

# Focal Points of “JSDA’s Major Work Plans”

- Initiatives toward Addressing Social Issues -

July 1<sup>st</sup>, 2024

**- Work to make the “shift from savings to investment” full-scale and continuous trend -**

## (1) Stronger Support for Asset Building

- Undertake initiatives for further promotion of the NISA system
- Collaborate with the Japan Financial Literacy and Education Corporation (J-FLEC) to enhance the financial literacy of the public
- Work toward reform of the defined contribution (DC) pension system (Corporate DC, iDeCo)

## (3) Fostering Start-ups

- Undertake initiatives to expand private placement scheme with professional investors (J-Ships) in the capital market
- Foster an environment to facilitate provision of risk money to start-ups

## (5) Provision of Financial Services

### Fit for an Aging Society

- Undertake initiatives to introduce “Family Support Securities Account”
- Undertake initiatives to smoothly inherit financial assets between generations
- Enrich the contents in the “Booklet on Elderly Customers”

## (2) Achievement of the SDGs

- Undertake initiatives aimed at promoting and expanding sustainable finance, including transition finance, in the capital market
- Create a fulfilling work environment, address poverty issue among vulnerable children, and bolster diversity
- Enhance collaboration with stakeholders inside/outside Japan

## (4) Accommodating Digital Transformation (DX)

- Proceed with initiatives to make digital document delivery to customer the primary method
- Properly respond to utilization of the financial innovation in the securities market
- Support securities firm’s efforts to improve cybersecurity readiness
- Deliberate on expanding the use of the Social Security and Tax Number System (“My Number” System)

## Initiatives to Revitalize the Secretariat Function of JSDA

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**Personal Visits to Securities Firms by JSDA Chairman**

## (7) Improving Efficiency of Industry’s Middle and Back-Office Operations

- Deliberate on initiatives to improve the efficiency of middle and back-office operations at securities firms (1. Cybersecurity, 2. Inheritance, 3. Foreign stock corporate actions, 4. Account openings, 5. Trading surveillance, 6. Public tender offer)

## (6) Uplifting the Securities Industry

- Strengthen the support system for member firms to improve compliance system including the operation of the Compliance Consultation Desk set up in 2023
- Work to review and streamline/enhance compliance with the regulation
- Undertake initiatives to develop human resources by further strengthening the capacity building programs

Toward Further Enhancement of Investor Trust and Functioning of Securities Markets

Public	Work to achieve households' stable asset formation through promotion and refinements of asset-building support programs	<ol style="list-style-type: none"> <li>1. Undertake initiatives to promote households' stable asset formation and to further ensure the "shift from savings to investment"</li> <li>2. Support and collaborate with the Japan Financial Literacy and Education Corporation (J-FLEC) in its operations to enhance the financial literacy of the public</li> <li>3. Respond to fraud related to securities investments</li> </ol>	<ol style="list-style-type: none"> <li>4. Improve asset-building support programs and its usability <ul style="list-style-type: none"> <li>▪ Undertake initiatives to improve usability of the NISA system</li> <li>▪ Undertake initiatives to reform the defined contribution (DC) pension system (Corporate DC, iDeCo)</li> </ul> </li> <li>5. Undertake initiatives aimed at promoting asset utilization for elderly people and enabling smooth intergenerational asset transfer</li> <li>6. Undertake initiatives to enhance the investment environment for individual investors</li> </ol>
Market Intermediaries (Members)	Promote customer-oriented business conduct and improve market intermediaries' functions and credibility	<ol style="list-style-type: none"> <li>1. Carry out measures to ensure customer-oriented business conduct</li> <li>2. Undertake initiatives to realize financial services fit for an aging society</li> <li>3. Support member firms to improve cybersecurity readiness</li> <li>4. Enhance support for member firms' compliance efforts</li> <li>5. Ensure effective self-regulatory functions <ul style="list-style-type: none"> <li>• Conduct agile and effective inspections on association member firms</li> <li>• Continue efforts to prevent insider trading</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>6. Undertake initiatives to improve efficiency of security industry's middle and back office operations</li> <li>7. Facilitate paperless and digitalized procedures in securities transactions</li> <li>8. Support the development of the securities firms' human resources toward solving social issues</li> <li>9. Undertake initiatives to review and streamline/enhance compliance with self-regulations</li> <li>10. Respond to the Policy Plan for Promoting Japan as a Leading Asset Management Center</li> <li>11. Respond to diversification of sales channels</li> </ol>
Social Engagement	Engage with society at large by promoting SDGs, etc.	<ol style="list-style-type: none"> <li>1. Bolster partnerships with both domestic and overseas parties towards the achievement of the SDGs</li> <li>2. Support economically vulnerable children</li> </ol>	<ol style="list-style-type: none"> <li>3. Enhance public awareness regarding the function and role of securities market and firms</li> <li>4. Create a fulfilling work environment and promote diversity</li> </ol>
Market (Infrastructure)	Strengthen functions and competitiveness of Japanese capital markets, including advancing financial innovation and Japan's status as a global financial hub	<ol style="list-style-type: none"> <li>1. Properly respond to the progress in financial innovation</li> <li>2. Undertake initiatives to improve the functionality of alternative trading system (Proprietary Trading Systems (PTS))</li> <li>3. Undertake initiatives to promote private placement scheme with professional investors (J-Ships: JSDA Shares and Investment trusts for Professionals)</li> <li>4. Foster an environment to facilitate provision of growth capital to start-ups</li> </ol>	<ol style="list-style-type: none"> <li>5. Undertake initiatives for expanding and diversifying the corporate bond market</li> <li>6. Take initiatives aimed to expand the use of the Social Security and Tax Number System ("My Number" System)</li> <li>7. Conduct drills to maintain market functions</li> <li>8. Take initiatives to achieve an established status as a global financial center</li> <li>9. Gather information regarding the shortening of stock settlement cycle (T+1)</li> </ol>
Global Capital Markets	Enhance global outreach and cooperation including promotion of sustainable finance	<ol style="list-style-type: none"> <li>1. Conduct overseas PR activities, including the Japan Securities Summit, to attract investment to Japanese capital markets</li> <li>2. Conduct outreach to global capital markets regarding initiatives on transition finance in Japan to encourage better understanding</li> <li>3. Engage with market participants concerning the latest initiatives in the global capital markets such as sustainable finance</li> </ol>	<ol style="list-style-type: none"> <li>4. Monitor developments in the global securities regulatory agenda including responses to changes in the retail market environment, and respond as necessary</li> <li>5. Further promote collaboration and cooperation with overseas related organizations, including the hosting of Asia Securities Forum (ASF) Annual General Meeting in Tokyo</li> </ol>
JSDA	Work to further revitalize the secretariat function of the JSDA	<ol style="list-style-type: none"> <li>1. Improve efficiency through restructuring operations and use of Digital Transformation (DX)</li> <li>2. Sustain and improve business continuity planning (BCP), including cybersecurity measures</li> </ol>	<ol style="list-style-type: none"> <li>3. Further enhancement of the employee's capabilities</li> <li>4. Create a fulfilling and conducive work environment</li> </ol>



日本証券業協会  
Japan Securities Dealers Association



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証券投資の日

# JSDA's Major Work Plans (2024 – 2025)

July 1, 2024

## **1. Undertake initiatives to promote households' stable asset formation and to further ensure the "shift from savings to investment"**

Based on the "Basic Policy Direction for Holistic Enhancement of Policy Measures to Support Households' Stable Asset Formation" (Cabinet approval on March 15, 2024), work to make the "shift from savings to investment" full-scale and continuous trend. These efforts include dissemination of information on the use of NISA and other asset-building support programs in a timely and proper manner, comprehensive analysis of such information, and the planning and promotion of effective measures for asset-building support.

Conduct PR activities related to the NISA system, such as operating a dedicated website, providing brochures, and distributing and broadcasting promotional videos.

## **2. Support and collaborate with the Japan Financial Literacy and Education Corporation (J-FLEC) in its operations to enhance the financial literacy of the public**

- Complete transfer of JSDA's financial literacy and education support function, including respective personnel and budget, to the J-FLEC.

After the transfer of the said business to the J-FLEC, support the establishment of a cooperative relationship between association member firms and the J-FLEC, and appropriately carry out the tasks entrusted to JSDA district offices by the J-FLEC.

From the perspective of supporting J-FLEC's activities, engage in in-depth dialogue with J-FLEC through various opportunities, and make proposals to the national and local governments, the business community, and other stakeholders as necessary.

- Work on to further enhance education on asset-building in schools.

## **3. Respond to fraud related to securities investments**

Respond to fraud related to securities investments by issuing investor alerts and operating call centers, etc.

## Public

*Work to achieve households' stable asset formation through promotion and refinements of asset-building support programs*

### 4. Improve asset-building support programs and its usability

- **Undertake initiatives to improve usability of the NISA system**

Work with related parties to review for further improving usability of the NISA system.

- **Work toward reform of the defined contribution (DC) pension system (Corporate DC, iDeCo)**

Work with related parties to improve the system/operations of the DC pension (Corporate DC, iDeCo) towards the upcoming discussions on the next pension system along with the publication of the fiscal verification results of public pensions by the Ministry of Health, Labour and Welfare.

### 5. Undertake initiatives aimed at promoting asset utilization for elderly people and enabling smooth intergenerational asset transfer

Continue to discuss continuous asset management and custody by elderly people, as well as practice of transactions supported by agents (Family Support Securities Account) to pass on their assets and literacy to offspring.

Work with related parties to support the intergenerational transfer of financial assets by discussing review on the requirements for the in-kind payment of inheritance tax and the valuation basis for inheritance tax.

### 6. Undertake initiatives to enhance the investment environment for individual investors

Work with related parties to promote the integration of taxation on financial income and gains (i.e., Aggregation of profits and losses on derivatives transactions).

Deliberate on measures to foster an understanding of the significance and functions of shareholder incentives among the public as well as issuers and institutional investors, etc.

## **Market Intermediaries (Members)**

*Promote customer-oriented business conduct and improve market intermediaries' functions and credibility*

### **1. Carry out measures to ensure customer-oriented business conduct**

Based on the discussions on “customer-oriented business conduct” at the Financial System Council of the JFSA and implementation status by securities firms, formulate and exhibit necessary responses.

### **2. Undertake initiatives to realize financial services fit for an aging society**

Take initiatives to contribute for providing financial services according to each elderly customer's attributes and status.

### **3. Support member firms to improve cybersecurity readiness**

Take actions based on the government's strategic direction for economic security. Share information on cyber incident from member firms, provide information on cybersecurity from the government and coordinate member firms' participation in the government's cybersecurity exercises, in addition, enrich training programs and educational activities for member firms.

### **4. Enhance support for member firms' compliance efforts**

Support member firms in compliance systems through compliance consulting desk, the JSDA established in September 2023. Aim to enhance competences of sales representatives by improving and enriching the contents of sales representative qualification renewal training program.

For training program related to the self-regulatory rules (JSDA Compliance Training), further enrich the program and improve the convenience for the participants.



## Market Intermediaries (Members)

*Promote customer-oriented business conduct and improve market intermediaries' functions and credibility*

### 5. Ensure effective self-regulatory functions

- **Conduct agile and effective inspections on association member firms**

Continue to conduct agile and effective inspections on association member firms according to their business operations, status of assets, and other information, in order to check their compliance status with laws and self-regulatory rules, as well as the appropriateness of their internal administration.

- **Continue efforts to prevent insider trading**

Continue to collaborate with market-related entities and deliberate on and implement further initiatives to prevent insider trading, as well as deliberate on improving the efficiency of the J-IRISS system.

### 6. Deliberate on initiatives to improve the efficiency of middle and back-office operations at securities firms (Cybersecurity, Inheritance, Foreign stock corporate actions, Account openings, Trading surveillance, Public tender offer)

In the securities industry, where regulatory and administrative responses are becoming more complex and sophisticated, member firms are facing challenges in securing resources due to the aging workforce engaged in middle and back-office operations and the decrease in the labor population. Hence, in order to maintain and improve the efficiency of these operations, conduct industry-wide discussions at the consultative council to the JSDA Chair and sub councils established thereunder (Sub councils on Cybersecurity, Inheritance, Foreign Stock Corporate Actions, Account Openings, Trading Surveillance, Public Tender Offer, respectively).

## **Market Intermediaries (Members)**

*Promote customer-oriented business conduct and improve market intermediaries' functions and credibility*

### **7. Facilitate paperless and digitalized procedures in securities transactions**

Establish guidelines for customer awareness to ensure the smooth start of the system in delivering digitalized documents to customers the principal method.

Discuss necessary regulatory reforms over self-regulatory rules and Q&As while keeping closely observing implementing status of the related laws and regulations.

Take initiatives to promote digitization of dividend receiving procedures (dividend receipt method).

### **8. Support the development of the securities firms' human resources toward solving social issues**

Provide videos on various themes (laws and regulations, research, business skill, IT/DX, cybersecurity measures, SDGs, elderly customer service) through the "JSDA Training Hub," a training website for the executives and employees of securities firms to encourage them to acquire knowledge relevant to their businesses.

Continue to support member firms' efforts to develop human resources through holding in-person training programs and exchange meetings, etc. for information exchange and interaction among member firms.



## **Market Intermediaries (Members)**

*Promote customer-oriented business conduct and improve market intermediaries' functions and credibility*

### **9. Undertake initiatives to review and streamline/enhance compliance with self-regulations**

Continue to work on reviewing and abolishing regulations, such as working on relaxation of regulations that have become overly formal and uniform while each member firm strives to inspire creativity and ingenuity in practicing customer-oriented business conduct.

### **10. Respond to the Policy Plan for Promoting Japan as a Leading Asset Management Center**

Take active steps towards customers' best interests in accordance with the discussion about product governance, which is to be established to manage the quality of financial instruments.

### **11. Respond to diversification of sales channels**

Study current situations of sales channel diversification and based on the study results, deliberate and take necessary measures.

## Social Engagement

*Engage with society at large by promoting SDGs, etc.*

### 1. Bolster partnerships with both domestic and overseas parties towards the achievement of the SDGs

Manage the “Shareholders Incentives Endowment Fund for the SDGs” that utilizes social contribution-type shareholder incentives to support people addressing the social issues relevant to SDGs and deliberate on further development of this Fund.

Work on advancing the collaboration with universities, etc. in order to promote implementing measures toward solving social issues by taking advantage of the “knowledge” of university.

### 2. Support economically vulnerable children

Support economically vulnerable children to foster their hope for the future through the “Securities Industry Network for Supporting Children,” a platform that connects securities firms with NPOs supporting children in need, as well as through the “Used Book Sale Donations for Children’s Future.” In order to further increase awareness for addressing the poverty issue among children and youth in the securities and banking industries, deliberate on and implement industry wide initiatives in cooperation with the Japanese Bankers Association (JBA).

### 3. Enhance public awareness regarding the function and role of securities market and firms

Deliberate on and implement initiatives to further enhance awareness of the functions, roles and importance of the securities firms among all level of the public by utilizing various media to introduce their businesses and efforts.

Deliberate on initiative to deepen the public awareness of the basic functions of the securities market and its role in the national economy; contribute to the discussion on the reconstruction of capital markets that are progressing both domestically and internationally.

### 4. Create a fulfilling work environment and promote diversity

Implement measures suitable for each level to improve working practices and bolster diversity in the industry.

(For the representatives of member firms)

Enhance outreach aimed at their stronger commitments.

(For the executives and employees of member firms)

Hold an industry-wide conference to enhance such awareness among them, and a seminar that will contribute to improving women's health literacy for more conducive work environment for both men and women.

(For human resources managers of member firms)

Hold opinion exchange meetings by business category and region to provide opportunities for industry-wide network building.

## **Market (Infrastructure)**

*Strengthen functions and competitiveness of Japanese capital markets, including advancing financial innovation and Japan's status as a global financial hub*

### **1. Properly respond to the progress in financial innovation**

Deliberate on and take necessary measures on tokenized securities (i.e., stocks and bonds that utilize blockchain technology) from the perspective of investor protection and sound development of the market, also deliberate on the necessary regulatory framework for transactions by registered PTS operators.

### **2. Undertake initiatives to improve the functionality of alternative trading system (Proprietary Trading Systems (PTS))**

Deliberate on the necessary system improvement based on the government's response to the "Improvement of the functionality of alternative trading system (Proprietary Trading Systems (PTS))" as described in the "Second Interim Report of the Working Group on Capital Market Regulations" of the Financial System Council of the JFSA.

### **3. Undertake initiatives to promote private placement scheme with professional investors (J-Ships: JSDA Shares and Investment trusts for Professionals)**

For further use of the J-Ships, conduct PR activities and deliberate on the system improvement, such as easing the information that can be provided when explaining about the said system for Professional Investors and J-Ships.

## **Market (Infrastructure)**

*Strengthen functions and competitiveness of Japanese capital markets, including advancing financial innovation and Japan's status as a global financial hub*

### **4. Foster an environment to facilitate provision of growth capital to start-ups**

For promoting the supply of growth capital to start-ups, deliberate on developing a system for equity-based crowdfunding and trading unlisted securities in registered PTS operators.

Enhance PR activities to raise awareness of the unlisted stock trading system.

### **5. Undertake initiatives for expanding and diversifying the corporate bond market**

In the light of discussion, etc. in “Working Group on Development of Infrastructure for Vitalization of the Corporate Bond Market”, continue to consider improving the environment in which corporate bonds can be issued by companies with relatively high credit risk, including the granting of covenants and further use of Assistant Bond Administrator.

On the “Working Group on Development of Infrastructure for Disseminating Corporate Bond Price Information”, periodically review the system of reporting and publication for corporate bond transactions and continuously consider expanding the number of issues to be disseminated.

### **6. Take initiatives aimed to expand the use of the Social Security and Tax Number System (“My Number” System)**

Consider specific measures and work with related parties to expand the scope of use of My Number in the securities industry.

## **Market (Infrastructure)**

*Strengthen functions and competitiveness of Japanese capital markets, including advancing financial innovation and Japan's status as a global financial hub*

### **7. Conduct drills to maintain market functions**

Conduct BCP drills for the entire securities market to ensure that the communication network covering the entire industry functions well in the event of a large-scale disaster.

### **8. Take initiatives to achieve an established status as a global financial center**

Deliberate on measures to enhance Japan's status as a global financial hub in Asia and a global financial center, and support the efforts by cities, including Tokyo and Osaka, in order to increase the global presence of the Japanese financial and capital markets.

### **9. Gather information regarding the shortening of stock settlement cycle (T+1)**

In light of the situation where T+1 stock settlement cycle is being implemented and considered in major overseas markets, gather information on the issues towards shortening the stock settlement cycle in Japan in cooperation with the relevant organizations.



## Global Capital Markets

*Enhance global outreach and cooperation including promotion of sustainable finance*

### 1. Conduct overseas PR activities, including the Japan Securities Summit, to attract investment to Japanese capital markets

Actively promote Japanese financial and capital markets to overseas stakeholders by ensuring that they have a clear understanding of current state and initiatives, to attract their investment in and entry into the Japanese markets.

Further enhance the provision of English-based information by enriching contents on English website and other resources that attract worldwide attention.

### 2. Conduct outreach to global capital markets regarding initiatives on transition finance in Japan to encourage better understanding

Deliberate on and implement measures for support initiatives for enhancing understanding and promoting Green Transformation (GX) and transition finance initiatives in Japan to global capital market participants, such as plant tours related to GX technology.

### 3. Engage with market participants concerning the latest initiatives in the global capital markets such as sustainable finance

Consider and implement measures to promote the cutting-edge practices taken in sustainable finance taken within the global capital markets by co-hosting a conference with the International Capital Market Association (ICMA). Also, foster cooperation and collaboration with both domestic and overseas counterparts including those in Asia.

### **4. Monitor developments in the global securities regulatory agenda including responses to changes in the retail market environment, and respond as necessary**

In light of the changes in the retail market environment and global discussion on new emerging issues, including at the International Organization of Securities Commissions (IOSCO), follow the global trends in order to properly respond in the Japanese markets.

Facilitate the discussion and information sharing regarding the accounting, audit, and sustainability disclosure standards within the securities industry, and issue opinions to relevant stakeholders as necessary.

### **5. Further promote collaboration and cooperation with overseas related organizations, including the hosting of Asia Securities Forum (ASF) Annual General Meeting in Tokyo**

Lead the information exchange and collaboration amongst stakeholder to address common issues within Asian region and support emerging markets, by utilizing opportunities such as hosting the ASF (Asia Securities Forum) Annual General Meeting in Tokyo.

Actively engage in international forums, such as the International Council of Securities Associations (ICSA) to respond to common global challenges and provide feedback to domestic related parties as necessary.

## **1. Improve efficiency through restructuring operations and use of Digital Transformation (DX)**

Promote restructuring operations and further advance the efficiency of tasks through the use of generative AI, RPA, and secure cloud services.

## **2. Sustain and improve business continuity planning (BCP), including cybersecurity measures**

Enhance the JSDA's cyber resilience in order to cope with cyber-attacks properly.

Continue to endeavor to sustain/improve effectiveness of the BCP, such as the response to events of the disaster, through the PDCA cycle.

## **3. Further enhancement of the employee's capabilities**

Further improvement of the employee's capabilities and qualities by enhancing training programs for expertise necessary for the JSDA's operations, providing various opportunities for business experiences, and promoting an environment in which employees can make proposals independently and proactively.

## **4. Create a fulfilling and conducive work environment**

Create a fulfilling and conducive work environment by leveraging the effects of the reorganization, sharing and clarifying organizational goals and philosophies, and enhancing internal communication.

Ensure that each employee can fully demonstrate their abilities by achieving a balance between work and life and allowing them to work with peace of minds.