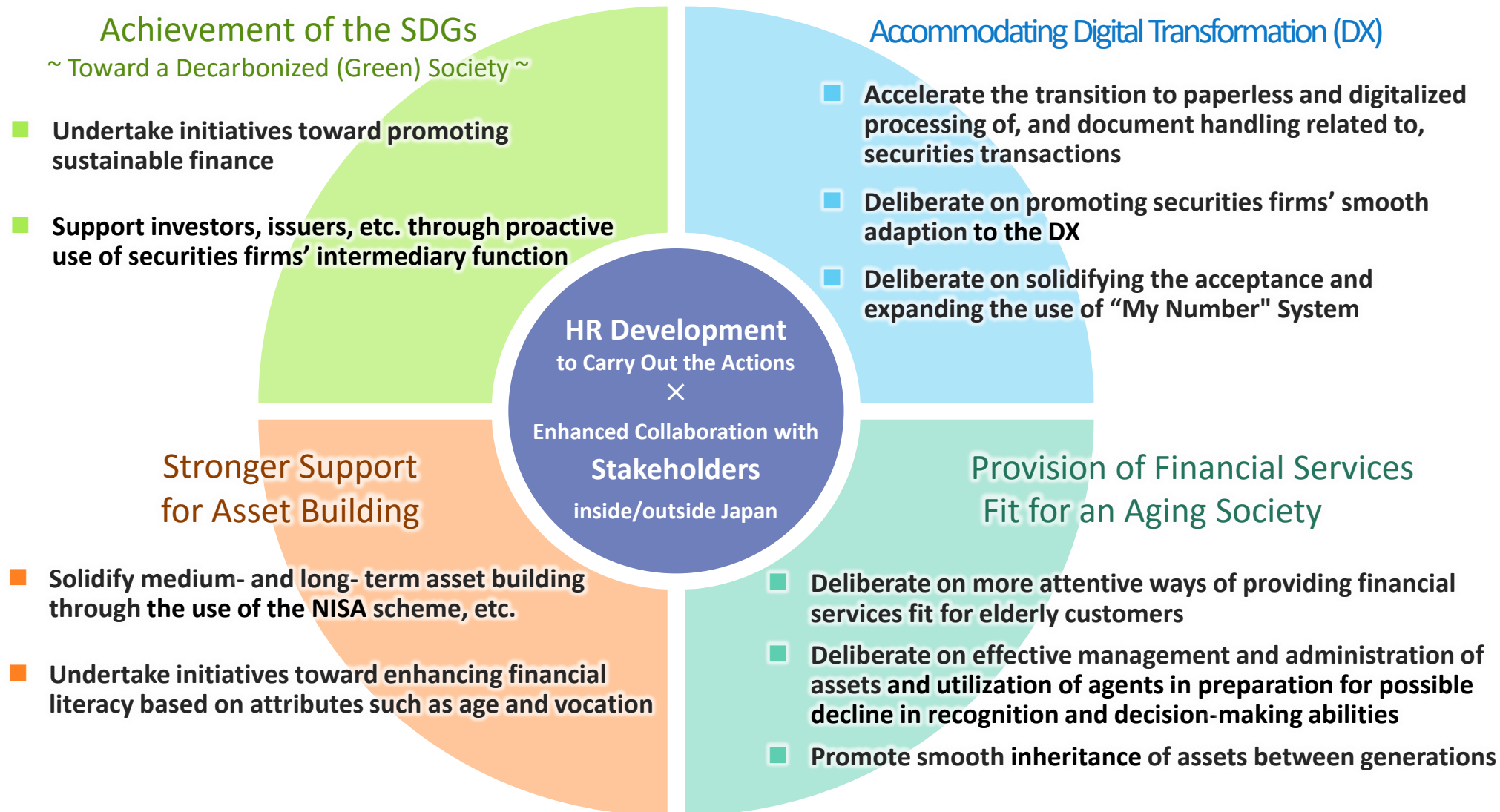


Focal Points of “JSDA’s Major Work Plans”

— Initiatives toward Addressing Social Issues —

July 1st, 2021



Toward Further Enhancement of Investor Trust and Functioning of Securities Markets

JSDA's Major Work Plans for 2021-2022 (July 2021)

Investors (Individuals)

Conduct PR activities for asset building through investment, and contribute to further developing tax systems, etc.

Promote asset building capable of supporting the 100-year life

1. Promote medium- and long-term asset building
 - Endeavor to achieve wider use of the NISA schemes (such as "Tsumitate NISA") and to make these schemes permanent and more convenient
 - Undertake initiatives to further develop the defined contribution (DC) pension system
 - Promote asset building in the workplace
2. Promote the expansion of securities investment
 - Undertake initiatives toward the integration of financial income taxation (i.e. aggregation of profits and losses including derivatives)
 - Conduct training programs tailored to a diverse range of investors
 - Conduct PR activities to increase interest in securities investment
 - Conduct PR activities for asset building through stock investment
3. Create an environment that promotes the smooth inheritance of risk assets between generations

Spread and deepen financial and securities knowledge

1. Promote financial and securities education in schools
2. Promote financial and securities education for working adults

Market (Infrastructure)

Strengthen financial and capital markets' functions and competitiveness including advancing financial innovation and Japan's status as global financial hub

1. Respond to financial innovation
2. Enhance the private placement system for professional investors
3. Enhance and publicize the unlisted stock trading system
4. Undertake initiatives for expanding and diversifying the corporate bond market
5. Further enhance the global presence of Japan's financial and capital markets
6. Work toward the smooth introduction of the system for requesting a paper copy under the electronic provision of shareholders meeting materials
7. Undertake initiatives aimed at solidifying the acceptance and expanding the use of the Social Security and Tax Number System ("My Number" System)
8. Conduct the "National Survey on Securities Investment"
9. Review statistical reporting from the viewpoints of efficiency and effectiveness

Market Intermediaries (Members)

Further materialize the efforts towards the achievement of SDGs

1. Promote the proliferation of financial instruments contributing to the SDGs (SDG bonds)
2. Promote the creation of a fulfilling workplace environment and the empowerment of women
3. Support economically vulnerable children
4. Bolster partnerships with both Japanese and overseas parties towards the achievement of the SDGs

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
2. Respond to needs to provide financial services that are fit for an aging society
3. Undertake initiatives toward promoting sustainable finance
4. Facilitate the transition to paperless and digitalized processing of, and document handling related to, securities transactions
5. Support member firms' preventive efforts against fraudulent access in online trading
6. Exercise effective self-regulatory functions
 - Make appropriate alterations to self-regulatory rules based on changes to the financial services environment
 - Conduct agile and effective inspections of member firms
 - Continue efforts to prevent insider trading
7. Undertake initiatives for reviewing the firewall regulations, etc. from the viewpoint of the sound development of capital market
8. Undertake measures to ensure that financial products are appropriately provided through cross-sectional financial services intermediaries
9. Respond to the revisions to the Act on the Protection of Personal Information

Overseas

Enhance global outreach and cooperation

1. Conduct overseas PR activities on the attractiveness and potential of Japanese markets
2. Enhance international cooperation/collaboration, including support for emerging markets
3. Respond to the global regulatory agenda
4. Respond to enhanced demand for English based communication in JSDA's operations

JSDA

Conduct measures and operations aimed at adapting to the DX

1. Conduct operations that are adapted to the Digital Transformation (DX) era
2. Strengthen business continuity planning (BCP) and cybersecurity measures
3. Strategically develop qualified human resources and improve staff members' work life balance



日本証券業協会
Japan Securities Dealers Association

JSDA's Major Work Plans (2021-2022)

July 1, 2021

Investors (Individuals)

Promote asset building capable of supporting the 100-year life

Conduct PR activities for asset building through investment, and contribute to further developing tax systems, etc.

1. Promote medium- and long-term asset building

- Endeavor to achieve wider use of the NISA schemes (such as “Tsumitate NISA”) and to make these schemes permanent and more convenient

Conduct PR activities to promote medium- and long-term asset building targeting a wide range of people, including online advertisements for the *Tsumitate* (dollar-cost averaging) NISA.

In order to promote household’s asset building, work with related parties to expand the NISA schemes and improve their usability and to secure their permanence based on a “NISA law” (tentative name).

- Undertake initiatives to further develop the defined contribution (DC) pension system

Work with related parties to improve the system/operations related to the DC pension system, in order to facilitate its broader use.

- Promote asset building in the workplace

In order to promote asset building in the workplace (including those who are not interested in investments) using vehicles such as the *Tsumitate* NISA and the DC pension system, conduct PR activities involving companies and municipalities.

Investors (Individuals)

Promote asset building capable of supporting the 100-year life

2. Promote the expansion of securities investment

- Undertake initiatives toward the integration of financial income taxation (i.e. aggregation of profits and losses including derivatives)

In order to increase investment options, as well as provide more flexible risk-hedge investments, work with related parties to integrate financial income taxation.

- Conduct training programs tailored to a diverse range of investors

Conduct training programs to raise the knowledge and skills of individuals in securities firms, to enable them to provide useful information and advice in line with investors' diverse lifestyles and needs.

- Conduct PR activities to increase interest in securities investment

In order to increase the understanding of the significance and objectives of securities investment among those who are not interested in investment (especially younger people), conduct PR activities mainly through the internet outlet.

- Conduct PR activities for asset building through stock investment

Through the JSDA website or social media outlets, implement publicity activities targeted at a wide range of people specifically highlighting the appeal of stock investments to promote asset building.

Investors (Individuals)

Promote asset building capable of supporting the 100-year life

3. Create an environment that promotes smooth inheritance of risk assets between generations

To facilitate the transfer of assets between generations, further the research on inheritance tax valuations, and work with relevant parties.

Conduct further studies on the challenges for effective management and administration of assets, utilization of agents, as well as smooth inheritance of assets between generations in the aging society.

Investors (Individuals)

Spread and deepen financial and securities knowledge

1. Promote financial and securities education in schools

Promote activities to support financial and securities education in schools, which includes offering materials on how to proceed with financial and economics education (i.e. sample curriculum) and supplementary materials, as well as conducting seminars for the educators. The aim is to assist educators, including social studies teachers at junior high schools and civic/home economics teachers at high schools, to keep up with current financial and economics education and changing environment such as the new National Curriculum Standards and ICT.

2. Promote financial and securities education for working adults

Promote activities to support financial and securities education for working adults, which includes conducting seminars, offering onsite lectures, as well as offering more online contents developed from survey results that had been conducted for young adults, with the aim of widely disseminating securities knowledge among inexperienced and novice investors.

Market (Infrastructure)

Strengthen financial and capital markets' functions and competitiveness including advancing financial innovation and Japan's status as global financial hub

1. Respond to financial innovation

With respect to securities such as stocks and bonds that utilize blockchain technology (security token), conduct discussions and respond as necessary from the perspective of investor protection and the sound development of the markets.

Based on trends in financial innovation, collect information in collaboration with related parties, and conduct further research on the impact to the securities industry.

2. Enhance the private placement system for professional investors

Enhance the private placement system related to unlisted stock transactions, private fund transactions, etc. for professional investors, in order to expand investment opportunities for investors and supply more growth capital to unlisted companies such as startups and emerging companies through investments in stocks and/or private funds.

3. Enhance and publicize the unlisted stock trading system

Enhance systems related to unlisted stock trading including the shareholders community system and the equity-based crowdfunding system, and conduct PR activities to raise awareness.

4. Undertake initiatives for expanding and diversifying the corporate bond market

Deliberate on measures to increase the issuance of corporate bonds with relatively high credit risk and the number of investors in the corporate bond market, while nurturing common understanding about topical issues and challenges among market participants.

Conduct periodical assessment regarding the impacts of reporting and publishing rules for corporate bond transactions on market liquidity, and review the rules as necessary.

In preparation for the end of the publication of LIBOR, conduct necessary deliberations on the handling of financial instruments (such as bonds) that currently refer to LIBOR in calculating interest.

5. Further enhance the global presence of Japan's financial and capital markets

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

6. Work toward the smooth introduction of the system for requesting a paper copy under the electronic provision of shareholders meeting materials

Under the system for electronic provision of shareholders meeting materials, which is to be newly introduced under the Revised Companies Act, continue to deliberate on the method for the request for a paper copy of said materials and work with related parties.

7. Undertake initiatives aimed at solidifying the acceptance and expanding the use of the Social Security and Tax Number System (“My Number” System)

While paying close attention to the progress of the Social Security and Tax Number (“My Number” System) acquisition scheme through JASDEC, continue to conduct PR activities to facilitate the submission of My Number by customers.

Conduct further studies on comparable system in overseas markets from the viewpoint of expanding the use of My Number that customers have provided to securities firms.

8. Conduct the “National Survey on Securities Investment”

Conduct the “National Survey on Securities Investment” to grasp the level of awareness and current securities holding status in detail, which can be used as a fundamental material to enhance PR activities to enlighten people about sound knowledge of securities.

9. Review statistical reporting from the viewpoints of efficiency and effectiveness

Review statistical reporting, with the aim of reducing the workload of designated reporting members and making the data aggregation and publication process more effective and efficient.

Market Intermediaries (Members)

Further materialize the efforts towards the achievement of SDGs

1. Promote the proliferation of financial instruments contributing to the SDGs (SDG bonds)

Undertake initiatives to further proliferate financial instruments contributing to the SDGs (SDG bonds) including green and social bonds.

Conduct further studies on bond market concerning the challenges for the proliferation of financial instruments contributing to the SDGs (SDG bonds).

2. Promote the creation of a fulfilling workplace environment and the empowerment of women

Deliberate on and promote working styles in line with preventive measures against COVID-19, which contribute to the business continuity of member firms.

Plan and conduct seminars, lectures, etc. for the executives and employees of member firms to bolster the empowerment of women as well as working-style reform in the industry.

3. Support economically vulnerable children

Undertake various initiatives by the securities industry as a whole that support and nurture vulnerable children to foster their hope for the future, such as continuing to participate in the “Used Book Sale Donations for Children’s Future.”

Through the “Securities Industry Network for Supporting Children,” a platform that connects member firms with NPOs supporting children in need, deliberate on the ways of support for children in light of the changing environment and strive for a framework that can provide appropriate support.

4. Bolster partnerships with both Japanese and overseas parties towards the achievement of the SDGs

To enhance the presence of the Japanese securities industry in relation to contributions to the SDGs and effectively carry out various initiatives, actively engage in information gathering and dissemination.

Manage the “Shareholders Incentives Endowment Fund for the SDGs” that utilizes social contribution-type shareholder incentives, and collaborate with universities, etc. to foster new partnerships.

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 current state of “Customer-Oriented Business Conduct,” consider/implement necessary responses.

Deliberate on practical aspects toward introducing and utilizing “material information sheet” in the securities business.

2. Respond to needs to provide financial services that are fit for an aging society

Undertake initiatives as necessary to further promote intermediaries' initiatives to provide financial services that are fit for elderly customers' attributes and status.

3. Undertake initiatives toward promoting sustainable finance

In order to promote sustainable finance, deliberate on/implement support for investors, issuers, etc. and necessary responses for member firms.

Deliberate on adding sustainable finance to the scope of Sales Representatives Manual and the Sales Representative Qualification Exam, and offering training programs based on these revisions for member firms.

4. Facilitate the transition to paperless and digitalized processing of, and document handling related to, securities transactions

Work with related parties to further facilitate the transition to paperless and digitalized processing of, and document handling in the securities industry.

Deliberate on promoting securities firms' smooth adaption to Digital Transformation (DX).

5. Support member firms' preventive efforts against fraudulent access in online trading

Deliberate on enhancing each firm's cybersecurity standards to prevent fraudulent access, etc. so that customers can be more assured that their securities transactions are protected from cyber threats.

6. Exercise effective self-regulatory functions

- **Make appropriate alterations to self-regulatory rules based on changes to the financial services environment**

Given the recent increase in the trading volumes of foreign stocks, especially US listed stocks, deliberate on self-regulatory rules toward the introduction of margin transactions of these foreign stocks, in order to provide investors with more diverse investment opportunities and methods.

Given the diversification of customers' transactions, deliberate on ideal ways trade examination (internal screening process at securities firms) based on the Principle-Based Approach to prevent unfair trading practices.

Deliberate on reviewing rules as necessary in order to respond to increasingly diverse methods of equity financing and changes to investment environment inside/outside stock exchanges have been seen.

Undertake initiatives toward promoting "Financial Instruments Business Essentials" (tentative translation) exam that has been introduced in light of the diversification of the Type I Financial Instruments Business, etc.

- **Conduct agile and effective inspections of member firms**

Continue to conduct agile and effective inspections of the member firms, targeting their businesses, status of assets, and other information in order to check and verify compliance with laws and self-regulatory rules, as well as the appropriateness of their compliance framework.

- **Continue efforts to prevent insider trading**

Continue to collaborate with market-related entities to encourage listed companies to participate in the Japan Insider Registration & Identification Support System (J-IRISS) and deliberate on/implement further initiatives to prevent insider trading.

7. Undertake initiatives for reviewing the firewall regulations, etc. from the viewpoint of the sound development of capital market

Undertake necessary actions such as submitting member firms' opinions on the firewall regulations to the Working Group on Capital Market Regulations of the Financial System Council.

8. Undertake measures to ensure that financial products are appropriately provided through cross-sectional financial services intermediaries

Make appropriate alterations to self-regulatory rules and work with related parties in order to ensure that investors are adequately protected when member firms offer financial products through cross-sectional financial services intermediaries.

9. Respond to the revisions to the Act on the Protection of Personal Information

Deliberate on revisions to the Personal Information Protection Guideline, etc. in response to the revisions to the Act on the Protection of Personal Information.

Enhance global outreach and cooperation

1. Conduct overseas PR activities on the attractiveness and potential of Japanese markets

Conduct PR activities to update overseas investors/issuers and other related parties on the current situation and steps being taken in the markets to further raise the global presence of the Japanese financial and capital markets.

2. Enhance international cooperation/collaboration, including support for emerging markets

While taking COVID-19 situations into consideration, exercise leadership to enhance interactions and information exchange between the Asia Securities Forum (ASF) members with the aim of fostering financial and capital markets in the Asia-Pacific that can contribute to achieving a sustainable economy and society.

Actively engage international fora, such as International Council of Securities Associations (ICSA) , International Forum for Investor Education (IFIE), etc. to respond to common challenges and provide domestic feedbacks as necessary.

Undertake initiatives regarding cooperation between the Japanese and Chinese securities markets in collaboration with related parties, and provide technical assistance to related entities in emerging markets.

3. Respond to the global regulatory agenda

Actively participate in discussions and investor protection initiatives in the International Organization of Securities Commissions (IOSCO), etc. Follow the global regulatory agenda pertaining to financial and capital markets, respond and provide domestic feedbacks as necessary in collaboration with related domestic and international entities.

Further facilitate the discussion and information sharing regarding the accounting and audit standards within the securities industry.

4. Respond to enhanced demand for English based communication in JSDA's operations

Work toward the provision of English based communication in JSDA's operations for new member firms that are from overseas and mainly liaise with clients in English.

Endeavor to translate JSDA's self-regulatory rules, notices, etc. into English as necessary.

Conduct measures and operations aimed at adapting to the DX

1. Conduct operations that are adapted to the Digital Transformation (DX) era

Improve the efficiency of JSDA's operations with Robotic Process Automation (RPA) and digital conference platforms, and work out the details of office IT environment improvements.

Raise awareness of the latest initiatives of the DX that JSDA and related parties in the securities industry have envisioned/carried out.

Operate conferences responding to member firms' needs (e.g. holding a conference onsite as well as utilizing digital conference platforms so that conference members in any place can attend the conference).

Continue to provide online training programs (distribute on-demand recorded programs) to member firms, expand the use of the online format programs, and encourage the firms' employees to take part.

2. Strengthen business continuity planning (BCP) and cybersecurity measures

With respect to the response to the recent outbreak of COVID-19, ensure the effectiveness of BCP through thoroughly conducting BCP drills, and continue to endeavor to sustain/increase their effectiveness through the use of PDCA (plan-do-check-act) cycle.

In order to properly cope with cyber attacks, enhance cyber resilience against the recent surge in targeted Email attacks.

3. Strategically develop qualified human resources and improve staff members' work life balance

Enrich training programs and educational activities with the aim of developing staff members who have fundamental IT knowledge and skills in light of the environment that such expertise is essential.

Develop personnel who can contribute to areas such as international affairs/technical assistance and securities business practice, for example by sending staff to overseas graduate schools. Also actively recruit female staff, aiming at women's empowerment.

Take steps to strike a balance between work and private life, to enable every employee to realize their potential and continue to work with ease.