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“Furusato Talk” Circle Discussion in Hirosaki City, Aomori Prefecture

On Friday, December 13, 2019, MIYASHITA Ichiro, State Minister of the Cabinet Office, visited the Junior High School Attached to the Faculty of Education, Hirosaki University, located in the city of Hirosaki in Aomori Prefecture, to take part in a “Furusato Talk Circle Discussion”* (hereinafter, “Circle Talk”) on the topic of “Future Education on ‘Money’” (financial/economic education) with 14 persons, primarily junior high school students, PTA members and educators.

*The “Furusato Talk Circle Discussion” is an endeavor in which ministers, state ministers and parliamentary vice-ministers from various ministries/agencies travel to different parts of the country, engage in Circle Talks with small numbers of local residents on a specified topic, carefully listen to their opinions in person, and put these to good use in devising policy measures. This latest Circle Talk was the 192nd for the government as a whole, and the 10th held by the Financial Services Agency.



(Photo: Commemorative photograph taken after the Circle Talk)

This Circle Talk featured a frank exchange of views with State Minister Miyashita on “future education on money,” with participants regularly feeling it increasingly important to acquire correct knowledge on finance at home and school against a backdrop of environmental changes such as a declining birthrate, an aging population, a digitalizing society, and a lowered age of majority.

The exchange of views began with statements by local junior high school students, which were followed by participants presenting a variety of views stemming from their respective experiences. Although we cannot introduce all of these views here, their suggestions included being careful to prevent disparities arising among communities; offering financial education to older people and taking other steps to adapt to the move to cashless transactions and the digitalization of society; devising approaches to more practical education with an eye to the demand created in schools by scholarships and an age of majority of 18; changing the misleading image of investment as a form of gambling; and utilizing information-communication technology (ICT) to provide schools with tailored support.

Mr. Miyashita lent an ear to each and every opinion, explained the efforts currently being undertaken by the Financial Services Agency, and noted points he considers important for the future. In the course of these discussions, he reaffirmed the general public’s keen awareness and high expectations on the subject of education on money. The FSA will continue working to enhance financial and economic education in line with the circumstances and needs of specific locales.



(Photo: Dialogue in progress)

Mr. Miyashita’s impressions following the Circle Talk

I heard thought-provoking opinions from a variety of angles, and I found it a very fruitful dialogue. I was able to hear in person straight from junior high school students, teachers, and PTA members on the need for programs that can be put to good use in students’ day-to-day lives and on other matters of interest. I will be paying close attention to these opinions as I work to enhance financial and economic education, and I will step up our efforts so that people around the country will have opportunities to receive such education.

An overview of the FSA’s Circle Talks thus far, including participant opinions that could not be fit in here, can be viewed at the FSA website.

● FSA website: <https://www.fsa.go.jp/kouhou/kurumaza/index.html>

(Videos of the latest Circle Talk are also available there)

“Regional Revitalization Support Plan! Regional Finance Meeting” Kasumigaseki Dialogue held (January 27)

The Financial Services Agency’s Regional Solutions Support Team hosted an event on Monday, January 27, 2020 entitled “Regional Revitalization Support Plan! Regional Finance Meeting Kasumigaseki Dialogue”* in cooperation with a number of ministries/agencies. About 200 persons, including interested personnel from financial institutions, local governments, and participating ministries/agencies, took part and discussed measures relevant to regional revitalization.

* “Regional Revitalization Support Plan! Regional Finance Meeting Kasumigaseki Dialogue”

This dialogue, organized in cooperation with the Regional Solutions Support Team and the Public Relations Office, saw front-line personnel from financial institutions and local governments engage in discussions with working-level personnel from central ministries/agencies to gain a better understanding of ministry/agency measures aimed at regional revitalization and boost the penetration of these measures on the ground.

Participating ministries/agencies: Ministry of Internal Affairs and Communications, Ministry of Agriculture, Forestry, and Fisheries, Small and Medium Enterprise Agency, Japan Tourism Agency, Ministry of the Environment, Secretariat of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan (Cabinet Secretariat), Financial Services Agency

The ministries/agencies taking part in this event presented a total of ten topics (e.g., Local 10,000 Project (Ministry of Internal Affairs and Communications), business succession (Small and Medium Enterprise Agency), subsidies for accommodation facilities (Japan Tourism Agency), ESG local financing (Ministry of the Environment), and a personnel support system for regional revitalization (Secretariat of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan) and, after three-minute pitches on each topic to give everyone a better understanding of these measures, the participants divided up into groups for the topics they were interested in and engaged in two circle sessions. FSA Commissioner ENDO Toshihide also joined in the informal get-together following the circle sessions to exchange views with the participants.



Photo: Opening

A questionnaire survey that solicited comments from the participants revealed that some were happy to have closed the distance with ministries/agencies, some praised the lateral efforts being made with other ministries/agencies, and others held out high expectations for the next dialogue. At the same time, there were participants who felt that the topic pitches were overly rushed and that more time should be allocated to these pitches, that a little more time should be dedicated to discussions, and that a smaller number of participants would have led to more in-depth discussions during the circle sessions. These remarks will all be given due consideration in organizing the next and future dialogues.

This event was intended to publicize measures being pursued by various ministries/agencies for the sake of regional revitalization, and it proved extremely meaningful in allowing working-level personnel from the various ministries/agencies to hear views from personnel working on the front lines at financial institutions and local governments.

The Regional Solutions Support Team remains committed to working on behalf of regional revitalization.



Photo: Circle session



Photo: Commissioner Endo making his speech

Report by the Working Group on Regulations for Payment Services Providers and One-Stop Financial Services Brokers under the Financial System Council

OKADA Hiroshi, Director for Banking, Payment and Insurance Regulations, Planning and Management Division, Policy and Markets Bureau
 KONAGAYA Akito, Director of the Credit System Planning Office, Planning and Management Division, Policy and Markets Bureau
 MORIYA Takayuki, Director for Cross-Sectoral Financial Regulations, Planning and Management Division, Policy and Markets Bureau

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

The Report by the Working Group on Regulations for Payment Services Providers and One-Stop Financial Services Brokers under the Financial System Council (hereinafter, “the Report”) was released on December 20, 2019. The recommendations on payment services providers and on one-stop financial services brokers incorporated into the Report span a wide range, but below is an introduction to the key points.

1. Regulations on Payment Services Providers

Advances in information technology have increased the diversity of payment services. With the move to promotion of cashless settlement, the regulatory framework regarding payment should meet user needs in cashless era and to achieve more convenient payment services in a safe and secure manner.

Against this background, the Working Group on Regulations for Payment Services Providers and One-Stop Financial Services Brokers (Chairman: KANSAKU Hiroyuki, Professor, Graduate Schools for Law and Politics, The University of Tokyo) under the Financial System Council has discussed concrete directions for reviewing the regulatory framework regarding payment while bearing in mind the need to strike a balance between improving user convenience through the promotion of innovation and ensuring user protection.

(1) Recommendations on revamping the money transfer service providers

Current regulations require parties other than banks or similar deposit-handling financial institutions to register as money transfer service providers in order to provide money transfer services. The upper limit (one million yen) has been imposed on money transfer per transaction handled by money transfer service providers. However, it has been pointed out that there is a certain degree of user needs for transferring the money exceeding that upper limit, including overseas remittances.

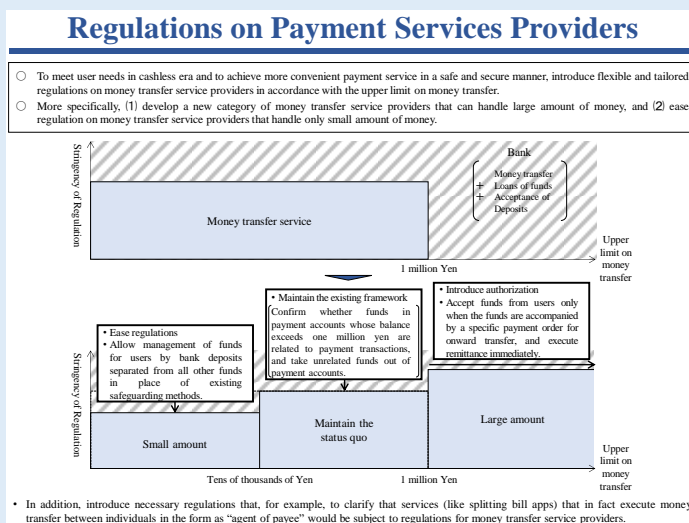
It is also true, on the other hand, that many of the transactions currently handled by money transfer service providers are in amounts of tens of thousands of yen or less.

In this context, the Report suggests that regulations on money transfer service providers should be flexible vis-à-vis functions and risks and that it would be appropriate to apply tailored regulation for each of three categories:

- ① Companies handling “large” amount of money (Category 1)
- ② Companies doing business on the premise of the existing regulations (Category 2)
- ③ Companies handling “small” amount of money (Category 3)

The Report suggests that Category 1 companies would be subject to authorization in light of the risks inherent in handling “large” amount of money, and would be prohibited from holding funds for users unless accompanied by a specific payment order for onward transfer.

The Report suggests that the existing regulatory framework for Category 2 should be maintained fundamentally to ensure the activities of existing money transfer service providers and their users. However, it does suggest that, in light of instances having been pointed out that extensive user funds being retained by some money transfer service providers, those in this category should confirm whether funds in payment accounts whose balance exceeds the upper limit on money transfer (one million yen) are related to payment transactions, and take unrelated funds out of payment accounts if they are unlikely to be used for money transfer.



The Report also suggests that, on the premise that both the upper limit on money transfer per transaction and the upper limit on acceptable funds per user being “small,” Category 3 companies shall be allowed to manage funds for users by bank deposits separated from all other funds in place of existing safeguarding methods, on the condition that the management being subject to external audit.

(2) Other recommendations

In addition, the Report suggests that it should be clarified that services that in fact execute money transfer between individuals in the form of “agent of payee” like apps for splitting bills, for example, would be subject to regulations for money transfer service providers.

2. Regulations on financial services intermediaries

As advances in information-communication technology have made it possible to provide financial services smoothly online, the development of financial brokerage business that handles various financial services spanning multiple sectors (banks, securities firms, and insurance companies) can be envisioned. However, under the current regulation,

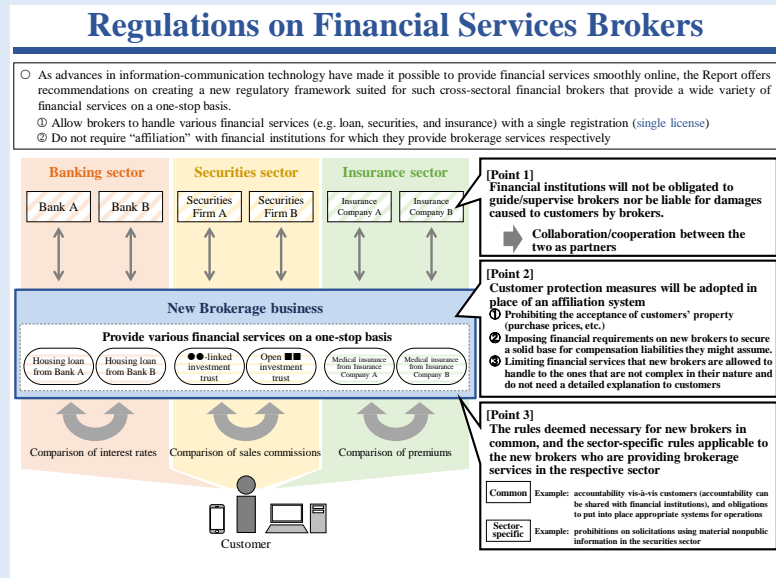
- ① each sector has its own regulation, and different registration requirements must be met if financial brokers handle a wide variety of financial services – the Banking Act for Bank Agents, the Financial Instruments and Exchange Act for Financial Instruments Intermediary Service Providers, and the Insurance Business Act for Insurance Agents and Insurance Brokers; and,
- ② financial brokers must be affiliated with financial institutions for which they provide brokerage services, and they have to be monitored and instructed by the respective financial institutions with respect to their operations as brokers.

It has been noted that financial brokers, especially who would like to handle financial services spanning multiple sectors, might find these regulatory aspects burdensome.

In this regard, the Report offers recommendations on creating a new regulatory framework suited for such cross-sectoral financial brokers that provide on a one-stop basis a wide variety of financial services offered by multiple financial institutions from multiple sectors.

First, it recommends that a new regulatory framework for brokerage business be created that does not require “affiliation”, and that allows brokers to handle various financial services (e.g. deposit, loan, remittance, securities transaction, and life and non-life insurance) with a single registration. Instead of the “affiliation” requirement, the Report suggests that in light of customer protection it would be appropriate to

- ① limit financial services that new brokers are allowed to handle to the ones that are not complex in their nature and do not need a detailed explanation to customers while brokering; and,
- ② impose financial requirements on new brokers to secure a solid base for compensation liabilities they might assume.



Second, with respect to conduct regulations, the Report recommends that the regulation should take into account the different characteristics across sectors. In addition to the rules deemed necessary for new brokers in common (e.g. prohibitions on name-lending, accountability vis-à-vis customers, and obligations to put into place appropriate systems for administering operations), it is recommended to set up sector-specific rules applicable to the new brokers who are providing brokerage services in the respective sector (e.g. prohibitions on solicitations using material nonpublic information in the securities sector).

3. Future approaches

In line with the direction indicated in the Report, the Financial Services Agency will undertake to revise relevant regulations, including to submit necessary bills to the ordinary session of the Diet in 2020.

Final Report by the Expert Study Group on Capital Markets —A New Equity Market Structure Serving for Companies and Investors in the New Era of Reiwa—

SAITO Tetsu, Market Coordinator
MIURA Shinji, Deputy Director
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Introduction

The Financial Services Agency released the “Final Report by the Expert Study Group on Capital Markets: A New Equity Market Structure Serving for Companies and Investors in the New Era of Reiwa” on December 27, 2019. This report examines issues surrounding Japan’s securities markets and presents an approach to the markets for the future.

This article explains the current state and issues of Japan’s securities markets, the process leading from the creation of the Financial System Council’s Expert Study Group on Capital Markets to the compilation of the report, and the content of the report itself.

1. Issues surrounding the current market structure

The Tokyo Stock Exchange (TSE), Japan’s leading securities exchange, has since it merged with the Osaka Securities Exchange in 2013 comprised four sections: the First Section, the Second Section, Mothers, and JASDAQ (Standard, Growth).

More than five years have passed since the merger, and its current market structure faces a few issues:

- ◇ The underlying concept of each market section is vague and thus not very convenient for many investors.
- ◇ The criteria for stepping up to the First Section, for moving from the First Section to the Second Section, and for delisting from the market are low, so listed companies have little incentive to continually improve their corporate value.
- ◇ The constituent shares of the Tokyo Stock Exchange Stock Price Index (TOPIX) are all of the shares in First Section, so the index lacks functionality

Listing requirements for markets on the Tokyo Stock Exchange

Listing Requirements for Entry Market (Formal Criteria)

- Second Section and JASDAQ (Standard) have requirements focused on business track records
- Mothers and JASDAQ (Growth) have requirements focused on growth potential

Item	First Section	Second Section	Mothers	JASDAQ	
				Standard	Growth
Shareholders	2,200 or more	800 or more	200 or more	200 or more	
Shares outstanding	Shares outstanding	4,000 units or more	2,000 units or more	—	
	Total market value of shares outstanding	1 billion yen or more	500 million yen or more	500 million yen or more	
	Ratio of shares outstanding	35% or higher	30% or higher	25% or higher	—
Public offering, sale, etc.	—	—	Public offering of 500 units or more	① 1,000 units or more ② 10% of listed shares or higher Public offering/sale of the larger of ① and ② above	
Total market value	25 billion yen or more	2 billion yen or more	1 billion yen or more	—	
Continuous years in business	3 years or more		1 year or more	—	
Net assets (consolidated basis, estimated at time of listing)	1 billion yen or more	—	—	200 million yen or more	Positive
Income (consolidated) or total market value	Satisfy either a or b below: a The sum of ordinary income for the last two years is 500 million yen or more b Total market value is 50 billion yen or more, and sales for the latest period are 10 billion yen or more		— (*)	100 million yen in most recent period or total market value of 5 billion yen	—

Comparison of TSE First Section and leading markets at overseas securities exchanges

Leading Markets at Overseas Exchanges (Comparison with First Section)

Name	Markets with tiers					Markets without tiers		
	TSE	NASDAQ	London	Germany	Euronext	NYSE	Hong Kong	Singapore
Concept	First Section	Global Select	Premium	Prime	Regulated Market (Compartment A)	NYSE	Main Board	Main Board
	—	Market with world’s strictest listing requirements	Market with stricter listing criteria	Market for international investors	Total market value 1 billion euro or more	Markets for mid-sized to large companies	Markets for companies with track records	Markets for companies with track records
No. of companies	2,141	1,480	504	307	295	2,419	1,968	493
Companies in lower-tier markets (Second Section)	492	856 (Global)	346 (Standard)	147 (General)	225 (Compartment B)	—	—	—
Median total market value (yen)	48 billion	126.1 billion	140.2 billion	95.9 billion	468.1 billion	214.9 billion	20.8 billion	10.8 billion
Average of top 5% in total market value (yen)	1.2 trillion	2.5 trillion	3.2 trillion	4.6 trillion	10.0 trillion	5.8 trillion	0.8 trillion	0.51 trillion
Average of bottom 5% in total market value (yen)	6.2 billion	8.0 billion	5.8 billion	4.2 billion	121.1 billion	11.9 billion	2.5 billion	740 million
Promotion	—	Request for change	Request for change	Request for change	Automatic change	—	—	—
Demotion	—	Request for change	Request for change	Request for change	Automatic change	—	—	—
Trading value (2018) (yen)	740 trillion	1,846 trillion	280 trillion	200 trillion	242 trillion	2,127 trillion	272 trillion	20 trillion

(Source: Original materials submitted by the Tokyo Stock Exchange for the first meeting of the Expert Study Group on Capital Markets, translated by the FSA)

2. Financial System Council’s “Expert Study Group on Capital Markets”

A specialist commission was set up at the Tokyo Stock Exchange in December 2018 to study issues pertaining to market structure such as those mentioned above as well as the best approaches to markets in future derived from this study, and a summary of the issues was announced in March 2019.

As these issues are directly relevant to approaches to be taken toward Japan’s capital markets, the Financial Services Agency decided to organize its own discussions and in May 2019 set up the Expert Study Group on Capital Markets (Chairman: KANDA Hideki, Professor of Law at Gakushuin University Law School) under the Financial System Council’s Market Working Group to enable specialists to begin examining these issues.

The Group’s first four meetings featured interviews on issues with the present market structure and future market approaches with market participants such as institutional investors, executives from local companies and new companies, and other persons of learning and experience.

These interviewees shared their viewpoints – e.g., listing standards focus not only on total market value, but consideration should also be given to elements of governance and liquidity, and companies no longer satisfying listing standards should not be removed or downgraded but instead their standing should be tied to their future growth strategy – and it was opined that companies currently belonging to the TSE First Section are building up tangible and intangible value from such things as the brand image of being a TSE First Section-listed company.

3. Expert Study Group on Capital Markets Report

The 6th meeting held on December 25, 2019 saw discussions on the “Final Report by the Expert Study Group on Capital Markets: A New Equity Market Structure Serving for Companies and Investors in the New Era of Reiwa” prepared in light of the above interviews as well as on the summary of issues from the 5th meeting, and a report on this meeting was compiled and released on December 27.

With regard to the TSE’s market structure, the report recommends revamping the structure to promote sustained growth and improved corporate value among listed and venture companies and to make the TSE more attractive to both Japanese and foreign investors. The details of that recommendation are as follows.

➤ **Restructuring market sections**

Restructuring the market sections into the three described below will clarify the underlying concept of each market section and will reinforce mechanisms that promote sustained growth and improved corporate value among listed and venture companies.

❖ **Prime Market:** a market comprising listed companies with high market value/liquidity and higher governance that positions constructive dialogue with investors at the center of improving corporate value

- Total outstanding market value(*) and other listing/delisting standards will be made stricter for companies seeking to be newly listed. However, listing might be possible for companies with certain business models (Internet-based companies, etc.), even if their most recent financial statements show them in the red, if counterbalanced by such conditions as market value, sales, and disclosures.

* Total outstanding market value is the number of outstanding shares multiplied by the price per share. The total market value requirement to be directly listed on the First Section at present is 25 billion yen, while the outstanding share ratio must be 35% or higher at the time of listing. Given these, consideration might be given to a requirement for total outstanding market value with a new definition of about 10 billion yen.

- A corporate governance code with higher standards than for other markets will be applicable (companies already listed on the First Section could on their own choice continue their listing on the Prime Market).

❖ **Standard Market:** a market comprising listed companies with a certain level of total market value/liquidity and basic governance

- The present requirements for the Second Section would be carried over, with all of the principles of the Corporate Governance Code to be applicable.

❖ **Growth Market:** a market comprising listed companies with high growth potential but also relatively high risk

- The total market value and other listing requirements for the current Mothers section will in principle be carried over to make this market the world’s most accessible to investment funds.

➤ **Revising the Tokyo Stock Exchange Stock Price Index (TOPIX)**

As mentioned above, the TOPIX constituent shares and the First Section correspond in scope but, because TOPIX does not serve simply as an index showing the price trend of shares in the First Section but has taken on greater importance in recent years as an investment target and a benchmark, the TOPIX share selection criteria will be revamped to break it free from the confines of the First Section. In doing so, share selection should give greater emphasis to liquidity, all the while seeking to maintain continuity with the current TOPIX.

Shares from the Prime Market as well as even from the Standard Market could be selected as constituent shares of TOPIX, with total outstanding market value, the criteria used for new listings on the Prime Market, to be used in selecting TOPIX shares.

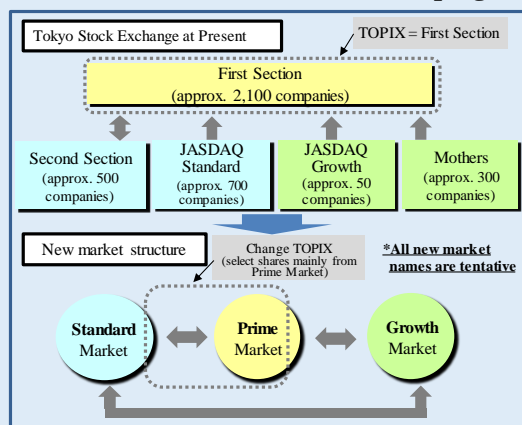
Conclusion

Following the publication of this report, Japan Exchange Group, Inc., announced its “Responses to Release of the Report in the Expert Study Group on Capital Markets” regarding future efforts by that company on this matter.

According to that announcement, the Japan Exchange Group will proceed rapidly to formulate a specific and detailed system in line with the summary of discussions by the Expert Study Group on Capital Markets in order to complete the transition to a new system during the first half of 2022.

We anticipate that appropriate responses by the Japan Exchange Group and other officials will make the TSE a very appealing market for Japanese and foreign investors, one that will ensure market fairness and vitality, help companies and the economy grow on a sustained basis, and contribute to the development of Japan’s national economy.

Market structure after revamping



(Source: “Summary of Expert Study Group on Capital Markets Report”)

Danger! Watch Out for “P2P Lending” on SNS! The FSA’s new efforts to tackle malicious posts online

KISHIMOTO Manabu, Director, Nonbank Financial Companies Office, Planning and Management Division, Supervision Bureau
P2P Lending Countermeasures Personnel, Nonbank Financial Companies Office, Planning and Management Division, Supervision Bureau

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個人で融資をしています。
主婦をはじめ、借りにくい夜職の方へも貸しています。
先振込はありませんので、お話も当然お金はかかりません。
#個人融資
#個人間融資
#お金貸してください

(Actual posts)

I offer personal loans to housewives, night workers and others having a hard time getting a loan. No need to make an advance transfer, and consultations are free!
#PersonalLoan
#P2PLending
#PleaseLendMeMoney

(English translation)

個人融資の案内です!!お給料日やご収入日合わせて融資しておりますので
ご予定ある方は是非ご連絡下さい!!週末に向けてより大変込み合いますのでお早めに連絡を🙏🙏
👤
#お金貸してください
#お金借りたい
#お金困ってます
#返済
#借金
#個人融資
#即日振込

(Actual posts)

Get a personal loan here! I will match up the loan with your payday, so contact me if you have plans! Weekends get especially busy, so please contact me soon.

#PleaseLendMeMoney
#WantToBorrowMoney
#HavingMoneyProblems
#Repayment
#Loans
#PersonalLoan
#SameDayTransfer

(English translation)

(Excerpted from actual posts on Twitter)

Did you know that there have been numerous posts recently on SNS, Internet message boards and elsewhere offering to lend money on a person-to-person basis?

This is called “peer-to-peer lending” (P2P lending), and a keyword search on Twitter or other forums will turn up quite a few hits. Looking through these will reveal replies posted by prospective borrowers wanting to apply for a loan.

While it may be termed P2P lending, **engaging in moneylending with the intent of doing so on a recurring basis constitutes a money lending business under the Money Lending Business Act**, and persons operating a money lending business without the required registration are subject to penalties for “black-market financing.” In addition, **posting “financing available” or other such phrases on SNS and other forums accessible to the general public could constitute “soliciting the conclusion of a loan agreement with the aim of operating a money lending business,” an act subject to penalties under the Money Lending Business Act.**^{*1}

Even if the lender is not deemed to be engaged in a money lending business, **charging interest higher than the stipulated maximum interest rate is itself a violation of law.**^{*2}

It has been pointed out that P2P lending thus poses the possibility of putting lenders under criminal suspicion even as it also puts users at risk of falling victim to criminals or being caught up in some other trouble, such as being swindled out of cash offered up as security or being coerced into sexual relations in exchange for loans.^{*3}

The FSA has been posting leaflets on its website encouraging people to be wary of P2P lending, and has called on potential users to exercise extreme caution via the e-mail magazine and LINE account of the Prime Minister’s Office and the official Twitter accounts of the Consumer Affairs Agency and the FSA.

**貸す側も、借りる側も
#個人間融資に
要注意!**

SNS等で勧誘し、お金の貸し借りを行う「個人間融資」は、たとえ個人が行う場合であっても、**資金業法の規定に抵触する場合があります。**

資金業法の規定

- 個人であっても反復継続する意思をもって金銭の貸付を行うことは、資金業法上の「**資金業**」に抵触します。
- ※ 資金業を営む場合は、国又は都道府県の登録を受ける必要があります。
- ▶ 不特定多数が閲覧可能なSNS等でお金貸します、「融資します」などと書き込んで、契約の締結を助めることは、資金業法で規制されている**資金業を営む目的をもって、貸付けの契約の締結について勧誘すること**に該当するおそれがあります。
- ⇒ これらの資金業の無登録営業、無登録業者の勧誘は、**罰則の対象**です。
(資金業法第10条第1項、同法第11条第1項第2号、同法第12条第1項)

個人間融資を利用しようと思っている方へ

- 個人を装ったヤミ金融業者により**違法な高金利**での貸付けが行われる
- 個人情報が悪用されるなどして、**犯罪被害やトラブル**に巻き込まれるなどの危険性があります。

ヤミ金融業者による個人間融資は利用しないようにしましょう

犯罪手口の情報や被害に関する相談窓口

金融庁 金融サービス利用相談室 受付時間：平日10:00～17:00 03(3)-56811 03-5281-0811(伊勢崎からの場合)	日本貸金業協会 貸付相談センター 03(70)-051051 03-5739-3981(伊勢崎からの場合)
消費者センター等の消費生活相談窓口 詳しくは各都道府県のウェブサイト	警察 警番110 (各都道府県警察本部ダイヤル)

首相官邸

SNSを通じたお金の貸し借りに要注意

#個人間融資

「会ってみたら、違法な高金利の貸付だった」
「暴力をちらつかせて返済を脅された」
「貸付条件に性行為を要求された」

犯罪手口の情報や被害に関するご相談は **個人間融資 金融庁**

Left: Posted on FSA’s official Twitter page on August 19, 2019
Top: Posted on the Prime Minister’s Office’s LINE page on September 18, 2019

These calls for caution have been issued broadly to the general public, but we have now begun a more narrowly targeted effort that issues direct warnings to the parties involved, both those offering P2P lending and those seeking to use P2P lending.

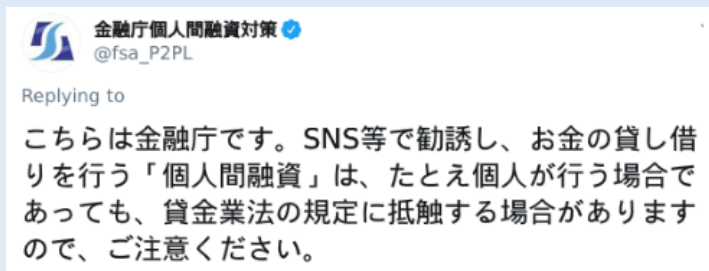
This article will briefly describe the nature of this new effort and the progress made heretofore.

Nature of new effort

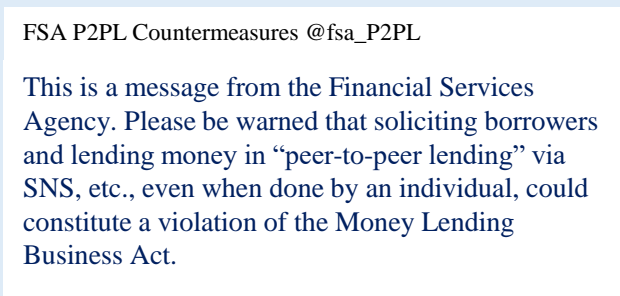
In this new effort, malicious posts on Twitter offering P2P lending will receive direct replies from the FSA's official Twitter account (FSA P2P Lending Countermeasures (@fsa_P2PL*4) with warnings about such solicitations.

By using Twitter's reply function rather than its direct message function*5, these warnings are seen not only by the persons making the solicitations but also by those reading the posts (persons looking for P2P loans).

Direct replies are sent out as shown in the following images.



(Actual posts)



(English translation)

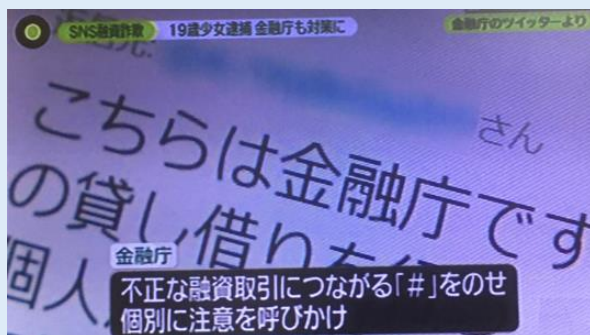
(Image of an actual post (an image of our leaflet was also attached))

Progress made in new effort

Direct replies began in November 2019, and have been posted to about 60 accounts thus far (as of January 2020).

These direct replies do appear to have had an effect, with the posts in question, and sometimes the accounts themselves, being deleted.

In the wake of a December 2019 news report about a person who had offered P2P loans on SNS and swindled cash offered as security, this effort was covered by a variety of media outlets.



(Coverage in an informational program)

Conclusion

At the risk of repeating ourselves, P2P lending puts users at risk of trouble or even criminal harm, perhaps even compelled to borrow at an illegally high interest rate by a black-market financing company disguised as an individual.

We ask that everyone please exercise particular care to avoid taking out P2P loans with black-market financing companies.

*1 Persons operating an unregistered money lending business may face imprisonment of up to 10 years, a penalty of up to 30 million yen, or both, while unregistered money lending business operators offering loans may face imprisonment of up to two years, a penalty of up to 3 million yen, or both

*2 Lenders charging interest rates exceeding an annualized rate of 109.5%, even for P2P loans, may face imprisonment of up to five years, a penalty of up to 10 million yen, or both (Article 5 of the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates).

*3 Incidents have even been reported of elementary school students being among victims swindled out of cash offered up as security.

(story posted by Jiji Press Co. at 20:36 on December 28, 2019)

<https://www.jiji.com/jc/article?k=2019122800251&g=soc> (Available in Japanese)

*4 "P2PL" stands for "Peer-to-Peer Lending."

*5 Direct messaging is a Twitter function allowing posters to exchange messages in a private venue.

Training Sessions to Enhance Disclosure of Descriptive Information

1. Introduction

The FSA has released a “Collection of Good Examples of Descriptive Information Disclosure” (hereinafter, “Collection”) primarily covering good examples of disclosures of descriptive information concerning management policies, business risks and other hazards, and management discussion and analysis (MD&A) in securities reports.

Meetings of a study group comprising investors, analysts and companies were held to assemble these good examples. The study group had investors and analysts present their views on appropriate disclosure and actual examples of the same, and heard from companies on creative approaches to preparing disclosure documents and the challenging aspects of putting these approaches into practice, after which they compiled the Collection on the basis of these discussions.

2. Details of Collection

The Collection contains laudable examples of disclosures of descriptive information (non-financial information) on management policies, business and other risks, MD&A and other governance information (executive compensation and cross-shareholdings) as well as an auditing status in securities reports, and the latest update was made in December 2019.

With some members pointing to the huge divergence between what investors consider good disclosure of cross-shareholdings and what information is currently being disclosed, a summary of the key disclosure items expected by investors on cross-shareholdings, as indicated in the opinions voiced by the investors/analysts participating in the study group meetings, was presented instead of good examples of disclosure.

3. Training sessions

We would like to see companies refer to the Collection in enhancing their own disclosures, and the FSA will be conducting “Training Sessions to Enhance Disclosures of Descriptive Information” (hereinafter, “Training Sessions”) to help companies better understand this issue and improve their disclosures of descriptive information.

These Training Sessions will be primarily held for listed companies, and interested parties may apply to participate on the FSA’s website.

The Training Sessions will focus on practical issues and will explain the key points for enhancing disclosures of descriptive information.

Please check the FSA website for details about the Training Sessions, application procedures, etc.

The number of participant companies will be limited, but we warmly welcome applications from all interested parties.

(FSA website)

URL: <https://www.fsa.go.jp/news/r1/singi/20200117.html>

(Available in Japanese)

QR Code:



① Training Sessions to Enhance Disclosure of Descriptive Information

1. Participants

- Companies interested in enhancing their disclosures of descriptive information and looking for methods to do so

2. Training approaches

- Have companies share the difficulties confronting them when they try to enhance the disclosure of descriptive information and offer comments with a focus on these difficulties, etc.
- Primarily cover descriptive information such as management strategies, business risks and other hazards, MD&A and other inclusions in securities reports

3. Dates/times and venues

- Date/time: 1st: Friday, February 21, 15:00-17:00
 2nd: Wednesday, February 26, 15:00-17:00
 3rd: Tuesday, March 3, 15:00-17:00
 4th: Thursday, March 5, 15:00-17:00
 5th: Tuesday, March 10, 15:00-17:00

(20 or so companies are expected to participate in each session)

Venues: Tokyo and provincial cities

(The need to hold sessions in provincial cities will be determined by the numbers of applications received)

“Annual Report” Published (Administrative Year 2018 Edition)

The FSA is striving to ensure the stability of Japan’s financial system, protection of depositors, insurance policyholders, and securities investors, and pursue transparent and fair administration in fulfilling its mission of facilitating finance.

The Annual Report presents an overview of the FSA’s efforts every administrative year to help the Japanese public better understand these efforts, and we are pleased to announce that “Annual Report (Administrative Year 2018 Edition)”^{*1} was recently published.

The Annual Report utilizes extensive materials and data to offer a comprehensive record of financial administration, and we very much hope you will find it useful. The document (in Japanese) can be viewed at “[白書・年次報告書](#)” under “[お知らせ・広報](#)” at the FSA website.

Major Items Added in Administrative Year 2018

- Other measures pertaining to financial/capital markets, etc.
 - Pursuing the Tokyo International Financial Center concept
- Coping with IT advances, etc.
 - Financial digitalization strategy
 - Fintech Innovation Hub
 - Adapting to project-style “Regulatory Sandbox System”
- FSA efforts in policies to promote government acceptance of foreign personnel and help realize an inclusive society
- Dealing with earthquakes and other natural disasters
 - Coping with the torrential rains of July 2018
- Initiatives to improve the quality of financial intermediary functions
 - “Visualization” of financial intermediary efforts and “exploratory dialogue”
- Investment management business
 - Increasing the sophistication of the investment management business
- Quality assessment of monitoring by outside experts

In addition to this, the FSA has published “JFSA’s Initiatives for User Oriented Financial Services in a New Era - Financial Services Policy: Assessments and Strategic Priorities 2019”^{*2} to define the aims of financial administration, stipulate the financial administration policies that will be adopted to achieve these aims, assess the FSA’s progress and track record, and analyze the status quo to identify any issues. Please take a look at this as well.

^{*1} December 20, 2019 announcement: ““The Year at FSA’ (Administrative Year 2018 Edition) Published” (<https://www.fsa.go.jp/common/paper/30/index.html>) (Available in Japanese)

^{*2} “JFSA’s Initiatives for User Oriented Financial Services in a New Era - Financial Services Policy: Assessments and Strategic Priorities 2019” was published on August 28, 2019. (<https://www.fsa.go.jp/en/news/2019/20190828.html>)



JFSA's Major Activities in January (January 6 to January 31, 2020)



- [Guidebook for Registration of Investment Management Business and Other Financial Instruments Businesses \(January 10, 2020\)](#)
- [The FSA published new materials and minutes of The Council of Experts on the Stewardship Code \(January 20, 2020\)](#)
- [FSA publishes GLOPAC Newsletter vol.14 \(January 23, 2020\)](#)
- [Release of videos of "G20 High-level Seminar on Financial Innovation" and "G20/OECD Seminar on Corporate Governance" \(January 28, 2020\)](#)

- FSA Weekly Review
<https://www.fsa.go.jp/en/newsletter/index.html>



- JFSA's official English Twitter account
https://twitter.com/JFSA_en



We are promoting
information
dissemination using
Twitter!

Editorial Postscript

Thank you for reading the February issue of Access FSA.

A report was released by the Financial System Council last December on regulating payment/settlement and financial intermediary services and restructuring securities markets. The Policy Commentary Corner discusses the background and future directions of these important policies.

Drawing people's attention to SNS-based peer-to-peer lending, a policy that garnered significant attention when presented on the FSA's official Twitter page, has also been covered by the media. We hope you will read over the commentary presented by a few of the personnel actually involved in this endeavor.

The FSA has now just begun the second half of its annual cycle (Administrative year) and, as we head toward the finish line, we will be proposing and executing a greater range of policies than ever before, so please keep an eye out for news of these.