

## SESC's History

Year	Changes in SESC's authority and organization	Key events & activities
1991		Series of securities and financial scandals
1992	<b>SESC established in the Ministry of Finance</b>	
1993		<b>Filing of criminal charges:</b> Market manipulation related to Nihon Unisys, Ltd. shares (first criminal charge filed by SESC)
1998	Financial Supervisory Agency established: SESC comes under its jurisdiction	
2001	Financial Supervisory Agency reorganized into Financial Services Agency	Major reorganization of central government agencies
2005	<b>Administrative monetary penalty system introduced</b> SESC mandated to exercise administrative monetary penalty investigation SESC mandated to exercise administrative monetary penalty inspection on disclosure statements Additional inspection authority for securities companies, etc. granted to SESC (inspection of financial soundness, inspection of investment advisors)	<b>Filing of criminal charges:</b> False statements in securities report related to Kanebo, Ltd.
2006	<b>Five-division structure</b> introduced (Planning and Management Division, Market Surveillance Division, Securities Business Monitoring Division, Administrative Monetary Penalty Investigation and Disclosure Inspection Division, and Criminal Investigation Division) Additionally mandated to exercise administrative monetary penalty investigation of market manipulation using spoofing orders; authority to conduct criminal investigation expanded	<b>Filing of criminal charges:</b> Spreading of rumors, fraudulent means related to Livedoor Marketing Co., Ltd. shares <b>Filing of criminal charges:</b> Insider trading related to Nippon Broadcasting System, Inc. shares
2007	Additionally mandated to exercise authority on inspections of investment funds	Financial Instruments and Exchange Act in full effect
2008	Additionally mandated to exercise authority to conduct disclosure statements inspection on quarterly securities reports and internal control reports; additionally mandated to exercise authority to conduct investigation for potential imposition of administrative monetary penalties on violations in quarterly securities reports (1) Additionally mandated to exercise authority to conduct disclosure statements inspection on false disclosure statements in tender offer notifications, reports of possession of large volume (2) Additionally mandated to exercise authority to conduct investigation for potential imposition of administrative monetary penalties related to market manipulation by means of fictitious or collusive sales and purchases (3) Additionally mandated to exercise authority to file petitions to the court for a prohibition order and stay order against acts in violation by unregistered business operators	
2010	Additionally mandated to exercise authority to inspect credit rating agencies	

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2011	<p>Additionally mandated to exercise authority to inspect group companies (consolidation regulation of large securities companies introduced)</p> <p><b>Six-division structure</b> introduced (Planning and Management Division, Market Surveillance Division, Securities Business Monitoring Division, Market Misconduct Investigation Division, Disclosure Inspection Division, and Criminal Investigation Division)</p> <p>Cross-Border Investigation Office set up</p>	
2012	<p>Additionally mandated to exercise authority to inspect trade repositories</p>	<p><b>Filing of criminal charges, recommendation for administrative monetary penalty:</b> False statements in securities report related to Olympus Corporation</p> <p><b>Recommendation for administrative disciplinary action, filing of criminal charges:</b> AIJ Investment Advisors Co., Ltd. (Use of fraudulent means on discretionary investment contract . related to Pension Fund)</p>
2013	<p>Additionally mandated to exercise authority to conduct disclosure statements inspections on external conspirators who allegedly assisted in submission of false disclosure documents and administrative monetary penalty investigations on market misconduct committed by asset managers on client accounts, and summon alleged violators as part of administrative monetary penalty investigations</p>	<p><b>Recommendation for administrative disciplinary action:</b> MRI International, Inc. (false notification, etc. related to MARS)</p>
2014	<p>Additionally mandated to exercise authority to conduct administrative monetary penalty investigations and criminal investigations against providing of insider information and transaction encouragement which became subject to insider trading regulation.</p> <p>Additionally mandated to conduct inspections on financial instruments business operators handling commodity derivatives</p>	
2015	<p>Digital Forensic Solutions Office set up</p> <p>Additionally mandated to exercise authority to conduct inspections on specified financial benchmark administrators</p>	<p><b>Filing of criminal charges:</b> Market manipulation, spreading of rumors, use of fraudulent means, failure to submit reports of possession of large volume related to New Japan Chemical Co., Ltd. shares</p> <p><b>Recommendation for administrative monetary penalty:</b> False statements in securities report related to Toshiba Corporation</p>
2016	<p>Office of Market Monitoring set up</p> <p>Litigation Office set up</p>	<p><b>Recommendation for administrative disciplinary action:</b> Arts Securities Co., Ltd. (false notification, etc. related to medical fee receipt bonds)</p>
2017		<p><b>Filing of criminal charges:</b> Use of fraudulent means by Arts Securities Co., Ltd., etc. (related to medical fee receipt bonds); market manipulation related to Stream Co., Ltd. shares</p>

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2018	Additionally mandated to exercise authority to conduct inspections on high speed trading business operators	<p><b>Filing of criminal charges:</b> False statements in securities report related to Nissan Motor Co., Ltd.</p> <p><b>Recommendation for administrative monetary penalty:</b> Manipulation of market for long-term government bond futures by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p>
2019		<p><b>Recommendation for administrative monetary penalty:</b> False statements in securities report related to Nissan Motor Co., Ltd.</p>
2020	<p>IT Strategy Office set up</p> <p>Additionally mandated to exercise authority to conduct inspections on financial instruments business operators handling crypto-assets derivatives and electronically recorded transferable rights</p>	<p><b>Filing of criminal charges:</b> Transaction encouragement related to Don Quijote Holdings Co. shares</p>
2021	Additionally mandated to exercise authority to conduct inspections on financial service intermediaries that provide securities intermediary services.	<p><b>Filing of criminal charges:</b> Market manipulation by SMBC Nikko Securities Inc.</p>