

Strategy & Policy 2026-2028

- For Trusted, Fair and Transparent Markets in Response to the Changing Times -

January 16, 2026

Securities and Exchange Surveillance Commission

Mission

Through proper and appropriate market oversight,¹ the SESC will

1. Ensure market fairness and transparency, and protect investors
2. Contribute to the sound development of capital markets
3. Contribute to sustainable economic growth

The SESC, which was established in 1992 with the aim of ensuring fairness in transactions and maintaining investors' trust in the markets, has inaugurated its 12th term.²

Changes in market structures and advances in digital technology have led to oversight targets expanding and becoming increasingly complicated, sophisticated and globalized. In addition, amid the shift from savings to investment, the investor base is expanding.

Amid such environmental changes, the SESC will continue to fulfill its mission by utilizing its functions properly on a timely basis. The SESC's functions include broad market monitoring, prompt exercise of administrative functions to conduct investigations and inspections for administrative monetary penalties as well as securities inspections, and strict enforcement against serious and malicious cases.

More specifically, as explained below, the SESC will make efforts for achieving a virtuous cycle of "I. Information Gathering, Analysis, and Utilization for Comprehensive Market Oversight," "II. Effective and Efficient Investigations and Inspections," and "III. Effective Initiatives to Enhance Market Discipline." The SESC will further enhance its ability as a professional market oversight agency to make it the basis for achieving a virtuous cycle of market oversight.

¹ Oversight refers to the entirety of the SESC's activities, including market monitoring, examination of transactions, securities inspection, investigation of market misconduct, inspection of disclosure statements for administrative monetary penalties, investigations in criminal cases, etc.

² The term of office for the chairman and members of the SESC is stipulated as three years (Article 13, paragraph (1) of the Act for Establishment of the Financial Services Agency), and this period of three years is called "a term."

Concrete Measures

I. Information Gathering , Analysis, and Utilization for Comprehensive Market Oversight

(1) Gathering and utilization of useful information

- Information is the key to the SESC's market oversight activities. The SESC will collect and utilize a wide range of useful information about the entire market through various information sources, such as the SESC's contact point for providing information and self-regulatory organizations.
- The SESC will integrate, analyze and accumulate useful information obtained in the process of market oversight. If necessary, the SESC will share information with the Financial Services Agency, Local Finance Bureaus, etc. The SESC will utilize the information in a multifaceted and multi-linear manner in its general market oversight activities.

(2) Appropriate understanding and analyzing of changes in the markets

- The SESC will keep an eye on a wide range of market transactions in equity/fixed-income markets, cash/derivative markets, and primary/secondary markets. The SESC will ascertain and analyze these changes on a timely basis, leading to early detection.
- In light of changes in the environment surrounding the markets and listed companies, and market participants, such as financial instruments business operators, as well as the progress in reviews of systemic issues, the SESC will appropriately address the emergence of new financial instruments and new forms of transactions and those beyond the reach of its oversight.

(3) Enhancing international cooperation

- The SESC will promote information sharing through international frameworks, such as the International Organization of Securities Commissions (IOSCO) to enhance global market oversight, and will exchange information on law enforcement cases and awareness of issues concerning market oversight through active cooperation with foreign authorities to utilize the results in its market oversight activities.

II. Effective and Efficient Investigations and Inspections

(4) Securities inspections based on a risk-based approach

- In collaboration with supervisory departments and Local Financial Bureaus, etc., the SESC will select financial instruments business operators for inspection based on risk assessment and endeavor to conduct verification and point out problems based on such perspectives as whether financial instruments business operators are performing their duties and offering services faithfully and fairly manner in consideration customers' the best interests. When any problem is found, the SESC will ascertain the whole picture of the case through in-depth discussions, searching for root causes. Furthermore, rather than merely taking such actions as making a recommendation for administrative disciplinary actions, the SESC will encourage such actions as building effective internal control environments to prevent the occurrence and recurrence of violations.

(5) Prompt responses against market misconduct and disclosure violations

- The SESC will conduct prompt investigations and inspections so that it can swiftly make recommendations for an administrative monetary penalty payment order. The SESC will reveal the actual state of market misconduct and disclosure violations, and after ascertaining the whole picture of each case and searching for root causes, the SESC will have in-depth discussions with the related parties to prevent the occurrence and recurrence of violations.
- Regarding cross-border cases of legal violations and disclosure violations by global companies, the SESC will conduct investigations and inspections based on the characteristics of individual cases in collaboration with foreign authorities.

(6) Strict measures through filing criminal complaints in serious and malicious cases

- In cases involving serious and malicious violations, the SESC will take rigorous enforcement actions by exercising its powers of investigations in criminal cases. In such instances, the SESC will cooperate with the competent criminal investigators, prosecutors and foreign authorities in order to effectively reveal the facts and identify those responsible.

(7) Proactive response to cases where investors are harmed

- From the perspective of protecting diverse investors through ensuring customer-oriented business conduct, the SESC will proactively take action against cases

where investors are harmed, by such activities as conducting securities inspections against financial instruments business operators' inappropriate selling and promotion of financial instruments or filing petitions with the courts to issue prohibition and stay orders against unregistered business operators with offices in and outside Japan that engage in financial instruments business through advertisements using SNS, etc., and entities that conduct the public offering of securities without notification, etc.

(8) Strengthening of the response to non-traditional and new types of violations

- The SESC will also take proactive actions against non-traditional and new types of violations that may threaten market fairness in light of changes in the environment surrounding the markets, including advances in digital technology and the growing prevalence of new financial instruments, while continuously addressing types of violations seen in the past cases of making recommendations for administrative actions or filing criminal charges.

III. Effective Initiatives to Enhance Market Discipline

(9) Enhancement of dissemination of Information

- In order to prevent investors from being harmed by market misconduct, the SESC will enhance dissemination of information, such as investor alerts.
- The SESC will highlight the significance, focus and details of cases in the press release of specific cases at the time of issuing recommendations, as well as in the casebooks it publishes. Through such efforts, the SESC will prevent market misconduct: including unintended ones, and further gather and utilize information through various information sources, such as the SESC's contact point of providing information and self-regulatory organizations.

(10) Further enhancement of cooperation with relevant organizations

- When the findings of investigations and inspections suggest structural problems in the markets, the SESC will take actions to realize better market environments through providing inputs to relevant policymaking.
- In order to ensure that self-regulatory organizations, which have common objectives with the SESC, fulfill their further proactive roles, the SESC will share its intelligence and awareness with them in a timely manner and reinforce the effectiveness of market oversight.

Enhancement of the Capability as a professional Market Oversight Agency

○ More advanced and efficient market oversight with digitalized technologies

- In order to achieve advanced and efficient market oversight, the SESC will review the necessary infrastructure through the further use of digital technology and implement the tools required for digital forensics. The SESC will further improve the skills of its staff.

○ Strategic development and utilization of human resources

- The source of power of the SESC's activities is its human resources. The SESC will develop its working environment so that all staff members can work actively and perform at their potential.
- The SESC will work to equip and recruit its human resources with specialized skills and broad perspectives on market oversight so that the SESC can duly fulfill its mission.
- By aggregating the enhanced capabilities of its human resources and knowledge of diverse experts specialized in law, accounting, IT, real estate, and financial engineering, etc., the SESC will respond to changes in the markets, which are becoming increasingly complicated and sophisticated, in cooperation with relevant organizations.

○ Promotion of cooperation with Local Financial Bureaus

- In order to ensure fairness and transparency in the markets and properly protect investors, cooperation with Local Financial Bureaus, which play roles in market oversight in respective areas, is indispensable. The SESC will promote information sharing in diverse fields, such as securities inspections and ensure communications with Local Financial Bureaus to achieve integrated business operation, while further enhancing its operational capabilities.

SESC's Contact Point for Providing Information

<https://www.fsa.go.jp/sesc/watch/>



< For information provision by phone or FAX >

SESC Providing Information Search

Direct line: Call **0570-00-3581** (or +81-(0)3-3581-9909 when using an IP phone, etc.)

FAX [only for the elderly and people with disabilities]: **+81-(0)3-3506-6699** (Clearly enter "To SESC's Contact Point of Providing Information.")

- ◆ The SESC encourages the public to submit **any tips and information such as "accounting fraud (recording of fictitious sales or fictitious profits, etc.)," "problems relating to investor protection (financial instruments with an extremely high yield, etc.)," "market misconduct (insider trading, market manipulation, etc.)."**