ul style="list-style-type: none"> • In order to promote the strategic use of IT, implementation of the “IT caravan” making use of the local finance bureaus, etc.
□ Enhancing market functions and improving confidence in markets			
Enactment of the “Investment Services Law (tentative name)”(written again) Development of collective investment schemes	<ul style="list-style-type: none"> • The First Subcommittee of the Financial System Council began substantive discussion of the “Investment Services Law (tentative name)” (Sep 2004). 	<ul style="list-style-type: none"> • The basic way of thinking about the “Investment Services Law (tentative name)” will be settled (aim for Jun 2005). • Based on the basic way of thinking mentioned above, implementation of work to develop legislation 	
Vitalization of private offering markets, including reviewing the definition of qualified institutional investors, etc.	<ul style="list-style-type: none"> • As part of its study of legislation for the “Investment Services Law (tentative name)” and related legislation on disclosure, study of the definition and range of qualified institutional investors, etc. to vitalize private offering markets in the First Subcommittee of the Financial System Council 	<ul style="list-style-type: none"> • The basic way of thinking about the “Investment Services Law (tentative name)” will be settled (aim for Jun 2005). 	
Further promotion of financial tax reform contributing to the effective utilization of financial assets, such as reviewing the securities taxation system in order to promote long-term investment	<ul style="list-style-type: none"> • Submission of requests for FY2005 tax reforms to the related ministries (Aug 2004) • In the governing parties’ tax system reform, deciding the implementation of the measures to extend the period to move stocks certificates held at home to special accounts (Dec 2004) 	<ul style="list-style-type: none"> • Implementation of the measures mentioned at left <p>Continuous study of ways in which the financial tax system can contribute to the efficient use of financial assets, and request of tax system revisions for FY06 and FY07 to the related ministries</p>	
Strengthening internal control in regard to financial reporting, enhancing the disclosure of governance information, and implementing quarterly disclosure, etc.	<ul style="list-style-type: none"> • Promotion of a written certification/confirmation system by managements with regard to the efficiency of internal control systems over financial reporting • Started a study in the Business Accounting Council for clarifying standards of assessment by management and of its verification by auditors (Jan 2005) 	<ul style="list-style-type: none"> • Development of a framework for the standards mentioned at left by the Business Accounting Council (aim for Aug 2005) • Study of whether assessment and verification should be mandated, considering the practical effectiveness of the standards mentioned above (aim for Aug 2005) 	<ul style="list-style-type: none"> • Promotion of preparation of the implementation of the standards by disclosed companies, based on the results mentioned at left

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
	<ul style="list-style-type: none"> • Revision of the related regulations for securities report from March 2005, in order to, <ol style="list-style-type: none"> 1)enhance disclosure related to corporate governance, and 2)put into effect disclosure of parent company information in subsidiary companies' financial reports in cases in which the parent company is not under the continuous disclosure requirement(Mar 2005) • Submission of legislation to the ordinary Diet session which requires disclosure of parent company information mandatory in cases in which the parent company is not under the continuous disclosure requirement (Mar 2005) 	<ul style="list-style-type: none"> • Implementation of the legislation mentioned at left after its approval (Dec 2005) 	<ul style="list-style-type: none"> • Application of the legislation mentioned at left (from Apr 2006)
	<ul style="list-style-type: none"> • Study of the method of quarterly disclosure by the First Subcommittee of the Financial System Council 	<ul style="list-style-type: none"> • Settlement of conclusions of the study mentioned at left (aim for Apr 2005) • Based on the above conclusions, request to the Accounting Standards Board of Japan (ASBJ) that it study standards for quarterly disclosure if necessary (aim for May 2005) • Based on the above conclusions, start a study of the review standards of review related to quarterly disclosure by the Business Accounting Council, if necessary (aim for Jul 2005) 	<ul style="list-style-type: none"> • Based on the results of the study mentioned at left, request to companies that they prepare for accounting/closing procedures to meet the mandatory quarterly disclosure obligation in securities trading rules of the stock exchanges and the Securities and Exchange Law from FY 2007, if necessary
Strengthening internal control in audit firms, promotion of measures toward preventing conflicts of interest with non-audit operations, and checks by the Japanese government and the Japanese Institute of Certified Public Accountants (including inspections of audit firms by the Certified Public Accountants and Auditing Oversight Board)	<ul style="list-style-type: none"> • Started a study in the Business Accounting Council of a review of auditing standards in order to strengthen internal controls and improve quality management at audit firms (Jan 2005). • “Study and Evaluation of the Quality Control of the Japanese Institute for Certified Public Accountants(JICPA)” were released by the CPAAOB (Feb 2005). • Oversight by the CPAAOB of the JICPA's quality control review of audit firms' internal controls and prohibitions on conducting audit and non-audit operations at the same time 	<ul style="list-style-type: none"> • Revision of the audit standards, based on the results of the study mentioned at left (aim for Jul 2005) 	<ul style="list-style-type: none"> • Study of the revision of audit standards, based on the results of monitoring by the Certified Public Accountants and Auditing Oversight Board (CPAAOB), if necessary
Strengthening the administrative civil money penalty system and the enforcement system, unification of market surveillance systems, and appropriate partnerships with self-regulatory organizations	<ul style="list-style-type: none"> • Establishment of regulations related to the administrative civil money penalty system to prevent insider trading through the amendment of the Securities and Exchange Law (Feb and Mar 2005) 	<ul style="list-style-type: none"> • Introduction of the administrative civil money penalty system to prevent insider trading, market manipulation, spreading rumors, fraudulent accounting, and violations of primary disclosure(putting into effect the amendment of the Securities and Exchange Law) (Apr 2005) • Preparation for the introduction of the administrative civil money penalty system (Judges, Judgment Procedures Office, Office of Civil Penalties Investigation and Disclosure Documents Examination) (aim for Apr 2005) 	

Items	Contents・Timing of Implementation		
	FY2004	FY2005	FY2006
	<ul style="list-style-type: none"> Expansion of the scope of inspection for the Securities and Exchange Surveillance Commission (SESC), based on the amendment of the Securities and Exchange Law (Jun 2004) 	<ul style="list-style-type: none"> Unification of the inspections of securities companies under the SESC basically(Jul 2005) Transfer of the authority for examining false statements in financial reports from the Kanto Local Finance Bureau to the SESC (Jul 2005). 	
	<ul style="list-style-type: none"> Study of legal measures for the introduction of the administrative civil money penalty system against violations of continuous disclosure requirements 		
	<ul style="list-style-type: none"> Started a study of measures to protect individual investors, in cooperation with self-regulatory organizations, based on the tendencies of individual investors, such as increased in the use of internet trading and more interest in newly listed stocks (Feb 2005). 	<ul style="list-style-type: none"> Continuous study of the matter mentioned at left, and implementation of concrete measures, such as the measures for individual investors protection 	
□ Enhancing governance of financial institutions and promoting sound competition through highly-developed risk management			
Clarifying management's responsibility regarding the accuracy of financial statements and the effectiveness of internal audits		<ul style="list-style-type: none"> Request to financial institutions that their representative directors take an appropriate part in assuring the correctness of the contents of financial reports(aim for Mar 2006) 	
Clarifying criteria to evaluate the qualifications for directors of financial institutions (Fit and Proper principle)		<ul style="list-style-type: none"> Implementation of a study of the measures of supervision to ensure the practical effects of corporate governance in financial institutions, and based on this, implementation of revisions of the guidelines for supervision (aim for Dec 2005) 	
Ensuring effectiveness of governance utilizing the functions of outside directors, auditors and actuaries, etc.			
Study toward establishing a "Code of Conduct" by the financial industry itself			
Implementation of off-site monitoring to enhance the internal audit of financial institutions			
Clarifying supervisory points concerning the governance of financial institutions			
Further enhancement of financial institutions' disclosure to strengthen market discipline	<ul style="list-style-type: none"> Started a study, in consultation with relevant parties, on items for which disclosure should be enhanced (Mar 2005). 	<ul style="list-style-type: none"> Based on the results of the study, addition of items for disclosure by revising regulations of the Banking Law (aim for Mar 2006) 	<ul style="list-style-type: none"> Implementation of the revised regulations mentioned at left from Sep 2006 financial statements
Promotion of measures of financial institutions responding to corporate social responsibility (CSR)		<ul style="list-style-type: none"> Revision of the guidelines for supervision to promote the disclosure of information by financial institutions related to their regard for CSR (aim for Jun 2005) Collection and public announcement of examples of concrete actions for CSR by financial institutions (aim for Mar 2006) 	
Sharp, effective and selective administrative response through introduction of a rating system into inspections that is not only based on the financial situation, but also on various viewpoints of		<ul style="list-style-type: none"> The discussion on rating system methods started in the "Rating System Research Council" and the results will be settled. 	

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	FY2004	FY2005	FY2006
inspected institutions			
Examining the way of thinking on retirement or disposal of public funds (preferred shares, etc.)		<ul style="list-style-type: none"> • With the precondition of maintaining bank s' financial soundness and stable market conditions, from the viewpoint of minimizing public cost through focusing on tax payers' benefit, examination of the way of thinking on the retirement or disposal of public funds injected for capital reinforcement in the form of preferred shares (aim for the first part of FY05) 	
Securing and training financial experts from strategic points of view (including the governance of capital injected banks), such as by establishing a "human resource pool" through coordination between the government and private sector	<ul style="list-style-type: none"> • Started a study of methods to create "human resource pool", in cooperation with the industry associations, while observing the discussion on the practical use of experts and know-how in financial businesses, by the "Working Group on Relationship Banking" under the Second Subcommittee of the Financial System Council (Mar 2005). 	<ul style="list-style-type: none"> • Based on the results of the discussion and study mentioned at left, establishment of a framework for a "human resource pool" (aim for Jun 2005) 	
Developing rules and frameworks for financial institutions for advanced risk management and strengthening the Inspection and Supervisory Bureaus, aiming at the implementation of Basel II (the new capital adequacy framework)	<ul style="list-style-type: none"> • Posted the draft rules on capital adequacy ratios for public comments (Oct 2004) 	<ul style="list-style-type: none"> • Establishment of the "Basel II implementation Office (tentative name)" (Apr 2005) • Revision of the rules on capital adequacy ratios (aim for within 2005) • Revision of the guidelines for supervision and preparation of FAQ (aim for Mar 2006) 	
	<ul style="list-style-type: none"> • Implementation of field tests of internal ratings-based approach, etc. (aim for Mar 2005 and Sep 2005 reporting periods) 	<ul style="list-style-type: none"> • Implementation of preliminary(parallel) calculations for the internal ratings-based approach, etc (after Mar 2006 reporting period) • Making preparations, such as the revision of the Inspection Manual, based on the rules of the capital adequacy ratio, and the revision of the guidelines for supervision, and the interpretative book • As for the financial institutions conducting integrated risk management, the inspection of integrated risk management systems will be stressed 	
			<ul style="list-style-type: none"> • Implementation of Basel II (from Mar 2007 reporting period)
Proper monitoring of risks which are not included in the capital adequacy ratio, such as interest rate risk in the banking book		<ul style="list-style-type: none"> • Review of the early warning system, including addressing interest rate risk in the banking book 	
Implementation of effective monitoring by the Inspection and Supervisory Bureaus (further strengthening of cooperation between the Inspection and Supervisory Bureaus, etc.)		<ul style="list-style-type: none"> • Writing the holding of the Joint Meeting of Inspection Bureau and Supervisory Bureau into the guidelines for supervision (Jun 2005) 	
		<ul style="list-style-type: none"> • Establishing and holding the Joint Meeting of Inspection Bureau and Supervisory Bureau for each theme and industry • Establishment and public announcement of the supervisory policy for each industry (annually from Jul 2005) 	
		<ul style="list-style-type: none"> • Review of the regular reports from financial institutions, and along with abolishing unnecessary reports, issuance of the results of the review through policy evaluation, etc. 	

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
Vitalization of loan markets (Enhancing the pricing function for NPLs)	<ul style="list-style-type: none"> • Discussion on whether efforts to use the market-based indirect finance should be included as an item in a request to major banks to make plans toward enhancing risk management (aim for May 2005) • Along with having meetings to exchange opinions with the related private sector associations, in case that the process elucidates a need to clarify further accounting standards, request that the Accounting Standards Board of Japan (ASBJ) study this topic 		
Strengthening measures for early business revitalization (early assessment of the possibility for business revitalization)	<ul style="list-style-type: none"> • Discussion on whether strengthening the handling of early business revitalization should be included as an item in a request to major banks to make plans toward enhancing risk management (aim for May 2005) 		
Study toward charge-off rules and measures responding to new financial tools, such as Debt-Equity Swaps (DES)	<ul style="list-style-type: none"> • Setting up regular conferences with the JICPA to exchange opinions (Jun, Dec 2004) • Implementation of inspections stressing complex transactions such as securitization and transactions similar to debt-equity swaps (when necessary) 	<ul style="list-style-type: none"> • Study of charge-off rules which includes the “2-3 year rule” and the “50-80% rule”, and clarification of the main supervisory concern regarding the charge-offs for loans in danger of bankruptcy or below in, such as the guideline for supervision of major banks (aim for Jun 2005) • Setting up the conference mentioned at left • Implementation of training for inspectors that respond to new financial techniques and methods 	
Request major banks to make plans toward enhancing risk management, in preparation for the implementation of Basel II	<ul style="list-style-type: none"> • Started a discussion on the items that should be included in banks’ plans toward enhancing risk management (Mar 2005) 	<ul style="list-style-type: none"> • Based on the results of the discussion at left, deciding which items should be included in banks’ plans and request to major banks for formulating such plans by August (aim for Jun 2005) • Implementation of regular follow-up on the condition of the progress on the plans mentioned above 	
Verification of bank’s credit risk management system for large borrowers and revitalization plans for borrowers		<ul style="list-style-type: none"> • Implementation of inspections stressing on the verification of banks’ credit risk management system for large borrowers and revitalization plans for borrowers 	
Issue business improvement orders when the gap between major banks’ self-assessment and the result of the FSA’s inspection is wide	<ul style="list-style-type: none"> • Concerning the gap between major banks’ self-assessment and the FSA inspection results, in addition to the use in inspections and supervision, issuance business improvement orders, as necessary, in a timely and proper way 		
Study of the introduction of proper regulatory treatment of deferred tax assets in calculating capital adequacy ratios		<ul style="list-style-type: none"> • Revision of the rules on capital adequacy ratios, including the contents of regulations and the timing for implementation, based on the study of the introduction of proper regulatory treatment of deferred tax assets in calculating capital adequacy ratios (aim for the first half of FY 2005) 	
Review of the method of calculating the net capital regulation ratio of securities companies	<ul style="list-style-type: none"> • With a view toward enhancing the risk management of securities companies, conducting a survey on existing issues in the method of calculating capital regulation ratio, and identifying and arranging the main points of review (Mar 2005) 	<ul style="list-style-type: none"> • Study of the concrete contents and implementation schedule for the review of the methods of calculating net capital regulation ratio 	<ul style="list-style-type: none"> • Based on the results of the study mentioned at left, revising of regulations on the net capital regulation ratio of securities companies, including the review of methods of calculating the ratio (aim for Sep 2006)

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
Review of the solvency margin standard and enhancement of other rules related to financial soundness of insurance companies, such as the technical provision for newly introduced insurance products and performance monitoring	<ul style="list-style-type: none"> Started a study of rule for technical provision, performance monitoring framework for the adequacy of technical provision and other issues related to third sector insurance products (Mar 2005) 	<ul style="list-style-type: none"> Revision of the implementing regulations of the Insurance Business Law, based on the results of the study mentioned at left (aim for Dec 2005) 	
	<ul style="list-style-type: none"> From the viewpoint of strengthening the financial condition of insurance companies and enhancing their risk management, started a study of the standards of calculations for solvency margin ratios that fit the actual conditions of financial markets (Mar 2005) 	<ul style="list-style-type: none"> Revision of calculation standards for solvency margin ratios, taking into consideration the “Cornerstones for the Formulation of Regulatory Financial Requirement” by the International Association of Insurance Supervisors (IAIS), and also based on the results of the study mentioned at left (aim for Dec 2005) Successive implementation of the new calculation standards for the solvency margin ratio 	
Development of rules for the soundness of trust businesses	<ul style="list-style-type: none"> Implementation of the amended Trust Business Law (Dec 2004) Development of the guideline for supervision of trust companies (Dec 2004) 	<ul style="list-style-type: none"> Review of the guideline for supervision and the amendment of the Trust Business Law, as necessary, in line with the amendments of the Trust Law which the Ministry of Justice is currently underway Review of the guideline for supervision, taking account of the expansion of the scope of parties that can undertake trust business since December 2004 (aim for Mar 2006) 	
<p>(3) Further development of a financial system which is internationally open and the financial administration with an international perspective</p> <p>□ Institution building responding to the internationalization and structural change of finance</p>			
Study toward financial legislation for financial conglomerates and study of issues of hedge funds		<ul style="list-style-type: none"> Study of an appropriate legal framework responding to the complication of the form of the financial institutions from the broad points of view, including blocking risk across sectors and ensuring soundness, taking international discussions into consideration, and examination of discussion points 	<ul style="list-style-type: none"> Study in the Financial System Council will start.
		<ul style="list-style-type: none"> Investigation of the actual situation and examination of discussion points about hedge funds through interviews of related parties, etc., making use of the joint study group of the FSA, the Bank of Japan and the Ministry of Finance (within 2005) Based on the discussion points mentioned above, study of necessary measures 	
Establishment of an inspection and supervision system that can address the inspection and supervision of financial conglomerates, the treatment of cross-sectoral problems, and the emergence of new forms of transactions and products	<ul style="list-style-type: none"> Establishment of the “Financial Conglomerate Office” in the Supervisory Bureau (Nov 2004) Establishment of a framework of consolidated supervision for securities companies. (response to the EU Conglomerate Directive) (Mar 2005) Appropriate response to financial conglomerates, through enhancing coordination between Inspection and Supervisory Bureaus Implementation of inspector trainings in a timely way responding to the diversification of financial services through new transaction methods and products 	<ul style="list-style-type: none"> Establishment of the guideline for supervision of financial conglomerate (tentative name) (aim for Jun 2005) Study of strengthening the organization of the “Financial Conglomerate Office” 	

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
Development of infrastructure to promote liquidation and securitization of loans	<ul style="list-style-type: none"> • Discussion on whether efforts to use the market-based indirect finance should be included as an item in a request to major banks to make plans toward enhancing risk management (aim for May 2005) • Along with having meetings to exchange opinions with the related private sector associations, in case that the process elucidates a need to clarify further accounting standards, request that the Accounting Standards Board of Japan (ASBJ) study this topic 		
Measures to activate derivative markets based on the needs of markets participants	<ul style="list-style-type: none"> • Amendment of the Financial Futures Transaction Law from the viewpoint of thorough implementation of user protection (Dec 2004) 	<ul style="list-style-type: none"> • Implementation of the amended Financial Futures Transaction Law (Jul 2005) 	
	<ul style="list-style-type: none"> • The First Subcommittee of the Financial System Council began substantive discussion of the “Investment Services Law (tentative name)” (Sep 2004) 	<ul style="list-style-type: none"> • The basic way of thinking about the “Investment Services Law (tentative name)” will be settled (aim for Jun 2005) 	
	<ul style="list-style-type: none"> • Study of the definition and range of qualified institutional investors in the Financial System Council, in order to activate derivatives markets, based on the needs of markets participants 	<ul style="list-style-type: none"> • Based on the basic way of thinking mentioned above, implementation of works to develop legislation 	
Strengthening the functions of securities markets for small- and medium-sized enterprises (Development of a system and thorough publicity for the green sheet market)		<ul style="list-style-type: none"> • From the viewpoint of promoting sound development of the green sheet market, the amendment of the regulation will be implemented based on the amendment of the Securities and Exchange Law in 2004 which clarified the position of the green sheet market (Apr 2005) 	
	<ul style="list-style-type: none"> • From the viewpoint of ensuring reliability of the market for investors, the measures for reviewing listing rules including emerging markets were announced (Jan and Feb 2005) 	<ul style="list-style-type: none"> • The development of the green sheet market, such as the development of timely disclosure rules, will be implemented by the Japan Securities Dealers Association (JSDA) (Apr 2005) 	
		<ul style="list-style-type: none"> • Study of further improvement of the green sheet and thorough publicity for the green sheet and securities intermediary business system by the JSDA • Study in the Financial System Council of ways of promoting market activation by the local stock exchanges and development of funding environment through the market 	
Promotion of the development of accounting rules which are able to respond to the emergence of new financial and economic transactions	<ul style="list-style-type: none"> • In the Accounting Standards Board of Japan (ASBJ), study of <ol style="list-style-type: none"> 1) The accounting standard for stock options 2) The accounting standard for spin-offs 3) Partial revision of the accounting standard for retirement benefits • Request to the ASBJ that it study further accounting standards if necessary in response to new financial economic transactions 	<ul style="list-style-type: none"> • Conclusion of the studies mentioned at left will be settled by the ASBJ. 	
□ Efforts to raise the international position of Japanese financial markets			

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
Shortening the time from contract to settlement and payment in securities transactions, etc.	<ul style="list-style-type: none"> Dematerialization of stock certificate was introduced and the amendment of the related law, which allowed book-entry transfer system was implemented. (Jun 2004) Toward a start of book-entry transfer system for non-government bonds (aim for Jan 2006), paying attention to current discussions among business persons and holding meetings if necessary. 	<ul style="list-style-type: none"> Implementation of the revision of the related implementing regulations (aim for Mar 2006) 	
Joint research with concerned parties for measures to make Japanese markets a financial base for Asia	<ul style="list-style-type: none"> Started a discussion in the Joint Study Group with the related parties, such as the Bank of Japan and the Ministry of Finance (Mar 2005) 	<ul style="list-style-type: none"> Investigation of the actual situation and the examination of the discussion points through hearing with the related parties in the Study Group mentioned at left (aim for within 2005) Study of necessary measures based on the discussion points mentioned above 	
□ Implementation of a financial administration with an international perspective and active participation in international standard-setting activities			
Active actions toward international convergence of accounting standards	<ul style="list-style-type: none"> Assisting the joint project to reduce differences of current accounting standards between the Accounting Standards Board of Japan(ASBJ) and the International Accounting Standards Board(IASB) 		
Active participation in drawing up trading and prudential rules for international financial products and services	<ul style="list-style-type: none"> Active participation in the work and discussion in various international forums, such as the Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS), and the World Trade Organization(WTO) The “Code of Conduct Fundamentals for Credit Rating Agencies (CRAs)” was published by IOSCO (Dec 2004) A board member of the Public Interest Oversight Board (PIOB), which oversees the public interest activities of the International Federation of Accountants (IFAC), was elected from Japan (Feb 2005) 	<ul style="list-style-type: none"> The “Cornerstones for the Formulation of Regulatory Financial Requirement” will be established by the IAIS(aim for Oct 2005) 	
Ensuring appropriate regulation, inspection and supervision of international financial conglomerates	<ul style="list-style-type: none"> Establishment of the “Financial Conglomerate Office” in the Supervisory Bureau (Nov 2004) Establishment of a framework of consolidated supervision for securities companies. (Response to the EU Conglomerate Directive) (Mar 2005) Continuous close cooperation with overseas supervisory authorities which supervise headquarters of international financial groups 	<ul style="list-style-type: none"> Establishment of the guideline for supervision of financial conglomerate (tentative name)” (aim for Jun 2005) Study of strengthening the organization of the “Financial Conglomerate Office” 	
Strengthening cooperation with overseas supervisory authorities	<ul style="list-style-type: none"> Establishment of the “Office of International Affairs” in the Supervisory Bureau (Nov 2004) 	<ul style="list-style-type: none"> Strengthening the international capability within the FSA (Establishment of Senior Deputy Commissioner for International Affairs in the Planning and Coordination Bureau) (aim for Jul 2005) Study of strengthening the organization of the “Office of International Affairs” 	
	<ul style="list-style-type: none"> Exchanging opinions with overseas supervisory authorities with regard to supervisory issues on internationally active financial institutions, with the “Office of International Affairs” as a contact point Holding regular or ad-hoc bilateral meetings with supervisory authorities of major countries (meetings with authorities of the USA, UK, EU, and China, etc. will be held annually in most cases) 		

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
Promoting dialogues among financial regulators in Asia through active participation in negotiations of Economic Partnership Agreements (EPA)	<ul style="list-style-type: none"> • Has reached agreement on major elements with the Philippines (Nov 2004) • Negotiating with Thailand, Malaysia and Korea 	<ul style="list-style-type: none"> • Continuous negotiations with the three countries mentioned at left, and start of negotiation with the ASEAN (aim for Apr 2005) • Active engagement dialogues, such as exchanges of opinions with Asian countries 	<ul style="list-style-type: none"> • Continuous active negotiations toward EPAs mainly with East Asian countries
Active participation in negotiations for the liberalization of financial services at the WTO	<ul style="list-style-type: none"> • Submission of requests with respect to financial services under the Doha Development Agenda (Doha Round) (Feb 2005) 	<ul style="list-style-type: none"> • Acceleration of negotiations on financial services, by encouraging member countries to submit their offers, toward the Ministerial Meeting in Hong Kong scheduled at the end of 2005 	<ul style="list-style-type: none"> • Further promotion of negotiations on financial services, based on the results of the meeting mentioned at left
II. Contribution to regional economies			
<input type="checkbox"/> Revitalization and activation of regional economies, facilitation of small- and medium-sized enterprises (SMEs) financing			
Overall evaluation of the existing “Action Program concerning enhancement of Relationship Banking Functions”		<ul style="list-style-type: none"> • After the end of period for the current Action Program (the end of Mar 2005), implementation of overall evaluation about concrete results and successful cases of each financial institution’s effort based on the current program and announcement of it (aim for Jun 2005) 	
Based on the new action program, the FSA requests that each financial institution draw up individual plans, taking unique characteristics of respective regions into account, to achieve 1) business revitalization and facilitation of SME financing, 2) strengthening of management functions, and 3) enhancement of convenience for regional users. The FSA also requests that each financial institution carry out the measures with “selection and concentration” under voluntary management decisions and discipline imposed by disclosure.	<ul style="list-style-type: none"> • Development of a new Action Program to inherit the existing Action Program, built on the evaluation of the results from the existing Action Program, based on the evaluation by the “Working Group on Relationship Banking” under the Second Subcommittee of the Financial System Council (Mar 2005) 	<ul style="list-style-type: none"> • Based on the “New Action Program” mentioned at left, further promotion of Relationship Banking 	
Development of a database regarding the state of SME financing			
Further promotion of enhanced information disclosure concerning results of assistance for corporate restructuring and the sharing of know-how underlying such achievements			
Review of the RCC’s corporate revival function aimed at the intensive revival of SMEs, promotion of the liquidation of loans held, further utilization of business revival funds, and appropriate use of Debt-Debt Swaps (DDS)	<ul style="list-style-type: none"> • The way of thinking about the review of revival function and the liquidation of loans held will be settled and announced by the Resolution and Collection Corporation (RCC) (Mar 2005) 		
Further promotion of enhanced information disclosure concerning results of assistance for corporate restructuring and the sharing of know-how underlying such achievements			

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
Expansion of exit finance for revitalized enterprises through utilization of syndicated loans and other measures, and promotion of DIP finance which is truly useful for enterprises that take on business revival			
Promotion of efforts towards lending via methods such as non-recourse loans and project finance			
<input type="checkbox"/> Strengthening management functions of regional and small- and medium- sized financial institutions			
Implementation of Basel II and selective adoption of the Internal Ratings-Based Approach	• Posted the draft rules on capital adequacy ratios for public comments (Oct 2004)	• Establishment of the “Basel II implementation Office (tentative name)” (Apr 2005) • Revision of the rules on capital adequacy ratios (aim for within 2005) • Study of the possibility of allowing the use of internal-ratings based approach by domestic standard banks, provided the bank’s capital adequacy ratio is over 8% • Revision of the guidelines for supervision and preparation of FAQ (aim for Mar 2006)	
	• Implementation of field tests of internal ratings-based approach, etc. (aim for Mar 2005 and Sep 2005 reporting periods)	• Implementation of preliminary(parallel) calculations for the internal ratings-based approach, etc (after Mar 2006 reporting period) • Making preparations, such as the revision of the Inspection Manual, based on the rules e of the capital adequacy ratio and the revision of the guidelines for supervision, and the interpretative book	
			• Implementation of Basel II (from Mar 2007 reporting period)
Permeation of new business models of regional financial institutions and promotion of entry of new players		• Study of entry standards responding to diversification of the method of entry, based on new business models and risk management methods responding to these new business models (Apr 2005)	• Based on the study mentioned at left, basic way of thinking will be settled.
Enhancement of disclosure to improve convenience for regional users	• Development of a new Action Program to inherit the existing Action Program, built on the evaluation of the results from the existing Action Program, based on the evaluation by the “Working Group on Relationship Banking” under the Second Subcommittee of the Financial System Council (Mar 2005)		• Based on the “New Action Program” mentioned at left, further promotion of Relationship Banking
III. Establishment of a reliable financial administration			
<input type="checkbox"/> Improving the transparency and predictability of the financial administration			

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
Establishment of the FSA's "Code of Conduct" (including further enhancement of the transparency and rules of administrative directives, and ensuring further transparency of administrative actions) and reconfirmation of the equal treatment principle of domestic and foreign financial institutions		<ul style="list-style-type: none"> • Implementation of following actions in the related bureaus(aim for Jun 2005) 1) Establishment of the "Guidance for Inspection Procedures (Code of Conduct for Inspections)", aiming for application to inspections from administrative year 2005 2) Establishment of the "Code of Conduct for Supervision" 3) Introduction of the option exchanging procedure before administrative actions 4) Revision and thorough implementation of the guideline for activities of FSA staff, along with the revision of rules of ethics for government officials 	
	<ul style="list-style-type: none"> • Providing appropriate information to overseas supervisory authorities and domestic and international press agencies, to prevent misunderstandings both domestically and internationally, in cases of administrative actions 		
Enhancement of the feedback system regarding the results of inspections of financial institutions		<ul style="list-style-type: none"> • Feedback on the points of concern to the financial institution, making use of forums for exchanging opinions with industry groups • Establishment of a suggestive case book (aim for July 2005) 	
Promotion of the utilization of the no action letter system, publicizing the opinion regarding the interpretation of general laws and regulations in response to outside inquiries	<ul style="list-style-type: none"> • Establishment of an English version of "detail of no-action letter system (provisional translation)" (Feb 2005) • Thorough publicity of summary of no-action letter system, for instance, through publications by the "Access FSA (public relations newsletter by the FSA)" 	<ul style="list-style-type: none"> • Implementation of a questionnaire survey with regard to the no-action letter system or suggestions for improvement of its application process, and study of concrete measures (aim for Aug 2005) • Implementation of concrete measures based on the results (after Sep 2005) 	
	<ul style="list-style-type: none"> • Discussion on establishing a "List of Reference Cases" • Implementation of the necessary revision of the guidelines for supervision with regard to the "responses in case receiving general reference regarding the interpretation of laws and regulations", and promotion of the active utilization of the revised guideline (Mar 2005) 	<ul style="list-style-type: none"> • Action based on the result of the discussion on establishing the "List of Reference Cases" mentioned at left (aim for Oct 2005) 	
Case studies of failed financial institutions and feedback for a future financial administration		<ul style="list-style-type: none"> • Implementation of contract researches on the past failures of financial institutions from the third parties' viewpoints, with feedback provided to FSA (providing information about common topics among many financial institutions, such as strengthening their internal control based on a self-responsibility principle) 	
Ensuring transparency and objectivity as seen from the outside through active utilization of the FSA Compliance Relations Office	<ul style="list-style-type: none"> • In order to make an active utilization of the FSA Compliance Relations Office with regard to compliance, re-examination of the range of affairs which the office is in charge of, and implementation of necessary actions • Clarification of procedures of dealing with the information received by the Compliance Relations Office (within 2005) 		

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
Enhancement of public relations activities for policies through the use of local finance bureaus as well	<ul style="list-style-type: none"> Request to the local fiancé bureaus the study of concrete measures toward enrichment of financial public relations activities (Jan 2005) 	<ul style="list-style-type: none"> The conclusion of the study mentioned at left will be settled. (aim for Jun 2005) Establishment of the new “Adviser for Financial Administration (tentative name)” system for the local finance bureaus, which will provide very broad advice about financial administration, including financial public relations activities (aim for Jul 2005) Based on the conclusion above, strengthening further coordination with the local finance bureaus in order to implement concrete measures 	
□ Promotion of a convenient and efficient financial administration through e-government, etc.			
Implementation of an efficient and sound administration and the enhancement of convenience for participants and users of financial markets through e-government, etc.	<ul style="list-style-type: none"> Analyzing the actual conditions for the establishment of the optimization plan for the main operation and system (Mar 2005) 	<ul style="list-style-type: none"> Establishment of an optimization plan for the main operation and system (aim for latter half of FY2005) 	<ul style="list-style-type: none"> Implementation of measures based on the plan mentioned at left
	<ul style="list-style-type: none"> Study of a concrete work plan to enhance functions of the EDINET(Electronic Disclosure for Investors' NETWORK) 	<ul style="list-style-type: none"> Establishment of a concrete work schedule based on the conclusion of the study mentioned at left (aim for Jun 2005) 	
	<ul style="list-style-type: none"> In order to promote the use of electronic applications and notifications system, conducting a questionnaire survey, and explanatory meetings for the industries with many applications and notifications, and conducting public relations activities through meetings to engage opinions with the related groups and publications 	<ul style="list-style-type: none"> Implementation of the enhancement of functions of the EDINET based on the above plan Implementation of continuous measures for promotion of the use of electronic applications and notifications system mentioned at left 	
		<ul style="list-style-type: none"> Strengthening the role of CIO advisers with regard to system procurement 	
Study toward an effective inspection method for both the supervisory authority and financial institutions, responding accurately to the actual management conditions of financial institutions.	<ul style="list-style-type: none"> Study toward more efficient implementation of inspections, including the use of IT (Jan 2005) 	<ul style="list-style-type: none"> Implementation of inspections based on the conclusion of the study mentioned at left 	
Full internal check and review of the FSA's organization and frameworks based on the “FSA's Full Check Project” (including the use of its research and study functions, etc.)	<ul style="list-style-type: none"> Concrete measures were settled, based on the grasp on the actual conditions and the results of the examination about each study issue through the process of the Full Check (Mar 2005) Establishment of a cross-sectoral organization (Financial Conglomerate Office) in the Supervisory Bureau(Nov 2004) Establishment of the “Office of International Affairs ” to strengthen of the organization for international affairs (Nov 2004) 	<ul style="list-style-type: none"> Establishment of the organization for an introduction of the administrative civil money penalty system through the revision of the Securities and Exchange Law (aim for April 2005) Establishment of the position of Senior Deputy Commissioner for International Affairs in the Planning and Coordination Bureau(aim for Jul 2005) Establishment of the Corporate Accounting and Disclosure Division (aim for Jul 2005) 	

Items	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
		<ul style="list-style-type: none"> • Implementation of the concrete measures based on the results of the “FSA’s Full Check Project”, such as reflecting to the request of budgeted, organization and human resources, etc. • Establishment of a system to collect opinions from FSA staff in order to proceed with a continuous review and self-check, as well as rearrangement of the organization and structure, based on those opinions 	
Measures to enhance the human resources of the financial services authority		<ul style="list-style-type: none"> • Establishment of the “Program for Enhancing FSA’s Human resources(tentative name)” which includes enrichment of training, personnel exchanges between the public sector and the private sector, and mid-career employment for budget requests for FY2006 (aim for Aug 2005) 	<ul style="list-style-type: none"> • Promotion of continuous enhancement of human resources, based on the program mentioned at left
	<ul style="list-style-type: none"> • From the viewpoint of enhancing the FSA’s strategy along with the change of phase of financial administration, enhancement of coordination with the academic community and research institutes and expansion of recruitment from the sector • Recruiting human resources, such as people with experience in the financial fields and legal and accounting specialists, through mid-career employment and personnel exchanges between the public sector and the private sector • Enhancement of correspondence training program, mainly for staff who have difficulties in participating in training programs because of work related reasons • Enrichment of inspector training through the use of IT, such as E-learning 		

Follow-up of overall Work Schedule	Contents • Timing of Implementation		
	FY2004	FY2005	FY2006
Status of the implementation of measures included in this program		<ul style="list-style-type: none"> • Settlement of the status of the implementation of measures included in this program, and announcement of the conclusion after an analysis (Mar 2006) 	<ul style="list-style-type: none"> • Settlement of the status of the implementation of measures included in this program, and announcement of the conclusion after an analysis (Mar 2007)
Enhancing public satisfaction level with the financial products and services		<ul style="list-style-type: none"> • Study of methods for a user satisfaction survey • Based on the conclusion of the above study, implementation of the user satisfaction survey and announcement of the results (Mar 2006) 	<ul style="list-style-type: none"> • Study of methods for a user satisfaction survey • Based on the conclusion of the above study, implementation of the user satisfaction survey and announcement of the results (Mar 2007)