

2021 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Jurisdiction
Japan

I1: Hedge funds - Registration, appropriate disclosures and oversight of hedge funds

G20/FSB Recommendations

We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)

Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

I2: Hedge funds - Establishment of international information sharing framework

G20/FSB Recommendations

We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)

Remarks

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's [Report on Hedge Fund Oversight \(Jun 2009\)](#) on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO [Principles Regarding Cross-border Supervisory Cooperation](#).

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Under cooperation agreements such as MOUs and EOLs etc., the FSA cooperates with foreign authorities for supervision of Japanese invest management business operators which manage fund in foreign jurisdictions and foreign invest management business operators which manage fund in Japan. The FSA is a signatory to the IOSCO MMoU since February 2008, and to bilateral supervisory cooperation agreements regarding hedge funds or broader area with various authorities, such as Australia ASIC, Austria FMA, Belgium FSMA, Bulgaria FSC, Cyprus CSEC, Czech Republic CNB, Denmark FSA, Estonia EFSA, Finland FSA, France AMF, Germany BaFin, Greece HCMC, Hong Kong SFC, Hungary MNB, Iceland FME, Indonesia OJK, Ireland CBI, Italy CONSOB, Korea FSS/FSC, Latvia FCMC, Liechtenstein FMA, Lithuania CBRL, Luxembourg CSSF, Malta MFSA, Netherlands AFM, New Zealand FMA, Norway FSA, Poland FSA, Portugal CMVM, Qatar FCA, Romania FSA, Singapore MAS, Slovak Republic NBS, Spain CNMV, Sweden FI, Switzerland FINMA, UK FCA, US CFTC, and US SEC. The FIEA requires registration as an Investment Management Business Operators of any entity who manages CIS regardless of their nature. As a result, managers of hedge funds (HFs) must register with the FSA. Registration requirements are the same as for any other Financial Instrument Business Operators.
Other actions: MOUs, EOLs.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
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Update and next steps: highlight main developments since 2019 survey
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Update and next steps: planned actions (if any) and expected commencement date
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The FSA will continue the efforts.

Relevant web-links: please provide web-links to relevant documents
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"Institutional Frameworks Pertaining to Financial and Capital Markets" http://www.fsa.go.jp/en/news/2010/20100122-3.html
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I3: Hedge funds - Enhancing counterparty risk management

G20/FSB Recommendations

Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)

Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

II4: Securitisation - Strengthening of regulatory and capital framework for monolines

G20/FSB Recommendations

Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

II5: Securitisation -Strengthening supervisory, best practices for investment in structured products

G20/FSB Recommendations

Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)

Remarks

Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products.

Jurisdictions may reference IOSCO's report on [Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments \(Jul 2009\)](#).

Jurisdictions may also refer to the Joint Forum report on [Credit Risk Transfer- Developments from 2005-2007 \(Jul 2008\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.06.2009
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - No
Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The FSA has inspected invest managers whether they reconfirms their risk management according with the products' complexity and variety. The FSA/BOJ/SESC (Securities and Exchange Surveillance Commission) are gathering relevant information regarding the risk management of financial institutions through their on-site inspection/examination and off-site monitoring. The FSA revised Supervisory Guidelines for Banks and Insurance companies to add viewpoints on the risk management for investment in securitized products.
Other actions: Supervisory Guidelines for Banks and Insurance companies
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
The FSA has already taken various measures to enhance risk management. We will contribute to the development of the discussions through the work stream on Ratings and Securitization in the BCBS and take appropriate measures based on the discussions.
Relevant web-links: please provide web-links to relevant documents

II6: Securitisation - Enhanced disclosure of securitised products

G20/FSB Recommendations

Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)

Remarks

Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.

See, for reference, IOSCO's [Report on Principles for Ongoing Disclosure for Asset-Backed Securities \(Nov 2012\)](#), [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities \(Apr 2010\)](#) and [report on Global Developments in Securitisation Regulations \(November 2012\)](#), in particular recommendations 4 and 5.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.01.2009
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The FSA revised the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. in order to ensure the traceability of underlying assets of securitized products. The "WG on Distributions of Securitized Products" of Japan Securities Dealers Association (JSDA) established and enforced the "Regulations Concerning Distributions, etc. of Securitized Products," which is self-regulation communication of information related to the contents and risks of underlying assets (March 2009).
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
The FSA has already taken various measures regarding this issue and will continue the efforts.
Relevant web-links: please provide web-links to relevant documents

III7: Enhancing supervision - Consistent, consolidated supervision and regulation of SIFIs

G20/FSB Recommendations

All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)

Remarks

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIBs, since these are [monitored separately](#) by the BCBS.

See, for reference, the following documents:

BCBS

- [Framework for G-SIBs \(Jul 2018\)](#)
- [Framework for D-SIBs \(Oct 2012\)](#)

IAIS

- [Holistic Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector \(Nov 2019\)](#)
- [Application Paper on Liquidity Risk Management \(Jun 2020\)](#)
- [Draft Application Paper on Macroprudential Supervision \(Mar 2021\)](#)

FSB

- [Evaluation of the effects of too-big-to-fail reforms \(Mar 2021\)](#)
- [Framework for addressing SIFIs \(Nov 2011\)](#)

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
With regards to Consolidated Solvency Margin Ratio, implementation has been completed as of March 2012. The regulations on capital buffers were published in November 2015 and implemented in March 2016. The methodology for identifying D-SIBs and rules covering higher loss absorbency requirements for D-SIBs was published in November 2015 and implemented in March 2016.
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - No
Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
On January 21, 2010, the FSA published the "Development of Institutional Frameworks Pertaining to Financial and Capital Markets" which includes, 1) Introducing regulation and supervision on a consolidated basis for securities companies, such as those providing large-scale and complex services as an entire group, whose overall operations and risks might be hard to identify under the current non-consolidated-based regulation and supervision, 2) Introducing prudential standards on a consolidated basis for insurance companies. As for 1), the FSA submitted the relevant draft bill to the Diet on March 9, 2010, which was established on May 12 and promulgated on May 19, 2010. The Cabinet Order and Cabinet Office Ordinance were enforced on April 1, 2011. As for 2), the consolidated Solvency Margin Ratio was enforced in March 2012. From the macro-prudential point of view, the FSA has required the major banking groups to conduct bottom-up macrofinancial stress testing with supervisory common scenarios in order to assess the impact on the soundness and stress testing models of those banks. As for G-SIBs, the rules requiring public disclosure of 12 indicators for assessing G-SIBs have been finalised and implemented as of 2014.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
The FSA and BOJ will continue to actively take part in the discussion on addressing systemically important financial institutions at the FSB, the BCBS and etc.
Relevant web-links: please provide web-links to relevant documents
"Development of Institutional Frameworks Pertaining to Financial and Capital Markets" http://www.fsa.go.jp/en/news/2010/20100122-3.html

III8: Enhancing supervision - Establishing supervisory colleges and conducting risk assessments

G20/FSB Recommendations

To establish the remaining supervisory colleges for significant cross-border firms by June 2009.
(London)

We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.

III9: Enhancing supervision - Supervisory exchange of information and coordination

G20/FSB Recommendations

To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)

Enhance the effectiveness of core supervisory colleges. (FSB 2012)

Remarks

Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the [September 2012](#) BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.

Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - No
Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Japan exchanges information, in coordination with other countries, through supervisory colleges. As a FSB report states, Japan demonstrates sufficient strong adherence to cooperation and information exchange standards. (See FSB report: "Global adherence to regulatory and supervisory standards on international cooperation and information exchange") These activities are complemented by other platforms such as bilateral discussions.
Other actions: Supervisory Colleges and other platforms such as bilateral discussions.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
The FSA and BOJ have been taking various measures on this issue and will continue the efforts to strengthen the coordination among authorities at both national and international levels.

Relevant web-links: please provide web-links to relevant documents
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"Global adherence to regulatory and supervisory standards on international cooperation and information exchange" http://www.financialstabilityboard.org/publications/r_111102.pdf

III10: Enhancing supervision - Strengthening resources and effective supervision

G20/FSB Recommendations

We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)

Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)

Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)

Remarks

Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB [thematic peer review report on supervisory frameworks and approaches to SIBs \(May 2015\)](#).

Progress to date:

Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
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Progress to date: please provide a date for your "implementation ongoing" status
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Progress to date: If you have selected "Implementation completed" - please provide date of implementation

July 17, 2018

Progress to date: issue is being addressed through
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Primary / Secondary legislation - No

Regulation / Guidelines - No

Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

Other actions: In November 2017, the FSA published the Strategic Directions and Priorities, which indicate what goals the FSA aims to attain during the period from July 2017 to June 2018. The FSA will review the progress made during the period and publish a summary report in 2018. 2018-2019 Strategic Directions and Priorities will reflect the outcome of the review. The Strategic Directions and Priorities depict the outcome of the "Plan" stage of the FSAs PDCA cycle and the review report of the "Check" stage. The FSA intends to continue transforming itself by repeating the cycle. The FSA has closely exchanged views on a regular basis including by holding monthly opinion sharing meetings between executives of major banks (including G-SIBs and D-SIBs) and senior FSA officials. In addition, through holding supervisory colleges, the FSA shares information on the financial institutions such as their business situations, the points of supervisory attention and outcomes of the on-site monitoring, and discusses it among relevant authorities. These information sharing exercises and discussions enable the FSA to grasp and review the sustainability of business models of their foreign subsidiaries/branches and capabilities to comply local regulations. The FSA has dialogues with the financial institutions based on the findings from the above efforts and encourage them to enhance their risk management. Moreover, the FSA discusses the business situations and plans with the financial institutions based on the data submitted by them. The supervisory guidelines of the FSA clarify the points of supervisory attention to comply the BCBS Principles for Risk Data Aggregation and Risk Reporting and the FSA encourages G-SIBs and D-SIBs to improve the IT infrastructure and data governance. The FSA also monitors their initiatives including the operations of the IT infrastructure and data governance. Moreover, in the supervisory guidelines, the FSA requires that the recovery plans of G-SIBs and other systemically important financial institutions should include the information related to the MIS such as the list of necessary data to develop the recovery plans themselves. The FSA is considering whether its policies achieve the expected role appropriately. The FSA published "JFSAs supervisory approaches RReplacing checklists with engagements R" on June 2018 in order to realize a new supervisory approaches of "substance", "forward-looking" and "holistic view". The main points in the report are: (i) striking the right balance between rule-based and principle-based supervision; (ii) promoting financial institutions to pursue best practices; (iii) encouraging financial institutions to provide more information on their initiatives to consumers; (iv) shifting from static regulation to dynamic supervision; and (v) developing good governance that is open to suggestions and criticisms from outsiders. Against this backdrop, the FSA is reviewing the basic process of financial administration including authorizing licenses, various interviews with financial institutions and data requests, while taking into consideration their burdens. The FSA is improving its administrative process with a view to ensuring the transparency, promptness, effectiveness and accountability. In particular, the FSA intends to avoid duplication of its monitoring process as much as possible, while enhancing cooperation among related divisions. Also, the FSA annually reviews the content of data requests to financial institutions and modifies them as necessary. The FSA is considering an appropriate performance review mechanism that acknowledges staff members who take initiatives in meeting challenges. Moreover, the FSA has been seconded its staff members as trainees to domestic SMEs and to the headquarters of global financial institutions so that they can broaden their perspectives and to acquire specialized skills. In addition, the FSA is trying to improve the skills of its staffs by implementing various training programs and recruiting more experts from the private sector including financial institutions. As for the organizational structure of the FSA, the FSA reorganized itself on July 17, 2018 to better address its new challenges and tasks. The major objectives of this organizational reform are:

- to enhance our strategy development with holistic perspectives across financial services and to upgrade our professional expertise ;
- to response timely to the changing environment surrounding financial markets and to develop regulatory framework in line with IT and other innovations ; and
- to conduct more effective and efficient monitoring through seamless off-site and on-site monitoring .

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents

https://www.fsa.go.jp/en/wp/wp_revised.html

<https://www.fsa.go.jp/en/news/2018/20180710.html>

IV11: Macroprudential frameworks and tools - Establishing oversight regulatory framework

G20/FSB Recommendations

Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk. (London)

Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)

Remarks

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.

Progress to date:

Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
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Progress to date: please provide a date for your "implementation ongoing" status
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Progress to date: If you have selected "Implementation completed" - please provide date of implementation

Progress to date: issue is being addressed through
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Primary / Secondary legislation - No

Regulation / Guidelines - No

Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

In Japan, each authority has power and tools for macroprudential policy. Authorities exchange ideas through communication at various levels, and implement necessary policies in order to mitigate risks of the financial sector. The FSA in cooperation with the BOJ, hosted supervisory colleges for important financial institutions to enable authorities to collect relevant information. Please refer to the reply in 12 as well. The FSA established the "Office of Macroprudential Policy" in 2015 to carry out macroprudential monitoring, cooperating with the Supervisory Bureau and Inspection Bureau. A meeting to exchange information on international financial and capital markets, which consists of the Commissioner and Vice Minister for International Affairs from the FSA, the Vice Minister of Finance for International Affairs and Deputy Minister for Policy Planning and Co-ordination from the MOF, and an Assistant Governor from the BOJ has been held on a monthly basis since March 2016. This meeting is held so that the authorities can enhance further cooperation among them and take appropriate actions as necessary based on the development of the financial markets. In sum, this meeting plays an important role in inter-agency coordination on macroprudential policy. In addition, Japan launched the Council for Cooperation on Financial Stability, which consists of senior officials including the commissioner of the FSA and a deputy governor of the BOJ, in June 2014 as an inter-agency framework for macroprudential policy and various issues. The Council holds meetings about once every half year with the aim of sharing information and opinions on recent conditions related to financial system and financial markets between the FSA and the BOJ. This Council also contributes a lot to coordination on macroprudential policy between them. Recent meetings took place in July 2016 and January 2017. Besides these meetings, the FSA and the BOJ share information on a wide range of issues and at various levels, including the following examples.

(1) FSA and BOJ regularly exchange information to adjust the schedules and the lists of the financial institutions they intend to visit, in advance of the inspections/examinations. Additionally, when a request has been made from the Commissioner of the Financial Services Agency, the BOJ may submit the documents describing the results of the on-site examinations and other related materials to the Commissioner or have officials of the Financial Services Agency inspect them (Article 44 of the Bank of Japan Act).

(2) On a regular basis, FSA and BOJ make contacts through a variety of channels, including frequent/informal visits, calls and e-mails at division chief/director levels.

As of April 2017, the FSA amended the Comprehensive Guidelines for Supervision of Major Banks, regarding Basel III Countercyclical Capital Buffer rules. The amendments aim to clarify operational framework of the Countercyclical Capital Buffer, including the FSA and BOJs coordination. The Council for Cooperation on Financial Stability has discussed the necessity for and the level of setting of the Countercyclical Capital Buffer quarterly.

Other actions: Supervisory College etc.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

The FSA will continue to identify risks to the overall financial system promptly and properly through such measures as strengthening its supervisory systems and deepening cooperation with the BOJ and foreign authorities, while considering the lessons from the global financial crisis and development in other countries. The BOJ also strives to identify risks of the overall financial system promptly and properly through on-site examinations and off-site monitoring. The FSA, in cooperation with the BOJ, will continue to host supervisory college.

Relevant web-links: please provide web-links to relevant documents

IV13: Macroprudential frameworks and tools - Enhancing monitoring and use of macroprudential instruments

G20/FSB Recommendations

Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level. (Rec. 3.1, FSF 2009)

We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)

Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)

Remarks

Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.

Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on [Macroprudential policy tools and frameworks \(Oct 2011\)](#)
- CGFS report on [Operationalising the selection and application of macroprudential instruments \(Dec 2012\)](#)
- IMF staff papers on [Macroprudential policy, an organizing framework \(Mar 2011\)](#), [Key Aspects of Macroprudential policy \(Jun 2013\)](#), and [Staff Guidance on Macroprudential Policy \(Dec 2014\)](#)
- IMF-FSB-BIS paper on [Elements of Effective Macroprudential Policies: Lessons from International Experience \(Aug 2016\)](#)
- CGFS report on [Experiences with the ex ante appraisal of macroprudential instruments \(Jul 2016\)](#)
- CGFS report on [Objective-setting and communication of macroprudential policies \(Nov 2016\)](#)
- IMF [Macroprudential Policy Survey database](#)

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation

Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - No Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The FSA is designated to stabilize the financial system, and it not only supervises each financial institution but also takes various measures such as strengthening its supervisory systems in order to identify risks of the overall financial system. From the macro-prudential point of view, the FSA has required the major banking groups to conduct bottom-up macrofinancial stress testing with supervisory common scenarios in order to assess the impact on the soundness and stress testing models of those banks. The FSA and the BOJ have been contributing to FSB workstream on securities lending/repo transactions. The BOJ reviews the development of indicators such as asset prices and credit aggregates in the semi-annual Financial System Report. The BOJ is also developing indicators and publishes those in the Reports. In addition, the BOJ released a report on "The Bank of Japan's Initiatives on the Macroprudential Front" that stipulated various measures taken by the Bank to enhance macroprudential monitoring in October 2011. As of April 2017, the FSA amended the Comprehensive Guidelines for Supervision of Major Banks, regarding Basel III Countercyclical Capital Buffer rules. The amendments aim to clarify operational framework of the Countercyclical Capital Buffer, including the FSA and BOJs coordination. The Council for Cooperation on Financial Stability has discussed the necessity for and the level of setting of the Countercyclical Capital Buffer quarterly. Other actions: Supervisory College etc.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
The FSA and BOJ will continue to monitor quantitative indicators on leverage. The FSA and BOJ will continue to take part in the discussion on the regulatory framework and details at the BCBS, etc. actively. The FSA and BOJ will continue to monitor the development of indicators such as asset prices and credit aggregates and their impacts on the macro economy and the financial system. The FSA and BOJ will continue to identify risks in the overall financial system promptly and properly, while considering the lessons learnt from the current global financial crisis and development in other countries.
Relevant web-links: please provide web-links to relevant documents

V13: Improving credit rating agencies (CRAs) oversight- Enhancing regulation and supervision of CRAs

G20/FSB Recommendations

All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)

National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.

CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.

The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)

Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)

We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.

V14: Improving credit rating agencies (CRAs) oversight - Reducing the reliance on ratings

G20/FSB Recommendations

We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)

Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)

We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)

We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)

We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)

Remarks

Jurisdictions should indicate the steps they are taking to address the recommendations of the [May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings](#), including by implementing their [agreed action plans](#). Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.

Jurisdictions may refer to the following documents:

- FSB [Principles for Reducing Reliance on CRA Ratings \(Oct 2010\)](#)
- FSB [Roadmap for Reducing Reliance on CRA Ratings \(Nov 2012\)](#)
- BCBS [Basel III: Finalising post-crisis reforms \(Dec 2017\)](#)
- IAIS [ICP guidance](#) 16.9 and 17.8.25
- IOSCO [Good Practices on Reducing Reliance on CRAs in Asset Management \(Jun 2015\)](#)
- IOSCO [Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings \(Dec 2015\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.11.2011

Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Japanese authorities have taken measures to reduce reliance on CRA ratings in advance of the publishing of the FSB principles as follows. - The FSA has revised the supervisory guidelines and inspection manuals on Nov 2011. Provisions were added to check whether the systems to reduce excessive reliance on external ratings are developed with regard the investment in securities products, - The FSA amended the Cabinet Office Ordinance as below: 1) Deleted the following requirement for the eligibility to use the bond issuance registration system: acquisition of single- A or higher ratings from two different designated ratings agencies: and 2) Reviewed a statement regarding credit ratings on the format of the Securities Registration Statement. 1) became effective on April 2010 and 2) did on October 2010. - The BOJ conducts its own internal assessments to judge the eligibility of assets such as corporate bonds, both for collateral and asset purchasing long before the FSB Principles were issued. The policy Board of the BOJ decides the basic eligibility criteria as stipulated in Article 15 of the Bank of Japan Act so the BOJ can solely alter the way how to utilize CRA ratings.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
The FSA and the BOJ will continue monitoring the appropriateness of each financial institution's risk management process and its operation in place, such as the internal credit assessment process. In addition the FSA and the BOJ will actively participate in the international discussions and review domestic actions according to the discussions.
Relevant web-links: please provide web-links to relevant documents

VI15: Enhancing accounting standards - Consistent application of high-quality accounting standards

G20/FSB Recommendations

Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)

Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: <https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/>.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of recognition, fair value measurement and disclosure requirements.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- [*Supervisory guidance for assessing banks' financial instrument fair value practices \(Apr 2009\)*](#)
- [*Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)*](#)
- [*Regulatory treatment of accounting provisions - interim approach and transitional arrangements \(March 2017\)*](#)

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.03.2010
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
1. IFRS is adopted by the Commissioner of the FSA through a formal process of endorsement that is prescribed by the Cabinet Office Ordinance on Terminology, Forms and Preparations Method s of Consolidated Financial Statements. 2. Voluntary application of IFRS by certain companies started for business years ending on or after 31 March 2010. On 28 October 2013, the FSA amended the Cabinet Office Ordinance in order to relax requirements for voluntary application of IFRS. (note) On 15 April 2015, the FSA published "IFRS Adoption Report," which shows how companies that have voluntarily adopted IFRS overcame any challenges they faced during their transition to IFRS, as well as the advantages brought about by their shift to IFRS. 3. J-GAAP is also identified in the same ordinance (the Ordinance on Terminology, Forms and Preparations Method s of Consolidated Financial Statements). Considering that J-GAAP is acknowledged as a set of high quality accounting standards having converged with IFRS substantially, the European Commission assessed J-GAAP as equivalent with IFRS based on the EC Directive No. 1569/2007 on December 12, 2008. 4. The FSA has the system to review financial statements of listed companies prepared under both IFRS and J-GAAP to ensure consistent application of them. Other actions: - IFRS (International Financial Reporting Standards) - J-GAAP (Japanese Generally Accepted Accounting Principles) developed by ASBJ (Accounting Standards Board of Japan)
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
To build up more examples of voluntary application of IFRS. The ASBJ will examine whether J-GAAP should be revised in line with the new accounting requirements for the measurement of expected credit losses on financial assets that were introduced by the IASB and FASB.
Relevant web-links: please provide web-links to relevant documents

VII16: Enhancing risk management - Enhancing guidance to strengthen banks' risk management practice

G20/FSB Recommendations

Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)

National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)

Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)

We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)

Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks' risk management practices, including BCBS good practice documents ([Corporate governance principles for banks](#), [External audit of banks](#), and the [Internal audit function in banks](#));
- measures to monitor and ensure banks' implementation of the BCBS [Principles for Sound Liquidity Risk Management and Supervision \(Sep 2008\)](#);
- measures to supervise banks' operations in foreign currency funding markets;¹ and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are [monitored separately by the BCBS](#).

¹ Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.08.2008

Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
In the Guidelines for Supervision the FSA clarified that some points, including the following, would be within the scope of supervisory reviews in order to ensure sound risk management in financial institutions(August 2008). 1) Proactive management of risks by the management team and establishment of systems that enable quick decisions from the viewpoint of the group's overall portfolio. 2) Use of various risk management approaches, including stress tests, to complement statistical risk measure approaches 3)Valuation of financial products, including securitized products, as objective as possible 4) Appropriate understanding of the nature of financial products, including securitized products, for example, avoiding excessive dependence on external ratings 5) Proper management of market liquidity risk related to investment in financial products including securitized products 6) Study on risks, including the pipeline risk in originating securitized products 7) Appropriate counterparty risk management regarding transactions involving derivatives etc. The FSA has been encouraging the efforts of financial institutions to make risk management more sophisticated, following the revision of the Guidelines for Supervision. The FSA and BOJ have been examining the liquidity risk management conducted by each financial institution based on the Guidelines for Supervision, Financial Inspection Manuals, and Strategic Directions and Priorities. In addition, the FSA has taken supervisory actions, including the issuance of a business improvement order. In June 2009, the BOJ released a paper on liquidity risk management in order to promote stronger risk management in financial institutions. In July 2010, the BOJ released a paper on important check points regarding the liquidity risk management of financial institutions so that they can enhance their crisis management ability. In September 2014, the FSA published "Key matters in examining Liquidity Risk Management at Large Complex Financial Groups" to clarify matters to be ensured by large complex financial groups. As for Principles for effective risk data aggregation and risk reporting (January 2013), the FSA and BOJ have been reviewing banks' efforts to comply with the Principles through regular supervisory monitoring as well as regular on-site inspection. In 2014, the FSA published the revised Comprehensive Guidelines for Supervision of Major Banks to integrate the Principles in a comprehensive manner. The FSA utilizes stress tests as one of the supervisory tools to hold dialogue with financial institutions globally expanding their business in order to encourage them to realize: i) forward-looking management and business strategy development related to both revenue and risk, and ii) feasible risk governance for reviewing business strategies as a flexible response to changes in domestic and global economic and market environments, using multiple scenarios such as baseline and stress scenarios based on analysis of potential risks in the financial system.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
The FSA has already taken various measures to enhance risk management. The FSA and the BOJ will continue to contribute to the international discussion at the BCBS & etc, and make reviews to strengthen banks' risk management, their internal management, and disclosure. The FSA and BOJ will continue to examine the liquidity risk management conducted by each financial institution based on the "Guidelines for Supervision, Financial Inspection Manuals, and Strategic Directions and Priorities" and "Liquidity Risk Management in Financial Institutions Following the Global Financial Crisis" properly. The FSA decided the following schedule to apply liquidity standards under Basel III.
Relevant web-links: please provide web-links to relevant documents
http://www.fsa.go.jp/en/news/2014/20140912-1.html

VII17: Enhancing risk management - Enhanced risk disclosures by financial institutions

G20/FSB Recommendations

Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)

We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)

Remarks

Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on [Enhancing the Risk Disclosures of Banks](#) and [Implementation Progress Report by the EDTF \(Dec 2015\)](#), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the [Impact of Expected Credit Loss Approaches on Bank Risk Disclosures \(Nov 2015\)](#), as well as the recommendations in Principle 8 of the BCBS [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#).

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is [monitored separately](#) by the BCBS.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.04.2011
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
J-GAAP is substantially converged with IFRS and for appropriate implementation, ASBJ publishes Implementation Guidelines. For example, the ASBJ published the Guideline No.19 on 10 March 2008, which reflects the concept of the IFRS 7. The FSA revised each Supervisory Guideline for Bank, Financial Instruments Business Operators, etc. by April 2011 and continues to request, according to international best practices, the proactive disclosure of exposure related to sectors of the particular market interest. It leads to the necessary disclosure in each financial institution based on international discussion.

Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
The FSA has already taken various measures on this issue and will continue to strive to strengthen risk disclosure of financial institutions.
Relevant web-links: please provide web-links to relevant documents

VIII18: Strengthening deposit insurance - Strengthening of national deposit insurance arrangements

G20/FSB Recommendations

National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)

Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI [Core Principles for Effective Deposit Insurance Systems](#) (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI's 2016 [Handbook](#)) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - No
Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Japan has an explicit deposit insurance system based on the Deposit Insurance Act(DIA). Since the June 2013 revisions to the DIA, there haven't been any design changes in Japan's deposit insurance system.. All financial institutions whose headquarters in Japan, such as banks and credit unions, are obliged to join the System. If a financial institution fails, the deposits for payment and settlement are fully protected. Regarding other ordinary deposits (e.g., saving deposits), the principals of ten million yen at maximum per depositor and the interest at the time of the failure are protected. In the FSB's thematic peer review report on deposit insurance systems in February 2012, Japan, was broadly consistent with "Core Principles for Effective Deposit Insurance Systems". Although a self-assessment of compliance with the 2014 IADI Core Principles has not been performed yet, the Deposit Insurance Corporation of Japan (DICJ) undergoes regular audits by the Board of Audit, as well as carries out assessments of operating performance. Therefore, the DICJ has no specific plan to perform a self-assessment of compliance with the revised Core Principles at this moment.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Japan has already taken measures on the deposit insurance systems and will continue to ensure the sound deposit insurance system.
Relevant web-links: please provide web-links to relevant documents
"Thematic Review on Deposit Insurance Systems Peer Review Report (Feb 2012)" http://www.financialstabilityboard.org/publications/r_120208.pdf

IX19: Safeguarding financial markets integrity and efficiency - Enhancing integrity and efficiency

G20/FSB Recommendations

We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)

Remarks

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- in relation to dark liquidity, as set out in the IOSCO [Report on Principles for Dark Liquidity \(May 2011\)](#).
- on the impact of technological change in the IOSCO [Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency \(Oct 2011\)](#).
- on market structure made in the IOSCO Report on [Regulatory issues raised by changes in market structure \(Dec 2013\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - No
Other actions (such as supervisory actions) - No
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
In Japan, the stock exchanges has been supervised under the Financial Instruments and Exchange Act which requires them to achieve fair and smooth sales and protection of investors. According to this requirements, the stock exchanges in Japan have already developed price limits, circuit breaker, etc. to prevent radical price fluctuation. Moreover, market participants are required to develop appropriate order management systems. In addition, transparency of PTS trading is ensured through adequate reporting requirement regarding information on orders, trading volume, etc..
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Through the daily supervision and market surveillance, the FSA conducts analysis on market trends such as the new form of transaction. The FSA will continue such measures. Moreover, the Cabinet Office Order to Amend the Cabinet Office Order on Financial Instruments Business was promulgated to improve transparency in dark pool trading on June 19, 2020, and will come into force in September 1, 2021.
Relevant web-links: please provide web-links to relevant documents

IX20: Safeguarding financial markets integrity and efficiency - Regulation of commodity markets

G20/FSB Recommendations

We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)

We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)

Remarks

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on [Principles for the Regulation and Supervision of Commodity Derivatives Markets \(Sep 2011\)](#).

Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the [update to the survey](#) published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - No
Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Japan has already taken measures on this issue and will continue to enhance market transparency in commodity markets.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Japan has already taken measures on this issue and will continue to enhance market transparency in commodity markets.
Relevant web-links: please provide web-links to relevant documents

IX21: Safeguarding financial markets integrity and efficiency - Reform of financial benchmarks

G20/FSB Recommendations

We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)

Collection of information on this recommendation will continue to be deferred given the ongoing reporting of progress in this area by the FSB Official Sector Steering Group, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.

X22: Enhancing financial consumer protection - Enhancing financial consumer protection

G20/FSB Recommendations

We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)

Remarks

Jurisdictions should describe progress toward implementation of the OECD's [G-20 high-level principles on financial consumer protection \(Oct 2011\)](#).

Jurisdictions may refer to OECD's [September 2013 and September 2014 reports](#) on effective approaches to support the implementation of the High-level Principles, as well as the [G20/OECD Policy Guidance on Financial Consumer Protection in the Digital Age](#), which provides additional effective approaches for operating in a digital environment. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation. In the case of private pensions, additional guidance can be found in the [Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pension Systems](#).

Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - No
Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
FSA, MOF and BOJ have been contributing to the discussion on financial consumer protection at OECD (CMF and its Task Force on Financial Consumer Protection). The FSA has already taken various measures for financial consumer protection, which is stipulated by law as one of three major objectives of the FSA: to ensure protection of depositors, insurance policyholders, securities investors, etc.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
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Japan will continue to participate in the discussions of the OECD task force on financial consumer protection, which works to develop effective approaches to support the implementation of the High Level Principles on Consumer Protection endorsed in Cannes.
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Relevant web-links: please provide web-links to relevant documents
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List of abbreviations used

List of abbreviations used
