

# Financial Services Agency Newsletter

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# Access FSA



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⇐ Access the online version here

<https://www.fsa.go.jp/en/newsletter/index.html>

# Interview with Parliamentary Vice-Minister WADA Yoshiaki (Financial Services)



The Public Relations Office of the FSA interviewed Mr. WADA Yoshiaki, Parliamentary Vice-Minister of Cabinet Office (Financial Services), who took office on September 18, 2020, upon the inauguration of SUGA Yoshihide's Cabinet, about his resolutions and thoughts on financial administration.

## Outline of the interview

- ◆ **Want to be actively involved in efforts to make Japan an international financial center.**
- ◆ **Want to increase the rate of men taking child-care leave.**
- ◆ **Strong desire to be a politician listening to the real voice of the people.**

WADA Yoshiaki

Parliamentary Vice-Minister (Financial Services)

Born in October 1971.

Worked for Mitsubishi Corporation for 20 years. Ran for and was elected in a by-election to the House of Representatives in 2016 following the passing of MACHIMURA Nobutaka, his father-in-law. Reelected in a House of Representatives election in 2017. Hobbies and interests include tennis, diving, rugby, cooking, etc.

—— *Please tell us about your resolutions as Parliamentary Vice-Minister (Financial Services).*

I am really pleased to have been appointed as Parliamentary Vice-Minister for Financial Services. When I received a briefing on the scope of tasks assigned to this position, I found very many interesting matters among those tasks, so I am really excited.

Regarding the international financial center project I expect to be able to take advantage of my experience of working for a trading house. In addition, I have huge expectations about the opportunity to create a new industry in Japan. I would like to leave my mark by achieving tangible results in this project.

Revitalizing regional financial institutions is also an important task. I am a Diet member elected from a constituency in Hokkaido. A long period of time has passed since "regional revitalization" has become a signature policy of the government, but there still remain many challenges when it comes to whether "revitalization" has been really achieved. In particular, while most parts of my constituency are located in very provincial areas, I have been seriously considering about the tough situation there year after year. Therefore, I hope that financial institutions will strengthen their

business in order to provide better management support and funds to local businesses.

—— *Regarding financial administration, which policy areas are you particularly interested in?*

What I am looking forward to most is the international financial center project. Given the current situation of Hong Kong and the future limitations of Singapore as a financial hub, no place but Japan comes to mind.

Actually, I have wanted various foreign funds to turn their attention to and invest in Japan since before. In particular, when it comes to social contributions and infrastructure development, it is no doubt that governmental funds alone will not be sufficient to assure success in the projects. Thus, it is necessary to make use of the financial resources of private-sector funds.

Meanwhile, I was a core member of the Liberal Democratic Party's "Special Committee for the Promotion of Digital Society", for which Mr. HIRAI Takuya, who is Minister for Digital Transformation and Minister in charge of Information Technology Policy, served as chairman. From the discussions held at the committee, I believe that promoting digitalization in

all of the private and public sectors and academia is the key to the future development of Japan. To create a competitive financial center in Japan, it is essential to develop a more attractive environment compared to foreign environment in terms of taxation and procedural rules. However, in the first place, Japan should develop digitalization and overcome language barriers, as other countries have done. Otherwise, the project will not be successful.

Under the grand initiative to promote digital society in Japan, I believe that the international financial center project is a test ground for the world to assess whether or not Japan is making progress in digitalization. I would like to develop an environment that can receive favorable assessment from the world and lead the project to success.



(Photo: During the interview)

—— *Of the policy measures with which you have been involved, which ones have left a deep mark on your heart?*

What comes to mind first is the measure to introduce mandatory child-care leave for men. When we launched the project within the LDP in June last year and proposed it to (then) Prime Minister Abe, he offered to make that a signature policy and moved it forward very rapidly. This was discussed at the Planning Meeting on a Social Security System Oriented to All Generations, and, it was also included in the Basic Policy on Economic and Fiscal Management and Reform.

The rate of men taking child-care leave is currently around 7%. I would like to raise the rate to 60-70%.

I have also been involved with the "land security" issue for some time. When it comes to sound land transactions, no discrimination should be made between domestic and foreign players, and it is important to attract various sorts of capital to Japan. On the other hand, for

security reasons, some sorts of land should not be acquired by foreign capital. However, in Japan, there is neither a database to centrally keep track of information on landowners nor a system of management or regulation. "Land security" is within the scope of my tasks as Parliamentary Vice-Minister of the Cabinet Office. Therefore, I would like to dedicate myself to the task.

—— *Please tell us what made you decide to become a politician?*

My wife's father was a politician named MACHIMURA Nobutaka, who served in a succession of significant political posts, including the Minister of Education, Culture, Sports, Science and Technology, Minister of Foreign Affairs, the Chief Cabinet Secretary, and the Speaker of the House of Representatives. Around 2014, when he fell ill due to a stroke, he asked me to succeed to his career.

As my wife and I had been enjoying our life abroad during my overseas posting as a trading house employee, that was a complete surprise. However, I took it very seriously that my father-in-law, who had conscientiously worked hard in the political world for 32 years, asked me to succeed to his career even as he remained bed-ridden and struggled with words. I continued to turn that matter over in my mind for one and a half years.

Of the words that I heard from my father-in-law, what resonated with my heart most are these: "What you do at a trading house can make some people happy. But if you work hard as a politician, you will be able to make more people happy. I think politician is a job as worthwhile as any other job, and that can also make as many people happy as any other job."

When I consider the question of what should be the measure of my life at its end, I have two criteria— "Have I continued to take on challenges?" and "Have I done something useful for other people?" Considered about these two, I decided to become a politician, although I wasn't quite confident about my capability at first. It often crosses my mind that I may not be cut out for this job, but I have become who I am today thanks to the support of various people.



—— *What is your goal as a politician?*

Speaking from a broad perspective, what's most important is to achieve the further development of Japan and to bring happiness and affluence to the Japanese people. The definitions of a country's development and individuals' happiness contains various kinds of elements, so I would like to contribute to the country's development and the people's happiness by working hard in a wide range of fields.

My motto is "listening to the real voice of the people ." When I was working as a trading house employee, too many times, I had the experience of being unable to see things clearly without listening to the real voice. Also, there are some matters over which we cannot make judgment from what we read or hear alone.

When the Hokkaido Eastern Iburi Earthquake occurred, I received reports on the damage status from municipal offices. However, when I visited disaster site by myself, I realized I couldn't have imagined what had happened actually based on the reported information. Therefore, it is important to see things with our own eyes and hear things with our own ears. Otherwise, we do not know who are actually suffering how much or what is in short supply to what degree. I feel that keenly as I perform my duties as a politician. That is precisely why I aim to become a politician with " listening to the real voice of the people."

In addition, as I do not want to behave like the stereotype of a politician, I would like to be an ordinary guy who is easy to talk to.

—— *How do you spend your days off?*

I have no days off (laugh).

On calendar holidays, I often return to my constituency. Before the coronavirus crisis, I met with supporters and attended various meetings.

Otherwise, I spend time with my family just playing card games at home or going to eat out at a nearby restaurant. Recently, my daughter keen on tropical fish, so I go shopping for fish with her and buy so many that my wife gets angry at me (laugh).



—— *Finally, what is your favorite phrase to live by?*

What comes first to mind is " listening to the real voice of the people," which I mentioned earlier. There are two others, one of which is "Failure is a stepping-stone to success." While I have had various experiences, most of those that made major contributions to my growth as a person and those that changed me significantly are experiences of failure. Aggressively taking on challenges and experiencing failure while young is a good thing to do. If we throw ourselves into various experiences, we can develop boldness and grow into persons with a depth of wisdom.

The other phrase is "Sincerity can move heaven," which is a saying by YOSHIDA Shoin. When I was a child, my grandmother gave me a book about YOSHIDA Shoin and told various stories about him. This is a memorable saying and has rung true over the past years. In particular, when I became a Diet member, I was worried whether I could get along after starting from scratch. However, as I continued to do various things conscientiously, my thoughts often got through.

I stayed in India for five years while working as a trading house employee, but as my mission at that time was rehabilitating a company on the brink of failure, there were few happy things to talk about (laugh). However, as I kept moving toward the goal with a forward-looking spirit, I met people willing to follow me and people who understood me, so the situation was getting better bit by bit. Wherever in the world we may be, it is important to do our best with utmost sincerity.

(Interviewer: SAKAI Yoshitaka, Director,

Public Relations Office) 3

# Holding of the Meeting to Exchange Views on the Facilitation of Finance for SMEs

In consideration of the current circumstances in which there still are businesses that are facing serious funding difficulties due to the impact of the COVID-19 infection and in light of an expected increase in demand for operating capital toward the end of the year or the business year, the FSA held the Meeting to Exchange Views on the Facilitation of Finance for SMEs, etc.\* on November 30, 2020. The meeting was participated in by government officials, including Mr. ASO Taro, Minister of State for Financial Services, and Mr. KAJIYAMA Hiroshi, Minister of Economy, Trade and Industry, and representatives of financial institutions (concurrently using the teleconference system).

At the meeting, Minister ASO Taro expressed his gratitude to the representatives of financial institutions for their positive cooperation in offering cash flow support for companies and requested them to continue careful responses to consultations from companies facing financial difficulties, while emphasizing the importance of offering support for management improvement and business reconstruction and succession, not limited to cash flow support.

Some participating representatives referred to worries over future financing among many of the SMEs and small businesses and expressed their commitment to making their utmost efforts so that companies' cash management would not be seriously hindered toward the year end.



Photo: Minister ASO Taro delivering messages at the meeting



Photo: Meeting to Exchange Views

## < Financial Institutions, etc. that Attended the Meeting to Exchange Views >

Japanese Bankers Association, Regional Banks Association of Japan, The Second Association of Regional Banks, Trust Companies Association of Japan, National Association of Shinkin Banks, National Central Society of Credit Cooperatives, National Association of Labour Banks, The Norinchukin Bank, Japan Finance Corporation, The Okinawa Development Finance Corporation, The Shoko Chukin Bank, Ltd., Development Bank of Japan Inc., Japan Federation of Credit Guarantee Corporations, and Japan Housing Finance Agency

Additionally, on the same day, the FSA issued a request in writing to relevant financial associations, etc. regarding the facilitation of year-end finance for SMEs and small businesses, asking for their cooperation by continuously ascertaining companies' business conditions meticulously and endeavoring to fulfill their financial intermediary function properly and positively, such as through active provision of new loans and prompt and flexible responses to requests to alter conditions of existing loans, while collaborating with relevant organizations, so that companies' cash management will not be seriously hindered. The FSA published this written request to thoroughly disseminate the details thereof.

• For details, see the FSA's website: "Facilitation of Finance for SMEs and Small Businesses" (published on November 30, 2020; Japanese version: <https://www.fsa.go.jp/news/r2/ginkou/20201130.html>) (published on January 21, 2021; English version: <https://www.fsa.go.jp/en/ordinary/coronavirus202001/20210120.html>)

# Speech by State Minister AKAZAWA Ryosei at the Asset Management Business Forum

On November 16, 2020, the Asset Management Business Forum was held under the co-sponsorship of the Investment Trusts Association, Japan and the Japan Investment Advisers Association, and State Minister AKAZAWA Ryosei delivered a speech in a video message. The forum was closed with the adoption of the Asset Management Business Declaration 2020, which announced the social mission and future vision of asset management companies. The video footage of the forum is available for viewing at the Nikkei Inc. website.\*



Photo: State Minister AKAZAWA Ryosei delivering a speech

## **Introduction**

Good afternoon, everyone. I am AKAZAWA Ryosei, State Minister for Financial Services. I feel greatly honored to have been given the opportunity to make a speech at the memorable first Asset Management Business Forum. I would like to use this occasion to express my appreciation to the chairpersons of the Investment Trusts Association, Japan and the Japan Investment Advisers Association, which are the co-sponsors of the forum, members of the two associations, Nikkei Inc., which has provided cooperation, the guest speakers, and all people who contributed to the holding of the forum.

This forum is being held in a web-based format, but I have been told that precisely because of this format, the barrier of physical distance has been overcome, enabling viewing by many relevant people, including officials of the asset management industry and investors. I would like to offer my heartfelt congratulations upon the successful holding of the forum in this format despite the impact of the COVID-19 infection.

At the opening of the forum, I will talk about the enhancement of asset management and the strengthening of Japan's functions as an international financial center, which are probably issues of strong interest for people from the asset management industry.

## **Enhancement of asset management**

First, I will discuss the enhancement of asset management. As you know, now that longevity has increased so much in Japan that an "era of 100-year life" is said to have arrived, interest in stable asset formation is growing year after year. In order to achieve sustainable growth for companies and the economy through financial and capital markets and enable stable asset formation by the people, it is important that participants in the investment chain play their respective roles and realize a virtuous funding circle that brings the benefits of increased corporate value and profits to the people.

Investment trusts purchased by investors at banks and securities companies are managed by asset management companies, with investment assets entrusted by investors for investment by asset management companies totaling around 500 trillion yen, similar to the size of GDP. I suppose that this information is surprising for many ordinary people. Indeed, I was surprised. Asset management companies are also promoting ESG (environmental, social and governance)-related initiatives by holding constructive dialogue with investee companies in accordance with the stewardship responsibility. This means that the asset management industry, which may be described as the core player among participants in the investment chain, has a very important role to play, and I am sure that significant growth can be expected for this industry in the future.

To support the growth of the asset management industry, the Progress Report on Enhancing the Asset Management Business 2020, which was compiled in June this year by the FSA through dialogue with domestic and foreign asset management companies, cites the following four points as challenges for asset management companies to overcome in order to strengthen their investment capability.

- (i) The first challenge is developing a system of governance over business management and fund administration from the viewpoint of customers' interests. In Japan in particular, many asset management companies belong to financial groups, and therefore, if investment companies are to implement reform, it is essential to gain understanding and cooperation from their parent companies. It is very important to make a commitment to initiatives to enhance asset management on a group basis.
- (ii) The second challenge is developing a management system that places emphasis on long-term investment. It is important that a management team knowledgeable about asset management business develop a management system that puts customers' interests first.
- (iii) The third challenge is clarifying a corporate vision and core competence. I understand that among the thousands of publicly offered investment trusts in Japan, there are some funds that are achieving excellent investment results. It is important for asset management companies to clarify their core competence and increase their competitiveness so

\* Nikkei Inc. website



that they can achieve good investment results in the medium to long term in the field of active investment, where the companies' respective investment capability is put to the test.

- (iv) The fourth challenge is developing a business operation system to implement the corporate vision. It is important to improve evaluation and remuneration systems for officers and employees and ensure appropriate fund management and administration from the viewpoint of putting customers' interests first and placing emphasis on investment performance.

While I understand that all of you at asset management companies are already engaging in initiatives to address those challenges. The FSA will also continue dialogue about specifically what initiatives you are engaging in and work with you to move toward enhancing asset management and realizing the growth of the asset management industry by supporting excellent initiatives.

### **Strengthening of the international financial center function**

Next, I will discuss the strengthening of Japan's functions as an international financial center. To enhance asset management, it is necessary to bring together financial professionals, funds, and information from around the world. To that end, I believe that it is important for Japan to establish its position as an international financial center in Asia and the rest of the world.

Moreover, improving Japan's international financing function not only contributes to the enhancement of asset management that leads to stable asset formation by the people, the creation of jobs and industries, and enhancement of economic capabilities, but internationally, it also helps to make financial markets in Asia and the rest of the world more resilient against disaster risks through risk diversification.

For its part, the FSA is considering revising institutional systems to make the Japanese market more attractive and has made tax reform requests intended to make it easier for foreign financial business operators and highly skilled financial professionals to enter the Japanese market and introduced English communication into administrative processes, such as registration review and supervision. At the same time, the FSA is promoting the development of organizational capacity in terms of staffing and budgeting in order to speed up the registration process. In addition, the FSA intends to cooperate with ministries and agencies, relevant organizations and people participating in this forum today to develop an environment that makes it easier for foreign nationals to do business.

Regarding English communication capability, with the stance of starting with what can be done, on November 6, the FSA started soliciting public comments on the proposed revision of relevant regulations to permit foreign asset management companies entering the Japanese market for the first time to file a registration application in English (the public comment period expired on December 7, 2020). While the filing of a registration application in English is to be allowed after the revision of the relevant regulations, the FSA is already receiving requests for consultation on the filing of a registration application in English.

I would be glad if people participating in this forum could cooperate with this initiative from their respective standpoints so that as many asset management companies as possible can enter the Japanese market.

### **Conclusion (the Asset Management Business and the Declaration)**

I understand that at today's Asset Management Business Forum, discussions will be held under the theme "Social Mission and Role of the Asset Management Industry" and that under the leadership of the Investment Trusts Association, Japan and the Japan Investment Advisers Association, a written declaration will be adopted by members of the associations at the end of the forum with respect to the industry's social mission and future vision in order to contribute to sound asset formation by the people and create a bright future.

Amid the growing awareness about asset formation among the people, holding this forum is very timely. Through these voluntary efforts by the asset management industry, I hope that asset management will become more familiar to the people of Japan and that the asset management industry in Japan will further develop.

I would like to conclude my speech by hoping that through today's discussions, the asset management industry will contribute to asset formation by individuals and also revitalize the Japanese economy and bring positive effects to the global economy.

資産運用業宣言 2020

～ わたしたちは皆さまとともに、資産と社会の未来を創ります ～

“投資は未来を創るもの、Invest for a Brighter Future”

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＜信認の獲得＞  
運用哲学をはじめ自らの強みを明らかにし、切磋琢磨しながら、運用力や提供する商品・サービスの更なる向上を図ることで、今まで以上に皆さまにご信認いただき、より多くの資産の運用を託されることを目指します。

# Regarding the realization of "Japan as a global financial center"

NAKAMURA Kaori, Senior Deputy Director of the Strategy Development Division  
OBANA Yumi, Section Chief  
Strategy Development Division, Strategy Development and Management Bureau

(\*The opinions expressed in this piece are the personal views of the author and do not necessarily reflect the views of the organizations with which the author is affiliated.)

On December 8, 2020, the government published New Comprehensive Economic Measures to Secure People's Lives and Livelihoods toward Relief and Hope (hereinafter referred to as the "Economic Package"). Here, we explain the background to and the outline of the realization of "Japan as a global financial center" initiative included in the Economic Package.

## **1. Background**

Political stability and legal systems, and public security and a favorable living environment, among other things, have been pointed out as Japan's advantages compared with such international financial centers as Hong Kong, Singapore and Shanghai. In addition, sizable domestic economy and household financial assets worth more than 18 trillion US dollars are very attractive, particularly for asset management business. Therefore, I believe that Japan has the potential to become an international financial center by attracting overseas asset managers and financial professionals.

On the other hand, language barriers in terms of administrative services and the living environment, high tax rates, and a shortage of workers with professional skills have been cited as Japan's weaknesses. In order to expand Japan's role as an international financial center, it is necessary to continue to further enhance and demonstrate the advantages and comprehensively enhance the attractiveness of the financial and capital markets by correcting the weaknesses as much as possible.

From this viewpoint, the Economic Package aims to realize "Japan as a global financial center" by addressing the following areas : (i) making Japan's financial and capital markets more attractive and (ii) creating an attractive business- and living-environment for overseas asset managers and highly-skilled professionals.

## **2. Making Japan's financial and capital markets more attractive**

Placing emphasis mainly on attracting asset management companies, the Economic Package aims to remove regulatory and taxation-related bottlenecks in order to make it easier for foreign businesses and professionals already engaging in asset management business abroad to do the same kind of business in Japan.

On the regulatory front, restrictions on entry into asset management business will be revised. Usually, engaging in investment business requires registration, and the registration review process takes a certain amount of time. However, the FSA will introduce of simplified market entry procedures for overseas asset managers by the following schemes: Simplified entry scheme for GP managers with overseas qualified clients, Pre-registration entry scheme (5 years) for those with authorization by regulatory bodies and proven track records in specified foreign countries. On December 23, the Working Group on Capital Market Regulations under the Financial System Council adopted a report, <sup>\*1</sup> and a relevant bill is scheduled to be submitted to the ordinary session of the Diet in 2021.

On the taxation front, bold measures will be taken with respect to corporate, inheritance and income taxes in 2021 tax reforms, etc. Regarding corporate tax, although, until now, only listed companies have been allowed to deduct its performance-based compensation who disclose the formula of the compensation in their Annual Securities Report, unlisted and non-family companies or 100% subsidiaries of them whose main business are investment management will also be allowed to do so under certain conditions (e.g., the formula is published on the JFSA website). Regarding inheritance tax, currently, when foreign nationals who have stayed in Japan for more than 10 years died, their assets including not only those held in Japan but also those held around the world are subject to Japanese taxation, and this situation has led to the coinage of the phrase "Never die in Japan." However, with respect to inheritance taxation related to the assets of foreign nationals who have resided in Japan for the purpose of working, assets held outside Japan will be exempted from taxation regardless of the duration of their residency in Japan when the heirs are foreign nationals residing abroad or residing in Japan for a short period of time. Regarding income tax applicable to fund managers, it will be made clear that the stock capital gains tax rate (flat rate of 20%), which is lower than the progressive income tax rate, will be applied to profits distributed from funds to fund managers in excess of the returns commensurate with their equity stakes in accordance with the investment performance (so-called "carried interest") when certain conditions, including economic rationality, are met.

<sup>\*1</sup> "Publication of the First Report by the Working Group on Capital Market Regulations under the Financial System Council," published on December 23, 2020: [https://www.fsa.go.jp/singi/singi\\_kinyu/tosin/20201223.html](https://www.fsa.go.jp/singi/singi_kinyu/tosin/20201223.html) (Available in Japanese)



In addition, in order to make Japan's financial and capital markets more attractive, the FSA will implement measures to ensure smooth supply of funds for growth.

### 3. Creating an attractive business- and living environment for overseas asset managers and highly skilled professionals

Under the Economic Package, the following measures will also be implemented in order to develop business and living environments favorable for foreign business operators and highly skilled foreign professionals.

First, the FSA will overcome language barriers in conducting financial administrative processes by promoting English communication capability. Following the publication on November 6, 2020, of "Promoting the Use of English and Establishing a Single Point of Contact for Foreign Asset Management Firms,"<sup>\*2</sup> the FSA and

Local Finance Bureaus will jointly establish the Financial Market Entry Office by the end of January. The Financial Market Entry Office will serve as a single point of contact for newly entering asset management firms that require English communication with respect to pre-application consultation, registration, and supervision. At the same time, the FSA will start accepting registration applications in English from foreign asset management companies entering the Japanese market for the first time. The FSA will also promote English communication in financial administrative processes by introducing services based on AI powered translation technology developed by the National Institute of Information and Communications Technology for the purpose of translating documents and conversations.

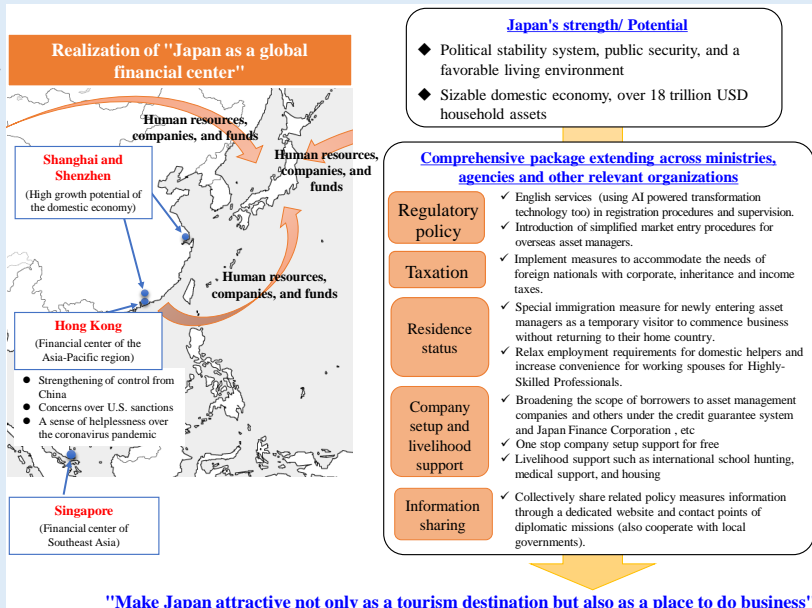
The latest Economic Package is characteristic in that in addition to the FSA's abovementioned initiatives, the national and local governments and the public sector will work as "one team" to provide one-stop support for foreign nationals starting asset management business in order to assist with activities ranging from incorporating a company and starting a business to starting life in Japan. Going forward, the FSA will implement a trial business project and develop a "financial entrepreneurship support network." To that end, the FSA will enhance the its information sharing concerning professionals (lawyers, judicial scriveners, administrative scriveners, certified public accountants and certified public tax accountants) and private-sector businesses capable of providing foreign-language communication and information concerning everyday life needs, including access to medical supports, real estate agents, and international schools.

Moreover, in order to encourage highly skilled financial professionals to come to stay in Japan, the FSA will make efforts to ease the residenc status requirement and expand the scope of the credit guarantee system.

### 4. Conclusion

Abovementioned Economic Package is just a first small step and the FSA acknowledges the importance to go beyond removing entry barriers.

While many divisions and sections within the FSA are cooperating and collaborating with each other, we will strive to expand Japan's role as an international financial center by making continuous improvement efforts in cooperation with relevant authorities and private players.



"Make Japan attractive not only as a tourism destination but also as a place to do business"

<sup>\*2</sup> "Promoting the Use of English and Establishing a Single Point of Contact for Foreign Asset Management Firms," published on November 6, 2020: <https://www.fsa.go.jp/en/news/2020/20201106-2/20201106.html>

# Progress in International Discussions on Sustainable Finance

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(\*The opinions expressed in this piece are the personal views of the author and do not necessarily reflect the views of the organizations with which the author is affiliated.)

On November 24, 2020, the FSA announced that it had become a member of the International Platform on Sustainable Finance.<sup>\*1</sup> Here, we explain the outline of the IPSF, the background to the participation, and other international initiatives related to sustainable finance in which the FSA is engaged.

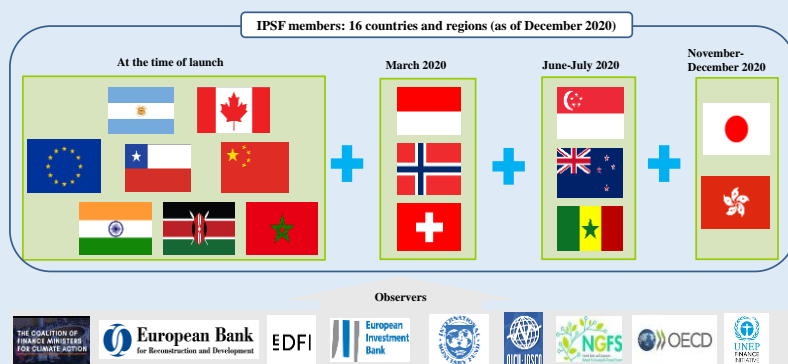
## 1. Participation in the IPSF

The IPSF is a multilateral forum<sup>\*2</sup> of public authorities that was launched in October 2019 under the leadership of the European Commission. In order to achieve the goal of expanding the mobilization of private capital in the sustainable finance market, the IPSF is conducting activities under the following three practical objectives.

1. To exchange and disseminate information to promote best practices.
2. To compare the different initiatives and identify barriers and opportunities of sustainable finance.
3. To enhance international coordination where appropriate, while respecting national and regional.

Specifically, three working groups—on (i) taxonomies (classification system), (ii) standards and labels for sustainable financial products, and (iii) sustainability disclosures—are holding discussions. Japan, Switzerland, and the European Commission serve as the co-chairs of the working group on (iii) sustainability disclosure.

Since the launch of the IPSF, Japan had considered whether to participate in it. Following the publication of the "Climate Innovation Finance Strategy"<sup>\*3</sup> in September 2020, which indicated Japan's basic approach to and future strategy for sustainable finance, the FSA decided its participation based on the idea that it would be important to exchange information at the IPSF with member countries and to actively disseminate such approach and strategy for sustainable finance.



## 2. Other multilateral initiatives related to sustainable finance

Discussions on sustainable finance have expanded in the past several years and have been held under various multilateral frameworks as well as the abovementioned IPSF. For example, the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) (the FSA joined the NGFS as a member in September 2018), which considers how to respond to climate change risks, conducts analysis at working groups on such matters as microprudential and supervision, macro-financial, and scaling up of green finance, and develops and updates deliverables including climate risk management handbooks and guidance for supervisors and financial institutions.

In addition, existing financial bodies have also established working groups related to sustainable finance one after another. The Financial Stability Board (FSB) analyzes the impact of climate change risks on financial stability, while the Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO), and the International Association of Insurance Supervisors (IAIS), among other standard setting bodies, are holding discussions on sustainable finance in accordance with the respective business sectors.

## 3. Conclusion

In the runup to the COP26 (the 26th United Nations Climate Change Conference of the Parties), scheduled to be held in November 2021, international discussions on climate change are expected to be accelerated further. In order to contribute to such international discussions, we will proceed initiatives in cooperation with relevant ministries and agencies.

<sup>\*1</sup> "Participation in the International Platform on Sustainable Finance," published on November 24, 2020:

<https://www.fsa.go.jp/en/news/2020/20201120.html>

<sup>\*2</sup> This is not an institutionalized body, and does not create global standard.

<sup>\*3</sup> "Climate Innovation Finance Strategy 2020": [https://www.meti.go.jp/english/press/2020/0916\\_001.html](https://www.meti.go.jp/english/press/2020/0916_001.html)

# Public Invitation for Organizations Willing to Participate in a Trial toward the Creation of a Website for the Sharing of Knowhow on Support for Business Operators

The FSA will establish a website for the sharing of knowhow concerning support for business operators exclusively for use by employees of regional financial institutions and credit guarantee corporations within the Regional Revitalization College, which is operated by the Cabinet Secretariat's Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan (Secretariat: Japan Productivity Center). In the lead up to the establishment, the FSA has set a trial period and issued a public invitation\* for organizations and employees willing to participate in the trial in preparation for full operation.

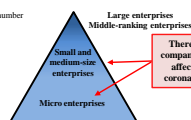
Platform for enhancing the capabilities of workers engaging in regional finance—Sharing of knowhow on support for business operators

An excerpt from the JFSA priorities for July 2020-June 2021

We continue to pay attention to the COVID-19 crisis and other related situations. It is concurrently imperative to shift the policy emphasis from provision of liquidity assistance to provision of support for business improvement and recovery of business operators to facilitate robust economic recovery and further improve productivity towards the post-COVID new normal era. Furthermore, we will ensure the effectiveness of the local support system by requesting regional organizations and professional service providers—including financial institutions, the SME Revitalization Support Committee, CGCs, tax accountants—to provide collaborative and smooth support for business operators. Moreover, we will improve the business environment and support financial institutions' initiatives ... to share knowhow to support businesses across regions and organizations.

【Toward rehabilitating companies affected by the coronavirus crisis】

(A diagram representing the number of business operators by size)



The situation is such that individual financial institution employees should conduct activities to support management improvement.

The measure (trial)

- (i) Create a web-based platform for the sharing of knowhow on support for business operators exclusively for use by financial institutions.  
Use the Regional Revitalization College framework of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan
- (Trial) Planning to implement a website operation trial from January to March 2021 with up to around 50 participants from financial institutions and other entities before full operation in order to start operating the site in a way that ensures its effectiveness and convenience. The selection of participating financial institutions will be finalized after a web-based public invitation in early December 2020.
- (ii) Support knowhow-sharing activities related to support for business operators that are already starting within regions.  
Introduce experts and practitioners engaging in support for business operators to regions and collect knowhow.  
(Example) On November 13 (Friday), financial institutions and credit guarantee corporations in Tochigi Prefecture held a symposium on fostering business supporters. At the symposium, which was also attended by the Local Finance Office and the FSA, speeches were delivered and case studies were conducted on support for business operators, with the participants divided into small groups of around 10 members each.

## ◆Outline of the measure

The JFSA priorities for July 2020-June 2021 made it clear that the FSA will support financial institution employees' initiatives to share knowhow on support for business operators across regions and organizations.

Until now, public and private financial institutions have been providing various sorts of financing support to business operators affected by the novel coronavirus pandemic. Going forward, financial institution employees are expected to engage not only in initiatives to support financing but also to provide support for management improvement, business rehabilitation, business transformation, and business succession with an eye on a "with-coronavirus" or "post-coronavirus" era.

However, some people say that amid the coronavirus crisis, it is not necessarily sufficient or timely to gradually disseminate practical knowhow and knowledge required for financial institution employees to provide support for business operators through training programs implemented individually by industry associations and financial institutions.

Therefore, the FSA will conduct the following activities with the aim of promoting the "mutual help" initiative among financial institution employees to share practical knowhow and knowledge on support for business operators across regions and organizations.

- (i) Cooperate with the Cabinet Secretariat's Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan to create a website for the sharing of knowhow on support for business operators exclusively for use by financial institutions.
- (ii) Support the knowhow-sharing activities related to support for business operators that are already starting within regions.

With regard to (i), before creating the website for knowhow-sharing, the FSA has decided to set a trial period and issue a public invitation for organizations willing to provide cooperation in order to review the site's ease of use so that exchange of information can be conducted actively.

The FSA plans to continue the trial for around three months with around 50 participants. Following the end of the period, the FSA intends to call on all relevant institutions to use the website and start full operation after making necessary revisions to the site.

In order to ensure a strong economic recovery with the new normal of a post-coronavirus era in mind, the FSA with work with financial institution employees through the "mutual help" scheme to support the further exercise and enhancement of financial intermediary functions, such as supporting the management improvement, business rehabilitation and business transformation of small and medium-size enterprises and micro enterprises hit hard by the coronavirus crisis.

\* "Public Invitation for Organizations Willing to Participate in a Trial toward the Creation of a Website for the Sharing of Knowhow on Support for Business Operators," published on December 8, 2020:  
<https://www.fsa.go.jp/news/r2/ginkou/20201208/20201208.html> (Available in Japanese)



# JFSA's Major Activities in December

(December 1 to December 31, 2020)



- [Establishment of the "Expert Panel on Sustainable Finance" \(December 25, 2020\)](#)
- [Updated statistics of money lending business \(December 25, 2020\)](#)
- [Financial Industry-wide Cybersecurity Exercise \(Delta Wall V\) \(December 25, 2020\)](#)
- [The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code \(December 25, 2020\)](#)
- [Memorandum of Cooperation with Bank of Italy \(December 24, 2020\)](#)
- [Stewardship Code : 291 institutional investors have signed up to the Principles for Responsible Institutional Investors as of November 30, 2020 \(December 24, 2020\)](#)
- [Memorandum of Cooperation with the Commissione Nazionale per le Società e la Borsa of Italy \(CONSOB\) \(December 23, 2020\)](#)
- [Joint Statement on Japan's Temporary Equivalence regarding Reinsurance and Enhanced Cooperation between Japan and EU in the Insurance Sector \(December 21, 2020\)](#)
- [Publication of the "Board Effectiveness and Ensuring Diversity in the Core Human Resources in Companies for Post-COVID Transformation of Companies" \(December 18, 2020\)](#)
- [Bank of Japan Review: Supervisory Simultaneous Stress Testing Based on Common Scenarios \(December 17, 2020\)](#)
- [NAIC-FSA Insurance Dialogue held in WebEx \(December 15, 2020\)](#)
- [Overview of financial results of major insurance companies as of September 30, 2020 \(December 11, 2020\)](#)
- [Japan as an International Financial Center \(December 9, 2020\)](#)
- [Publication of the summary from "JFSA priorities for July 2020-June 2021" \(December 4, 2020\)](#)
- [Overview of major banks' financial results as of September 30, 2020 \(December 4, 2020\)](#)
- [Overview of the Japanese regional banks' financial results for six months ended September 30, 2020 \(December 4, 2020\)](#)
- ["The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code" the Twenty-Second Council \(December 4, 2020\)](#)
- [FSA publishes English translation of monthly magazine, Access FSA No.207 \(December 1, 2020\)](#)
- [Publication of the Special Provisions for the Application of the Guidelines for Debt Consolidation after a Natural Disaster to the COVID-19 Infection \(December 1, 2020\)](#)

## • FSA Weekly Review

<https://www.fsa.go.jp/en/newsletter/index.html>

## • JFSA's official English Twitter account

[https://twitter.com/JFSA\\_en](https://twitter.com/JFSA_en)



**We are promoting  
information  
dissemination using  
Twitter!**

## Editorial Postscript

Happy New Year.

The first Access FSA in 2021 features an interview with Parliamentary Vice-Minister WADA Yoshiaki. I listened to Parliamentary Vice-Minister WADA Yoshiaki talk about his passion for various policy initiatives (e.g., realizing the "Japan as an international financial center" project and raising the rate of men taking child-care leave). As I interviewed him, I was impressed with Parliamentary Vice-Minister WADA Yoshiaki's easy-to-approach, gentle personality. I hope you enjoy the interview article.

In addition, in the Policy Commentary Corner, we took up sustainable finance, an issue likely to attract increasing attention in 2021. As we continue strenuous efforts to provide information from the frontlines of financial administration this year and to make Access FSA a more easy-to-understand PR magazine, we would appreciate it if you could kindly continue to be a reader.

SAKAI Yoshitaka, Director, Public Relations Office, FSA