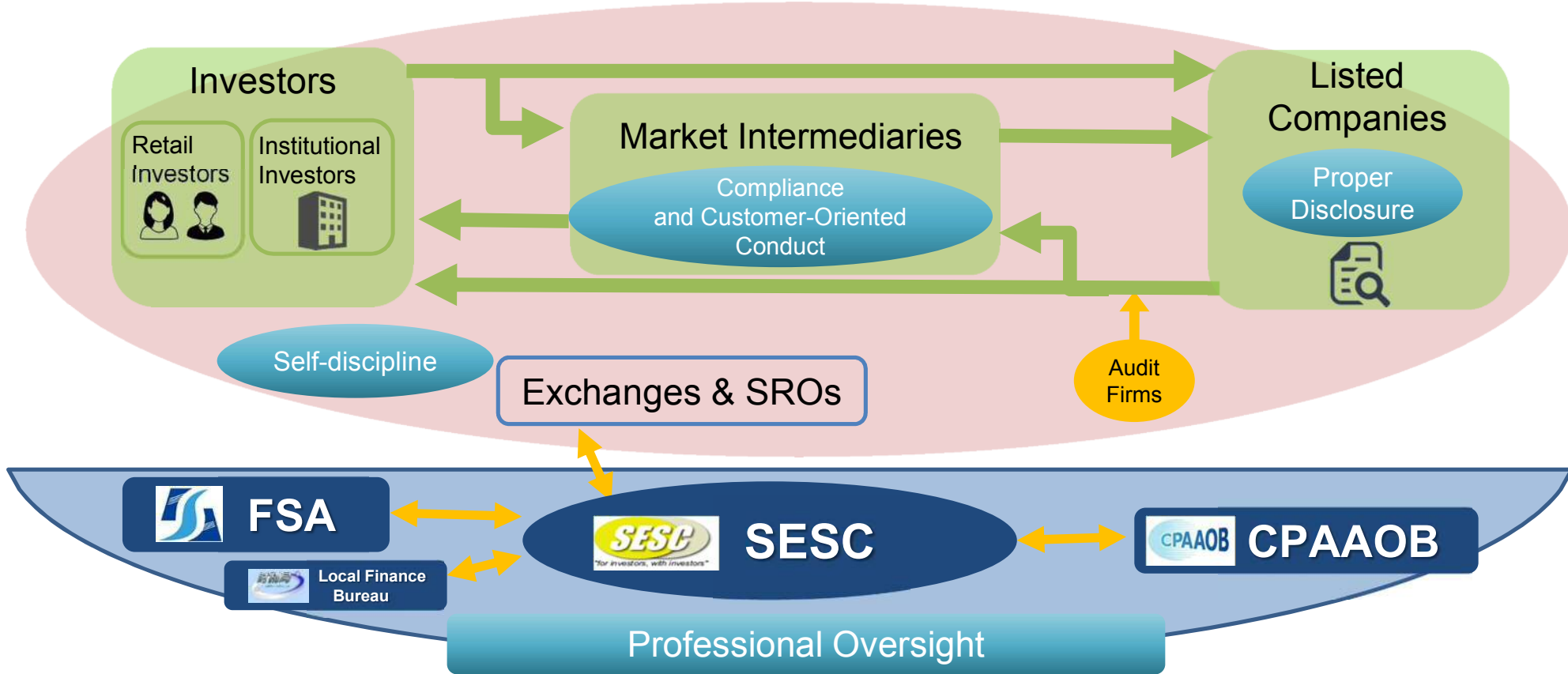


Strategy & Policy of the SESC 2020-2022

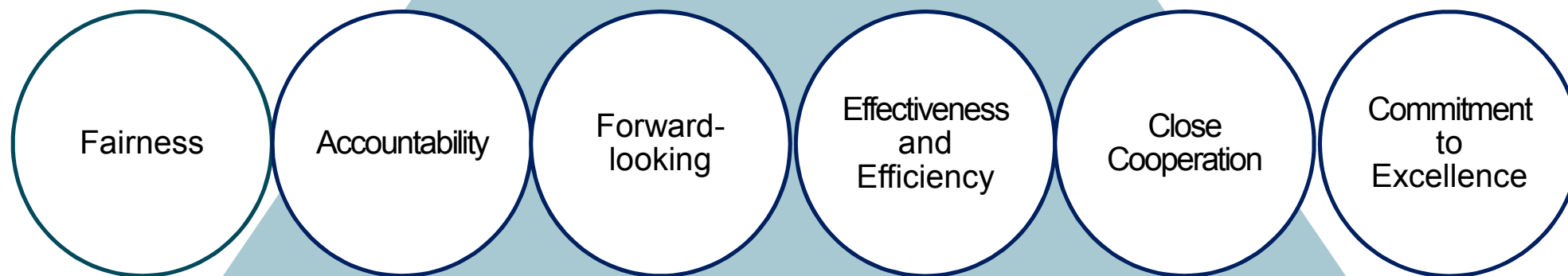
SESC's Vision on Market

Markets with strong confidence, where market participants share the goal of sound market development and secured investor protection, fulfill their expected roles and deliver their expertise



Strategy & Policy of the SESC 2020-2022 (Cont.)

Values and Goals



Holistic oversight	Timely oversight	In-depth oversight
<ul style="list-style-type: none"> • Vigilance against emerging products and transactions • Surveillance of multiple markets and cross-markets activities • Protection of investors in consideration of their diverse characteristics (e.g. age, life stage) • Comprehensive analysis of cases and cross-sectoral application of findings • Enhanced outreach to stakeholders 	<ul style="list-style-type: none"> • Early detection of potential market misconduct • Preemptive actions against market abuse • Effective investigation and early corrective action 	<ul style="list-style-type: none"> • Identifying root causes of the problems • Recognition of structural issues of the markets through in-depth and cross-sectoral analysis

Strategy & Policy of the SESC 2020-2022 (Cont.)

Market Environment & Challenges

Digitalization

Globalization and
Integration of
Financial Markets

Policy Actions for Stable
Asset Building of
Household

Capital Markets

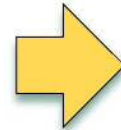
Uncertainty of the
Global Economic
Outlook

Money Flow into High-risk
and Low-liquidity Funds
under Low Interest Rate
Environment

Strategy & Policy of the SESC 2020-2022 (Cont.)

Mid-term Policy Priorities

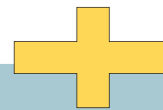
**(1) Enhanced
Intelligence
Gathering**



**(2) In-depth Analysis and
Swift, Effective and
Efficient
Examination/Investigation**

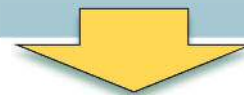


**(3) Effective
Measures for
Strengthened
Market Discipline**



(4) Response to Digitalization and Strategic HR Development

(5) Cooperation with Various Stakeholders



Continuous Review of Oversight Approach through PDCA Cycle

Mid-term Policy Priorities

(1) Enhanced Intelligence Gathering

- Forward-looking surveillance from macro-economic perspectives
- Cross-sectoral surveillance across financial markets
- Intelligence gathering through closer cooperation with foreign authorities

Information gathering with due attention to the risk of potential misconduct, such as money flow into high-risk, low-liquidity investment funds

Equity / fixed income, cash / derivative, primary/secondary markets, etc.



Mid-term Policy Priorities

(2) In-depth Analysis and Swift, Effective and Efficient Examination/Investigation

- Multi-directional/dimensional analysis and review
- Swift recommendation of administrative penalty
- Effective and efficient examination and investigation of cross-border cases
 - Active information exchange through IOSCO MMoU
- Rigorous enforcement of criminal investigation against market misconduct
- Risk-based monitoring of securities business
 - Monitoring of compliance with rules and customer oriented business
 - Analysis of group-wide strategies, business type and size.
- Proactive response to cases where investors are harmed
 - Petitions for court injunction against unregistered firms to suspend the violation
 - Monitoring of inappropriate sales and solicitations of financial products

Mid-term Policy Priorities

(3) Effective Measures for Strengthened Market Discipline

- Multi-dimensional/directional use of outputs from monitoring activities

Policy proposals to the FSA

- Enhancement of root-cause analysis and engagement with stakeholders to prevent recurrence of market abuse

Preventing misconducts by sharing identified issues with managements of entities under examination/investigation

- Enhanced outreach domestically and globally for pre-emptive measure against market misconduct

- Website, casebooks, articles, etc.
- Investor alerts on recent investment frauds/scams

- Extensive measures for seamless surveillance

Vigilance against emerging products and transactions



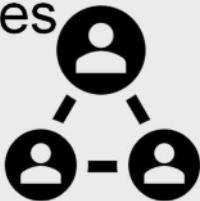
Mid-term Policy Priorities

(4) Response to Digitalization and Strategic HR Development

- Advanced and efficient surveillance with digitalized technologies
- Swift response to rapid digitalization in the capital market



- Strategic HR development (market abuse, corporate disclosure and securities business monitoring)



(5) Cooperation with Various Stakeholders

- Closer cooperation with SROs
- Enhanced cooperation with stakeholders

Foreign authorities and other organizations including those relevant to investor protection

- Enhanced contribution to global market oversight

Proactive participation in international discussions, e.g. IOSCO

