

## History of the SESC

1991:	Following a series of so-called securities and financial scandals in 1991, it was required that the securities administration should be transformed into an ex-post monitoring system based on non-discretionary actions and more transparent market rules, and that the function of surveillance of compliance with market rules should be separated from that of supervision of securities companies and other market intermediaries.
Jul. 1992:	The Securities and Exchange Surveillance Commission (SESC) was established within the ambit of the Ministry of Finance for the purpose of ensuring fair transactions in both securities and financial futures markets and maintaining the confidence of investors in these markets.
Jun. 1998:	The SESC was reallocated, while maintaining its organizational structure, to the Financial Supervisory Agency, which was established as an external organ of the Prime Minister's Office.
Jan. 2001:	As a result of the reorganization of Japan's central ministries, the SESC was reallocated, again keeping its organizational structure unchanged, to the Financial Services Agency, which was established as an external organ of the Cabinet Office.
Apr. 2005:	The administrative monetary penalties system was introduced, and the authority of investigation to impose administrative monetary penalties was delegated to the SESC.
Jul. 2005:	The authority to inspect disclosure statements was delegated to the SESC, and the authority to inspect the financial soundness, etc. of securities companies and other market intermediaries and to inspect investment advisory companies, etc. was added.
Jul. 2006:	The organizational structure was transformed into five divisions from the previous one with two divisions and three offices.
Jul. 2006:	The authority to investigate "misegyoku" market manipulation to impose administrative monetary penalties was added, and the authority to investigate criminal cases was expanded.
Sep. 2007:	The authority to inspect funds, etc. was added.
Apr. 2008:	The authority to inspect disclosure statements relating to quarterly securities reports and internal control reports, etc. and to investigate quarterly securities reports to impose administrative monetary penalties was added.
Dec. 2008:	The following authority was added: (1) inspect disclosure statements in case issuers failed to submit or made false statements regarding tender offer notification or large-shareholding reports, etc.; (2) investigate market manipulation using faked transactions, wash sales, etc. to impose administrative monetary penalties; and (3) file petitions for court injunctions against any misconduct committed by unregistered entities.
Apr. 2010:	The authority to inspect credit rating agencies, etc. was added.
Apr.2011:	The authority to inspect group companies, etc. following the introduction of consolidated regulation was added.
Jul. 2011:	Former Civil Penalties Investigation and Disclosure Documents Inspection Division divided into Market Misconduct Investigation Division and Disclosure Inspection Division.
Sep.2012:	The authority to inspect the outside collaborators who are involved in the submission of documents containing false disclosure statements and to investigate possible insider trading committed on the account of others by persons other than financial instruments business operators to impose administrative monetary penalties was added.