

Jurisdiction: Japan

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# 2014 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>I. Refining the regulatory perimeter</b>					
1 (1)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking <sup>1</sup>	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : <b>Issue is being addressed through :</b> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <b>Status of progress :</b> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: September 2015 <input type="checkbox"/> Reform effective (completed) as of: <b>Short description of the content of the legislation/ regulation/guideline:</b> Based	<b>Planned actions (if any):</b> The FSA has already taken various measures on this issue, and continues to actively participate in the international discussion, including discussion on shadow banking in the FSB and IOSCO. The FSA will consider taking appropriate measures while watching the regulatory situation in other countries and reviewing the economic environment in Japan. The BOJ strives to identify and analyse the overall financial system and enhance the good practices through on-site examinations, off-site monitoring and the semi-annual Financial System Report. Japan will participate proactively in international discussion on shadow banking in the FSB and IOSCO. The FSA will monitor concentration of risk and spillover paths in the entire financial system.  <b>Expected commencement date:</b>
(1)		We agree to strengthen the regulation and oversight of the shadow banking system. <sup>2</sup> (Cannes)	Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: <a href="#">Shadow Banking: Strengthening Oversight and Regulation.</a>		

<sup>1</sup> Some authorities or market participants prefer to use other terms such as “market-based financing” instead of “shadow banking”. The use of the term “shadow banking” is not intended to cast a pejorative tone on this system of credit intermediation. However, the FSB is using the term “shadow banking” as this is the most commonly employed and, in particular, has been used in the earlier G20 communications.

<sup>2</sup> This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				<p>on the international discussion, the FSA has been conducting necessary reviews of regulations. On January 21, 2010, the FSA published the “Development of Institutional Frameworks Pertaining to Financial and Capital Markets” which includes policy approaches on OTC derivatives, hedge funds and securities companies on a consolidated basis, based on international discussions such as the G20, etc. The FSA submitted the relevant draft bill to the Diet on March 9, 2010, which was established in May 12 and promulgated in May 19, 2010. As for the obligatory use of ETP (Electronic Trading Platforms), the FSA submitted the relevant draft bill to the Diet on March 9, 2012, which was established on Sept. 6 and promulgated on Sept. 12, 2012. The Act, Cabinet Order and Cabinet Office Ordinance relating to regulations on hedge funds and securities companies on a consolidated basis were enforced on April 1 2011. The regulation on OTC derivatives stipulated by the above Act of 2010 was enforced on Nov. 1 2012 except the reporting obligation, which was enforced on April 1 2013. The regulation on OTC derivatives stipulated by the above Act of 2012 is scheduled to</p>	<p><b>Web-links to relevant documents:</b></p>

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				<p>be enforced by Sept. 2015. Japan participates proactively in international discussion on shadow banking in the FSB and IOSCO.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	

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<b>II. Hedge funds</b>					
2 (2)	Registration, appropriate disclosures and oversight of hedge funds	<p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)</p> <p>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)</p>	<p>Jurisdictions should state whether Hedge Funds(HFs) are domiciled locally and, if available, indicate the size of the industry in terms of Assets Under Management (AUM) and number of HFs. Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO’s <a href="#">Report on Hedge Fund Oversight (Jun 2009)</a>.</p> <p>In particular, jurisdictions should specify whether:</p> <ul style="list-style-type: none"> <li>- HFs and/or HF managers are subject to mandatory registration</li> <li>- Registered HF managers are subject to appropriate ongoing requirements regarding: <ul style="list-style-type: none"> <li>• Organisational and operational standards;</li> <li>• Conflicts of interest and other conduct of business rules;</li> <li>• Disclosure to investors; and</li> <li>• Prudential regulation.</li> </ul> </li> </ul>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input checked="" type="checkbox"/> Regulation / Guidelines</li> <li><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</li> </ul> <p><b>Status of progress :</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Draft in preparation, expected publication by:</li> <li><input type="checkbox"/> Draft published as of:</li> <li><input type="checkbox"/> Final rule or legislation approved and will come into force on:</li> <li><input checked="" type="checkbox"/> Reform effective (completed) as of: April 2011</li> </ul> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> In relation to managers who use the same style of investment management as hedge funds, they are now subject to registration as discretionary investment managers and investment trust managers</p>	<p><b>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</b></p> <p><b>Planned actions (if any):</b> The FSA has already taken various measures on this issue, and continues to participate in the international discussion actively and consider taking appropriate measures watching the regulatory situation in other countries and reviewing the economic environment in Japan.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

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				<p>under the Financial Instruments and Exchange Act. On January 21, 2010, the FSA published the “Development of Institutional Frameworks Pertaining to Financial and Capital Markets”, which includes measures to expand coverage of registration to some types of foreign investment entrustments, including foreign hedge funds, which were out of the scope of the Financial Instruments and Exchange Act. The Cabinet Order and Cabinet Office Ordinance which specify the details were enforced on April 1 2011. On March 4, 2010, the FSA revised, enforced and applied the Guidelines for Supervision which included measures to expand operators and items for the fund monitoring survey, leading to strengthening collection of fundamental information on various funds. The FSA has conducted the survey once a year since September, 2010. HF managers are subject to following requirements prescribed in FIEA;</p> <ul style="list-style-type: none"> <li>• requirements to have stated capital of 50,000,000yen or more and net assets of 50,000,000yen or more, establish board of directors meetings, have a personnel structure sufficient for appropriately operating businesses, and be juridical</li> </ul>	

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				<p>person.</p> <ul style="list-style-type: none"> <li>• prohibition of acts that result in insufficient protection of investors, harm the fairness of transactions or cause a loss of confidence in Financial Instruments Business, and may not conduct a transaction between investment properties.</li> <li>• requirement to disclose funds management status, etc. in investment report.</li> </ul> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b>            Institutional Frameworks Pertaining to Financial and Capital Markets"  <a href="http://www.fsa.go.jp/en/news/2010/20100122-3.html">http://www.fsa.go.jp/en/news/2010/20100122-3.html</a></p>	

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3 (3)	Establishment of international information sharing framework	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)	<p>Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO’s <a href="#">Report on Hedge Fund Oversight (Jun 2009)</a> on sharing information to facilitate the oversight of globally active fund managers.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> <li>- Signatory to the IOSCO MMoU</li> <li>- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO <a href="#">Principles Regarding Cross-border Supervisory Cooperation</a>.</li> </ul> <p>In particular, jurisdictions should indicate those jurisdictions where an MoU is in place that provides for oversight when a hedge fund is located in one of these jurisdictions and manager is located elsewhere.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: MoUs, EoLs</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: N.A.</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> 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</p>	<p><b>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</b></p> <p><b>Planned actions (if any):</b> The FSA will continue the efforts.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>



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				<p>jurisdictions and foreign invest management business operators which manage fund in Japan.</p> <p>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, Ireland CBI, Italy CONSOB, Latvia FCMC, Liechtenstein FMA, Lithuania CBRL, Luxembourg CSSF, Malta MFSA, Netherlands AFM, New Zealand FMA, Norway FSA, Poland FSA, Portugal CMVM, Romania FSA, Singapore MAS, Slovak Republic NBS, Spain CNMV, Sweden FI, Switzerland FINMA, UK FCA, US CFTC, and US SEC.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b> Institutional Frameworks Pertaining to Financial and Capital Markets"</p>	

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				<a href="http://www.fsa.go.jp/en/news/2010/20100122-3.html">http://www.fsa.go.jp/en/news/2010/20100122-3.html</a>	

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4 (4)	Enhancing counterparty risk management	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)	<p>Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.</p> <p>In particular, jurisdictions should indicate whether they have implemented the Basel III rules for credit exposures to highly leveraged counterparties (para 112 of <a href="#">Basel III (Jun 2011)</a> – see also <a href="#">FAQ no 1b.4 on Basel III counterparty credit risk, Dec 2012</a>), and principle 2.iii of IOSCO <a href="#">Report on Hedge Fund Oversight (Jun 2009)</a>. Jurisdictions should also indicate the steps they are taking to implement the new standards on equity exposures (<a href="#">Capital requirements for banks' equity investments in funds, Dec 2013</a>) by 1 January 2017.</p> <p>For further reference, see also the following documents :</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: March 2012</p>	<p><b>Planned actions (if any):</b> The FSA has already taken various measures on this issue and will continue the efforts.</p> <p>The FSA and BOJ will continue to check the risk management of institutions that have hedge funds as their counterparties through supervision/monitoring and inspection/examinations.</p> <p>The FSA will introduce the new standards on equity exposures in accordance with the BCBS agreement (Capital requirements for banks' equity investments in funds, Dec 2013).</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>
(4)		Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)	<ul style="list-style-type: none"> <li>• BCBS <a href="#">Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999)</a></li> <li>• BCBS <a href="#">Banks' Interactions with Highly Leveraged Institutions (Jan 1999)</a></li> </ul>	<p><b>Short description of the content of the legislation/ regulation/guideline:</b> The FSA revised the Guidelines for Supervision and the Inspection Manual to strengthen banks', Financial Instruments Business Operators' and insurance companies' management of credit risks regarding the counterparties, including</p>	

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				<p>hedge funds.</p> <p>The FSA revised The FSA Administrative Notice on Capital Adequacy Rules in March, 2012. This notice became effective from March 31, 2013, and financial institutions are required to stricter counterparty risk management and capital requirement based on Basel3.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	

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<b>III. Securitisation</b>					
5 (5)	Improving the risk management of securitisation	<p>During 2010, supervisors and regulators will:</p> <ul style="list-style-type: none"> <li>implement IOSCO’s proposals to strengthen practices in securitisation markets. (FSB 2009)</li> </ul> <p>The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London)</p> <p>Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)</p>	<p>Jurisdictions should indicate the progress made in implementing the recommendations contained in:</p> <ul style="list-style-type: none"> <li>IOSCO’s <i>Unregulated Financial Markets and Products (Sep 2009)</i>, including justification for any exemptions to the IOSCO recommendations; and</li> <li>BCBS’s Basel 2.5 standards on exposures to securitisations (Jul 2009), <a href="http://www.bis.org/publ/bcbs157.pdf">http://www.bis.org/publ/bcbs157.pdf</a> and <a href="http://www.bis.org/publ/bcbs158.pdf">http://www.bis.org/publ/bcbs158.pdf</a>.</li> </ul> <p><i>Jurisdictions may also indicate progress in implementing the recommendations of the IOSCO’s <u>Report on Global Developments in Securitisation Regulation (Nov 2012)</u>.</i><sup>3</sup></p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input checked="" type="checkbox"/> Regulation / Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Private sector’s effort</li> </ul> <p><b>Status of progress :</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Draft in preparation, expected publication by:</li> <li><input type="checkbox"/> Draft published as of:</li> <li><input type="checkbox"/> Final rule or legislation approved and will come into force on:</li> <li><input checked="" type="checkbox"/> Reform effective (completed) as of: Jan 2009 and Dec 2011</li> </ul> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> The</p>	<p><b>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</b></p> <p><b>Planned actions (if any):</b> The FSA has already taken various measures to strengthen risk management. The FSA and the BOJ will contribute to the development of the discussions through the work stream on Ratings and Securitization in the BCBS and the discussions through the IOSCO, and take appropriate measures based on the discussions.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

<sup>3</sup> Jurisdictions should not provide responses on IOSCO recommendations concerning the alignment incentives associated with securitisation (including risk retention requirements) since these will be covered by an IOSCO peer review in 2014.

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				<p>FSA revised the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. in order to ensure the traceability of original assets of securitized products (April 2008). The FSA clarified in the Guidelines for Supervision that some points, including the following, would be within the scope of supervisory reviews in order for financial institutions to strengthen the management of market risk and credit risk related to investment in marketable credit products and securitization (August 2008).</p> <p>1) The valuation of financial products, including securitized products, as objective as possible</p> <p>2) An appropriate understanding of the nature of financial products, including securitized products, for example, avoiding excessive dependence on external ratings</p> <p>3) The proper management of market liquidity risk related to investment in financial products including securitized products</p> <p>4) A study on risks including the pipeline risk in originating securitized products</p>	

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				<p>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 communicaiton of information related to the contents and risks of original assets (March 2009). Concerning “Enhancements to the Basel II framework”published by the BCBS in July, 2009, the FSA has publicized the final domestic rules, including measures to strengthen regulation on securitized products, e.g., raising risk-weights on re-securitized products, in May 2011. It has been implemented from the end 2011.</p> <p><b>Highlight main developments since last year’s survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	

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6 (6)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines.</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> <li>• <a href="#">ICP 13</a> – Reinsurance and Other Forms of Risk Transfer;</li> <li>• <a href="#">ICP 15</a> – Investments; and</li> <li>• <a href="#">ICP 17</a> - Capital Adequacy.</li> </ul> <p>Jurisdictions may also refer to:</p> <ul style="list-style-type: none"> <li>• IAIS <a href="#">Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008)</a>.</li> <li>• Joint Forum’s consultative document on <a href="#">Mortgage insurance: market structure, underwriting cycle and policy implications (Feb 2013)</a>.</li> </ul>	<p><input checked="" type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> We do not have “monolines” operating in Japan.</p> <p><input type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Reform effective (completed) as of:</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p><b>Highlight main developments since last year’s survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	<p><b>Planned actions (if any):</b></p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>



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7 (7)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	<p>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 product.</p> <p>Jurisdictions may reference IOSCO's report on <a href="#">Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009)</a>.</p> <p>Jurisdictions may also refer to the Joint Forum report on <a href="#">Credit Risk Transfer-Developments from 2005-2007 (Jul 2008)</a>.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: September 2015</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> On January 21, 2010, the FSA published the “Development of Institutional Frameworks Pertaining to Financial and Capital Markets” which includes,</p> <p>1) Making it possible - for information</p>	<p><b>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</b></p> <p><b>Planned actions (if any):</b> 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.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

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				<p>on OTC derivative transactions to be submitted to the authority from trade repositories and from CCPs, and - for the authority to require that financial institutions submit information directly to it.</p> <p>2) Expanding the items to be reported by hedge fund managers to the authorities, including reports on the risk management related to managed assets.</p> <p>The FSA submitted the relevant draft bill to the Diet on March 9, 2010, which was established in May 12 and promulgated in May 19, 2010. As for the obligatory use of ETP (Electronic Trading Platforms), the FSA submitted the relevant draft bill to the Diet on March 9, 2012, which was established on Sept. 6 and promulgated on Sept. 12, 2012. The bill, Cabinet Order and Cabinet Office Ordinance relating to 2) was enforced on April 1 2011. The regulation relating to 1) stipulated by the above Act of 2010 was enforced on November 1, 2012, which was enforced on April 1 2013. The regulation on OTC derivatives stipulated by the above Act of 2012 is scheduled to be enforced by Sept. 2015. The FSA has inspected invest managers whether they reconfirms their risk management according with the</p>	

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				<p>products' complexity and variety.</p> <p>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 (April 2008) and Insurance companies (June 2009) to add viewpoints on the risk management for investment in securitized products.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b>            "Development of Institutional Frameworks Pertaining to Financial and Capital Markets"  <a href="http://www.fsa.go.jp/en/news/2010/20100122-3.html">http://www.fsa.go.jp/en/news/2010/20100122-3.html</a></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
8 (8)	Enhanced disclosure of securitised products	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)	<p>Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products.</p> <p>See, for reference, IOSCO’s <a href="#">Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012)</a> and IOSCO’s <a href="#">Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010)</a>.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Monitoring</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: January 2009</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> 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.</p>	<p><b>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</b></p> <p><b>Planned actions (if any):</b> The FSA has already taken various measures regarding this issue and will continue the efforts.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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).</p> <p><b>Highlight main developments since last year’s survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>IV. Enhancing supervision</b>					
9 (9)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	<p>Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.<sup>4</sup></p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> <li>• <a href="#">Framework for G-SIBs (Nov 2011)</a></li> <li>• <a href="#">Framework for D-SIBs (Oct 2012)</a></li> <li>• <a href="#">BCP 12 (Sep 2012)</a></li> </ul> <p>IAIS:</p> <ul style="list-style-type: none"> <li>• <a href="#">Global Systemically Important Insurers: Policy Measures (Jul 2013)</a></li> <li>• <a href="#">ICP 23– Group wide supervision</a></li> </ul> <p>FSB:</p> <ul style="list-style-type: none"> <li>• <a href="#">Framework for addressing SIFIs (Nov 2011)</a></li> </ul>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: March 2012</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> On January 21, 2010, the FSA published the “Development of Institutional</p>	<p><b>Planned actions (if any):</b> 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.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

<sup>4</sup> The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Frameworks Pertaining to Financial and Capital Markets” which includes,</p> <p>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,</p> <p>2) Introducing prudential standards on a consolidated basis for insurance companies.</p> <p>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.</p> <p>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</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>stress testing models of those banks.</p> <p>As for recovery and resolution issues, on February 2013, the FSA published a new supervisory guideline, which clarify that the recovery and resolution plans for G-SIBs and, as necessary, other financial institutions that could have an impact on financial stability in the event of its failure should be developed at least annually.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b>            "Development of Institutional Frameworks Pertaining to Financial and Capital Markets"  <a href="http://www.fsa.go.jp/en/news/2010/20100122-3.html">http://www.fsa.go.jp/en/news/2010/20100122-3.html</a></p>	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>10 (10)</p> <p>(10)</p>	<p>Establishing supervisory colleges and conducting risk assessments</p>	<p>To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)</p> <p>We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)</p>	<p>Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Please indicate whether supervisory colleges for all significant cross-border firms (both banks and insurance companies) have been established and whether the supervisory colleges for G-SIFIs are conducting rigorous risk assessments.</p> <p>Principle 13 of BCBS <u>Core Principles for Effective Banking Supervision</u> and <u>Good practice principles on supervisory colleges (Oct 2010)</u> may be used as a guide for supervisor to indicate the implementation progress. For further reference, see the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> <li>• <u>Core Principles for Effective Banking Supervision (Sep 2012)</u></li> </ul> <p>IAIS :</p> <ul style="list-style-type: none"> <li>• <u>ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges</u></li> <li>• <u>Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges</u></li> </ul> <p>IOSCO:</p> <ul style="list-style-type: none"> <li>• <u>Principles Regarding Cross-Border</u></li> </ul>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Establishment of Supervisory Colleges as of October, 2008</p> <p><b>Status of progress :</b></p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: October 2008</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> Japan established supervisory colleges of major financial institutions in 2008. The FSA, in cooperation with the BOJ, held seven colleges in the programe year 2013 (July</p>	<p><b>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</b></p> <p><b>Planned actions (if any):</b> Japan has already held some supervisory colleges and will intend to hold ones on other companies as needed.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
			<p><i>Supervisory Cooperation (May 2010)</i></p>	<p>2013-June 2014) for major financial institutions (Banks, Securities Firm, Insurance Firms), and 21 foreign authorities participated and discussed these institutions' risk. Japan also participates in supervisory colleges of major financial institutions in other jurisdictions. Japan exchanges information on the group structure, consolidated capital/risk, internal transaction and internal management functions of financial institutions through supervisory colleges in order to monitor risk.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>11 (11)</p> <p>(11)</p>	<p>Supervisory exchange of information and coordination</p>	<p>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)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p>	<p>Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the <a href="#">September 2012</a> 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.</p> <p>Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Supervisory Colleges etc.</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: N.A.</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> Japan exchanges information, in coordination with other countries, through supervisory colleges. As a FSB report states, Japan demonstrates sufficient strong adherence</p>	<p><b>Planned actions (if any):</b> The FSA and BOJ have already taken various measures on this issue and will continue the efforts to strengthen the coordination among authorities at both national and international levels.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>to cooperation and information exchange standards. (See FSB report: "Global adherence to regulatory and supervisory standards on international cooperation and information exchange")</p> <p>The FSA showed the draft of the Cross-border Cooperation Agreement (Co-Ag) to the CMG member authorities for the major financial institutions in Japan. This agreement will help facilitate information sharing and cooperation among CMG authorities.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b>            "Global adherence to regulatory and supervisory standards on international cooperation and information exchange"  <a href="http://www.financialstabilityboard.org/publications/r_111102.pdf">http://www.financialstabilityboard.org/publications/r_111102.pdf</a></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (12)	Strengthening resources and effective supervision	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)	No information on this recommendation will be collected in the current IMN survey since a peer review is taking place in this area during 2014.		
(12)		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)			
(12)		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)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>V. Building and implementing macroprudential frameworks and tools</b>					
13 (13)	Establishing regulatory framework for macro-prudential oversight	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 <sup>5</sup> 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)	Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency.  Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : <b>Issue is being addressed through :</b> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Supervisory College etc. <b>Status of progress :</b> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: N.A. <b>Short description of the content of the</b>	<b>Planned actions (if any):</b> 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.  <b>Expected commencement date:</b>  <b>Web-links to relevant documents:</b>

<sup>5</sup> The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p><b>legislation/ regulation/guideline:</b> 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.</p> <p>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 7 and 14 as well.</p> <p><b>Highlight main developments since last year's survey:</b> The Council for Cooperation on Financing Stability, a meeting between JFSA and BOJ to exchange views on the current situation of the financial system and the market was stabilised and the first meeting was held on June 2014.</p> <p><b>Web-links to relevant documents:</b></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>14 (14)</p> <p>(14)</p>	<p>Enhancing system-wide monitoring and the use of macro-prudential instruments</p>	<p>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)</p> <p>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)</p> <p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Please describe at a high level (including by making reference to financial stability or other public reports, where available) the types of systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels. Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the CGFS document on <a href="#">Operationalising the selection and application of macroprudential instruments (Dec 2012)</a>.</p> <p>Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on <a href="#">Macprudential policy tools and frameworks (Oct 2011)</a>, and the IMF staff papers on <a href="#">Macprudential policy, an organizing framework (Mar 2011)</a> and on <a href="#">Key Aspects of Macprudential policy (Jun 2013)</a>.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><b>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</b></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Supervisory College etc.</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: N.A.</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> The FSA is designated to stabilize the financial system, and it not only supervises each financial institution but also takes various measures such as</p>	<p><b>Planned actions (if any):</b> 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. The FSA will introduce capital buffers in accordance with the BCBS agreements.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>strengthening its supervisory systems in order to identify risks of the overall financial system.</p> <p>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.</p> <p>The FSA and the BOJ have been contributing to (i) BCBS-IOSCO-CPSS-CGFS work on margin requirements for OTC derivatives, and (ii) FSB workstream on securities lending/repo transactions.</p> <p>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.</p> <p><b>Highlight main developments since last</b></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				year's survey: See the answer in No.13. Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (15)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	Please describe the institutional framework through which information sharing between supervisors and the central bank takes place, e.g. through internal or inter-agency committee or bilateral MoUs. Please also describe any initiative to remove identified obstacles to enhance cooperation and information sharing.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : <b>Issue is being addressed through :</b> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Supervisory Cooperation <b>Status of progress :</b> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: N.A. <b>Short description of the content of the legislation/ regulation/guideline:</b> In Japan, the FSA is responsible for the integrated financial administration and BOJ is responsible for ensuring smooth settlement of funds among financial	<b>Planned actions (if any):</b> The FSA and BOJ will continue to strengthen their coordination to capture risks in the financial system promptly and accurately.  <b>Expected commencement date:</b>  <b>Web-links to relevant documents:</b>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>institutions, thereby contributing to the maintenance of an orderly financial system. The FSA and BOJ in close coordination take measures to capture risks in the financial system and to support the real economy through maintaining the financial intermediation function.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>VI. Improving oversight of credit rating agencies (CRAs)</b>					
16 (16)	Enhancing regulation and supervision of CRAs	<p>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)</p> <p>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.</p> <p>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.</p> <p>The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)</p> <p>Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)</p> <p>We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)</p>	<p>Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:</p> <ul style="list-style-type: none"> <li>• <a href="#">Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)</a></li> </ul> <p>Jurisdictions may also refer to the following IOSCO documents:</p> <ul style="list-style-type: none"> <li>• Principle 22 of <a href="#">Principles and Objectives of Securities Regulation (Jun 2010)</a> which calls for registration and oversight programs for CRAs</li> <li>• <a href="#">Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003)</a></li> <li>• <a href="#">Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013)</a></li> </ul>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: April 2010</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> The Act to revise the Financial Instruments and Exchange Act, which introduced a registration system for CRAs, was established and promulgated in June</p>	<p><b>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</b></p> <p><b>Planned actions (if any):</b> The FSA and the SESC will continue to properly supervise and inspect CRAs in accordance with the Guidelines for Supervision and the Inspection Manual for CRAs. An effective oversight of cross-border CRAs is being facilitated through continuing bilateral dialogues concerning supervisory cooperation amongst regulators and supervisory colleges. The FSA continues to contribute to discussions at IOSCO and engage in bilateral dialogues.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>
(16)					
(New)					

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>2009, with the aim of ensuring independence and prevention of conflicts of interests of CRAs, quality and fairness of the rating process, and transparency for market participants. The Cabinet Order and Cabinet Office Ordinances were published in December 2009. The ordinances included provisions concerning differentiation of ratings for structured products and disclosures of rating history and material information used in the rating process. The new registration system was enforced on April 1, 2010. On March 31, 2010, the FSA and the SESC established the Guidelines for Supervision and the Inspection Manual for CRAs. They became effective on April 1, 2010. They enabled appropriate inspection and supervision. To secure international consistency in regulations, the FSA has been contributing to discussions at IOSCO and bilateral dialogues.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (17)	Reducing the reliance on ratings	<p>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)</p> <p>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)</p> <p>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)</p> <p>We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that</p>	No information on this recommendation will be collected in the current IMN survey since the report of the second stage of the thematic peer review has been published recently [insert link whenever published].		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
(New)		<p>would enhance transparency of and competition among credit rating agencies. (Los Cabos)</p> <p>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)</p>			



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>VII. Enhancing and aligning accounting standards</b>					
18 (18)	Consistent application of high-quality accounting standards	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)	<p>Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB or are otherwise of a high and internationally acceptable quality, and provide accurate and relevant information on financial performance. They should also explain the system they have for enforcement of consistent application of those standards.</p> <p>Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: <a href="http://www.ifrs.org/Use-around-the-world/Pages/Jurisdiction-profiles.aspx">http://www.ifrs.org/Use-around-the-world/Pages/Jurisdiction-profiles.aspx</a>.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>- IFRS</p> <p>- Japanese Generally Accepted Accounting Principles (J-GAAP) developed by ASBJ (private accounting standard setter in Japan)</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: July 2014</p> <p><b>Short description of the content of the</b></p>	<p><b>Planned actions (if any):</b> To build up more examples of voluntary application of IFRS.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p><b>legislation/ regulation/guideline:</b></p> <p>1. J-GAAP is acknowledged as a set of high quality accounting standards having converged with International Financial Reporting Standards (IFRS) substantially, and is considered to be equivalent to IFRS. On December 12, 2008, the European Commission assessed J-GAAP as equivalent with IFRS based on the EC Directive No. 1569/2007.</p> <p>2. Voluntary application of IFRS as published by the IASB by certain companies started for business years ending on or after 31 March 2010 On 28 October 2013, Japan FSA amended the related Cabinet Office Ordinance in order to relax requirements for voluntary application of IFRS.</p> <p>3. On 31 July 2014, ASBJ has issued Exposure Draft introducing an additional set of standards identical to IFRS with limited modifications</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>19 (19)</p> <p>(19)</p>	<p>Appropriate application of Fair Value Accounting</p>	<p>Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)</p> <p>Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)</p>	<p>Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.</p> <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> <li>• <u>Basel 2.5 standards on prudent valuation (Jul 2009)</u></li> <li>• <u>Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</u></li> </ul>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Guidance published by ASBJ</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: December 2008</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> The ASBJ published guidance for assessing financial instruments fair value practices.</p> <p><b>Highlight main developments since last</b></p>	<p><b>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</b></p> <p><b>Planned actions (if any):</b> Considering the progress made in discussion conducted by the IASB, the ASBJ is examining with Japanese stakeholders the possibility of improvement in accounting standards.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				year's survey: Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>VIII. Enhancing risk management</b>					
20 (20)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	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)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. In particular, please indicate the status of implementation of the following standards:	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed :	<b>Planned actions (if any):</b> 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 and their internal management. The FSA and BOJ will continue to examine the liquidity risk management conducted by each financial institution based on the "Guidelines for Supervision and Financial Inspection Manuals, and Financial Monitoring Policy" 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. i) The LCR will be introduced in 2015. ii) The NFSR will be introduced in 2018.  <b>Expected commencement date:</b>
(20)	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)	<ul style="list-style-type: none"> <li>• BCBS <u>Basel III: International framework for liquidity risk measurement, standards and monitoring (Dec 2010)</u></li> <li>• BCBS <u>Principles for sound stress testing practices and supervision (May 2009)</u></li> </ul>	<input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <b>Status of progress :</b> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: August 2008		
(20)	Regulators and supervisors in emerging markets <sup>6</sup> will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's <u>thematic peer review report on risk governance (Feb 2013)</u> and BCBS <u>Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012)</u>	<b>Short description of the content of the legislation/ regulation/guideline:</b> In the Guidelines for Supervision the FSA		
(20)	We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)				

<sup>6</sup> Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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).</p> <p>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.</p> <p>2) Use of various risk management approaches, including stress tests, to complement statistical risk measure approaches</p> <p>3)Valuation of financial products, including securitized products, as objective as possible</p> <p>4) Appropriate understanding of the nature of financial products, including securitized products, for example, avoiding excessive dependence on external ratings</p> <p>5) Proper management of market liquidity risk related to investment in financial products including securitized products</p> <p>6) Study on risks, including the pipeline risk in originating securitized products</p> <p>7) Appropriate counterparty risk</p>	<p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>management regarding transactions involving derivatives etc.</p> <p>The FSA has been encouraging the efforts of financial institutions to make risk management more sophisticated, following the revision of the Guidelines for Supervision.</p> <p>The FSA and BOJ have been examining the liquidity risk management conducted by each financial institution based on the Guidelines for Supervision and Financial Inspection Manuals, and Financial Monitoring Policy. In addition, the FSA has taken supervisory actions, including the issuance of a business improvement order.</p> <p>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.</p> <p>In September 2014, the FSA published “Key matters in examining Liquidity Risk Management at Large Complex Financial Groups” to clarify matters to be ensured</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b>  <a href="http://www.fsa.go.jp/en/news/2014/20140912-1.html">http://www.fsa.go.jp/en/news/2014/20140912-1.html</a></p>	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (21)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2013. Jurisdictions may also refer to the relevant IMF Financial Soundness Indicators at <a href="http://fsi.imf.org/">http://fsi.imf.org/</a> .	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : <b>Issue is being addressed through :</b> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <b>Status of progress :</b> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: N.A. <b>Short description of the content of the legislation/ regulation/guideline:</b> By adding necessary supervisory viewpoints, in the Guidelines for Supervision, the FSA is encouraging financial institutions to recognize non-performing loans early through stringent assessment of assets. To deal with those loans properly, they take	<b>Planned actions (if any):</b> The FSA has already taken various measures toward ensuring the soundness of the financial conditions of financial institutions such as by prompting the disposal of nonperforming loans, and will continue to consider reinforcing current supervision as necessary.  <b>Expected commencement date:</b>  <b>Web-links to relevant documents:</b>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>early measures that essentially make such loans sound according to their risks (so that debtors are rehabilitated as much as possible).</p> <p>Based on supervisory guidelines, the FSA is requiring banks to assess the extent of the overall adequacy of their capital in light of their risk profiles and monitoring whether the banks have implemented proper risk management and measures to retain adequate capital in terms of both quality and quantity considering the results of assessments. Because of the measures mentioned above, financial institutions have made progress in disposing of nonperforming loans (nonperforming loan ratio of major banks decreased from 8.4% at the end of March 2002 to 1.33% at the end of March 2014 and total capital ratio of internationally active banks of them is 16.93% at the end of March 2014).</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>22 (22)</p> <p>(New)</p>	<p>Enhanced risk disclosures by financial institutions</p>	<p>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)</p> <p>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)</p>	<p>Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on <a href="#">Enhancing the Risk Disclosures of Banks</a> and <a href="#">Implementation Progress Report by the EDTF (Aug 2013)</a>.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: April 2011</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b></p> <p>Japanese Generally Accepted Accounting Principles (J-GAAP) is substantially converged with International Financial Reporting Standards (IFRS) and for appropriate implementation, ASBJ publishes Implementation Guidelines. For</p>	<p><b>Planned actions (if any):</b> The FSA has already taken various measures on this issue and will continue to strive to strengthen risk disclosure of financial institutions.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>example, the ASBJ published the Guideline No.19 on 10 March 2008, which reflects the concept of the IFRS 7.</p> <p>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.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>IX. Strengthening deposit insurance</b>					
23 (23)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	<p>Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the following recommendations of the FSB’s February 2012 <a href="#">thematic peer review report on deposit insurance systems</a>:</p> <ul style="list-style-type: none"> <li>• Adoption of an explicit deposit insurance system (for those who do not have one)</li> <li>• Full implementation of the <a href="#">Core Principles for Effective Deposit Insurance Systems</a> jointly issued by BCBS and IADI in June 2009 (by addressing the weaknesses and gaps identified in peer review)</li> </ul>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: N.A.</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> Japan has an explicit deposit insurance system based on the Deposit Insurance Act. 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</p>	<p><b>Planned actions (if any):</b> Japan has already taken measures on the deposit insurance systems and will continue to ensure the sound deposit insurance system.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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 " .</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b>            Thematic Review on Deposit Insurance Systems Peer Review Report (Feb 2012)  <a href="http://www.financialstabilityboard.org/publications/r_120208.pdf">http://www.financialstabilityboard.org/publications/r_120208.pdf</a></p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>X. Safeguarding the integrity and efficiency of financial markets</b>					
24 (24)	Enhancing market integrity and efficiency	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)	<p>Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.</p> <p>Jurisdictions should indicate the progress made in implementing the recommendation in the following IOSCO reports in their regulatory framework:</p> <ul style="list-style-type: none"> <li>• <a href="#">Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011)</a>; and</li> <li>• <a href="#">Report on Principles for Dark Liquidity (May 2011)</a>.</li> </ul>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: N.A.</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> In Japan, the suitable measures are taken to mitigate risks related to market integrity and efficiency. For instance, exchanges have already developed price limits, circuit breaker, etc. to prevent radical price fluctuation. Moreover, market</p>	<p><b>Planned actions (if any):</b> 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.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>participants are required to develop appropriate order management systems. In addition, transparency of off-market trading is ensured through adequate reporting requirement regarding information on orders, trading volume, etc.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>25 (25)</p> <p>(New)</p>	<p>Regulation and supervision of commodity markets</p>	<p>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)</p> <p>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)</p>	<p>Jurisdictions should indicate whether commodity markets of any type exist in their national markets.</p> <p>Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO’s report on <a href="#">Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011)</a>.</p> <p>Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the <a href="#">report</a> published by the IOSCO’s Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: N.A.</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> Pursuant to Articles 102 and 118 of the Commodity Derivatives Act in Japan, Japanese market authorities including an exchange have effective intervention powers to address disorderly markets and prevent market abuses, e.g., the power to</p>	<p><b>Planned actions (if any):</b> Japan has already taken measures on this issue and will continue to enhance market transparency in commodity markets.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				set ex-ante position limits <b>Highlight main developments since last year's survey:</b> <b>Web-links to relevant documents:</b> <a href="http://www.meti.go.jp/policy/commerce/00/2010/commodity_derivatives_act.pdf">http://www.meti.go.jp/policy/commerce/00/2010/commodity_derivatives_act.pdf</a>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 (New)	Reform of financial benchmarks	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 be deferred to the 2015 IMN survey given the ongoing policy work in this area, the reviews of interest rate and foreign exchange benchmarks during 2014, and the recent publication of IOSCO's Principles for Financial Benchmarks.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<b>XI. Enhancing financial consumer protection</b>					
27 (27)	Enhancing financial consumer protection	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)	<p>Jurisdictions should describe progress toward implementation of the OECD’s <a href="#">G-20 high-level principles on financial consumer protection (Oct 2011)</a>.</p> <p>Jurisdictions may also refer to OECD’s update <a href="#">report</a> including the <a href="#">Annex to the report on effective approaches to support the implementation of the High-level Principles</a> based around the following three priority principles:</p> <ul style="list-style-type: none"> <li>• <i>Disclosure and transparency</i></li> <li>• <i>Responsible business conduct of financial services providers and their authorised agents</i></li> <li>• <i>Complaints handling and redress</i></li> </ul>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><b><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></b></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p><b>Issue is being addressed through :</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Discussion</p> <p><b>Status of progress :</b></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: N.A.</p> <p><b>Short description of the content of the legislation/ regulation/guideline:</b> FSA, MOF and BOJ have been contributing to the discussion on financial consumer protection at OECD (Task Force on Financial Consumer Protection). The</p>	<p><b>Planned actions (if any):</b> 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.</p> <p><b>Expected commencement date:</b></p> <p><b>Web-links to relevant documents:</b></p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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.</p> <p><b>Highlight main developments since last year's survey:</b></p> <p><b>Web-links to relevant documents:</b></p>	

**XII. Source of recommendations:**

[St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)

[Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)

[Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)

[Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)

[Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)

[Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)

[London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)

[Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)

[FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)

[FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)

[FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)

[FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

**XIII. List of Abbreviations used:**