

The Minister of Finance must consult with the SESC each year regarding inspection policies and other basic matters related to its inspections of financial institutions (MFEL, Article 21(1)).

In addition to administrative personnel, the Minister of Finance places high importance on listening to the opinions of people in neutral positions, in order to carry out inspections in an appropriate manner.

This provision also obliges the Minister of Finance to place importance on SESC advice and enables the SESC to make necessary proposals regarding the policies of inspecting financial institutions, foreign currency exchange and securities companies (inspections

centering on financial soundness). Proposals include judgments on which points to emphasize, as well as on the basic plans of inspections, including the number of inspections to be conducted.

The Minister of Finance must also report to the SESC on a quarterly basis on the manner in which inspections are carried out. If necessary, the SESC can make proposals to the Minister concerning the operation and policies of inspections of financial institutions (MFEL, Article 21(2-3)).

In SESC year 1996, no cases were acknowledged of problems on inspections operations that required proposals.