

Focal Points of “JSDA’s Major Work Plans”

- Initiatives toward Addressing Social Issues -

July 3rd, 2023

— Following up last year’s tangible progress in critical initiatives such as new NISA, Organization for Promotion of Financial and Economic Education, and digitalizing document delivery to customers—

(1) Stronger Support for Asset Building

—Reinforce the Trend “from Savings to Investment”—

- Undertake initiatives for the smooth introduction, implementation, and sound development of the new NISA system
- Fully support the establishment of the Organization for Promotion of Financial and Economic Education
- Foster collaboration with the Japanese Bankers Association (JBA) to improve financial literacy
- Undertake initiatives to reform the defined contribution (DC) pension system (Corporate DC, iDeCo)

(2) Achievement of the SDGs

—Promote Sustainable Finance—

- Execute action plans under the “Declaration on Promoting Sustainable Finance”
- Undertake initiatives aimed at expanding transition finance in the capital market
- Follow/Support the GX Economy Transition Bonds to be issued by the government
- Create a fulfilling work environment and bolster diversity

(3) Fostering Start-ups

- Undertake initiatives to develop and publicize the secondary market for JSDA Shares and Investment trusts for Professionals (J-Ships)
- Foster an environment to facilitate provision of risk money to start-ups
- Smoothly implement improvement measures for the IPO price-setting process

(4) Accommodating Digital Transformation (DX)

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

(5) Provision of Financial Services Fit for an Aging Society

- Foster more attentive financial services appropriate for elderly customers
- Deliberate on appropriate practices for investment, asset management as well as transactions through agents, preparing for customers’ possible cognitive/judgmental impairment
- Smoothly inherit financial assets between generations
- Enrich the contents in the “Booklet on Elderly Customers”

(6) Setting up Compliance Consultation Desk

- Enhance support to association members with regards to compliance issues, including setting up a consultation desk
- Undertake initiatives to review and streamline/enhance self-regulations on compliance matters

HR Development
to Carry Out the Actions

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Enhanced Collaboration with
Stakeholders
inside/outside Japan

Toward Further Enhancement of Investor Trust and Functioning of Securities Markets

JSDA's Major Work Plans for 2023-2024 (July 2023)

Investors (Individuals)

Strengthen support for household's asset-building through investment by conducting PR activities and contributing to developing suitable tax systems, etc.

1. Promote medium- and long-term asset building
 - Undertake initiatives for the smooth introduction, implementation, and sound development of the new NISA system
 - Undertake initiatives to reform the defined contribution (DC) pension system (Corporate DC, iDeCo)
 - Promote asset-building through workplace
2. Promote broader based securities investment
 - Take initiatives toward the integration of taxation on financial income and gains (i.e., aggregation of profits and losses including those of derivatives)
 - Conduct PR activities to raise public awareness of securities investment
3. Create an environment that promotes smooth inheritance of risk assets between generations
4. Support the establishment and operational setup of the Organization for Promotion of Financial and Economic Education
5. Take initiatives to improve financial literacy (Promote collaboration with the Japanese Bankers Association (JBA))
 - Promote financial and securities education in schools
 - 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 a global financial hub

1. Properly respond to the progress in financial innovation
2. Undertake initiatives to improve the functionality of alternative trading system (Proprietary Trading Systems (PTS))
3. Undertake initiatives to develop and publicize the secondary market for JSDA Shares and Investment trusts for Professionals (J-Ships)
4. Foster an environment to facilitate provision of risk money to start-ups
5. Undertake initiatives for expanding and diversifying the corporate bond market
6. Undertake initiatives to review and streamline/enhance self-regulations
7. Take initiatives to achieve an established status as a global financial center
8. Take initiatives aimed to expand the use of the Social Security and Tax Number System ("My Number" System)
9. Support securities firms' efforts to improve cybersecurity readiness
10. Conduct drills to maintain market functions
11. Review the Sales Representative Registration and Qualification System

Market Intermediaries (Members)

Take active steps towards the achievement of SDGs and the acceleration of Green Transformation (GX), promote customer-oriented business conduct, and improve market intermediaries' functions and credibility

1. Promote sustainable finance and accelerate the GX (Green Transformation)
2. Create a fulfilling work environment and promote diversity
3. Support economically vulnerable children
4. Bolster partnerships with both domestic and overseas parties toward the achievement of the SDGs
5. Support securities firms' efforts to develop human resources toward solving social issues
6. Carry out measures to ensure customer-oriented business conduct
7. Enhance support to association members with regards to compliance issues
8. Undertake initiatives to realize financial services fit for an aging society
9. Facilitate paperless and digitalized procedures in securities transactions
10. Respond as needed to new investment products (venture funds, real estate security token, etc.)
11. Exercise effective self-regulatory functions
 - Conduct agile and effective inspections of association members
 - Continue efforts to prevent insider trading
12. Smoothly implement improvement measures for the IPO price-setting process
13. Respond to the discussion on the regulations concerning dual registration of sales representatives and information transfer

Global

Enhance global outreach and cooperation

1. Conduct overseas PR activities such as the Japan Securities Summit
2. Increase understanding of transition finance and support the development of emerging markets through ASF, etc.
3. Follow developments in the global regulatory agenda and respond accordingly
4. Enrich English-based information contents provided by JSDA, including the JSDA website
5. Foster collaboration and cooperation with overseas counterparts

JSDA

Pursue measures and operations adapted to the DX

1. Further increase the efficiency of JSDA's operations tapping into the initiatives adapted to the Digital Transformation (DX) era
2. Sustain and improve JSDA's business continuity planning (BCP) and cybersecurity measures
3. Strategically develop qualified human resources and improve staff members' work-life balance

JSDA's Major Work Plans (2023-2024)

July 3, 2023

Strengthen support for household's asset-building through investment by conducting PR activities and contributing to developing suitable tax systems, etc.

1. Promote medium- and long-term asset building

- **Undertake initiatives for the smooth introduction, implementation, and sound development of the new NISA system**

In order to smoothly introduce and implement the new NISA system, provide information to each member firm and related parties in a timely and proper manner as well as work with related parties to review of necessary systems. Conduct PR activities to promote medium- and long-term asset-building targeted at a wide range of people, including operation of a dedicated website for the new NISA system, production of brochure, distribution and broadcasting of promotion videos and promotional activities on "Day of NISA."

Through the Strategic Council for Promoting NISA and the Council for Promoting and Liaison NISA, share the overarching awareness and information toward smooth introduction and implementation of the NISA system as well as deliberate strategies for promoting, publicizing and branding the NISA system with financial instrument providers and investment managers who promote NISA, and industry associations, etc., consist of companies, etc., who are important entities in supporting employers' asset building.

- **Undertake initiatives to reform the defined contribution (DC) pension system (Corporate DC, iDeCo)**

Work with related parties to improve the system/operations related to the DC pension (Corporate DC, iDeCo).

- **Promote asset-building through workplace**

Conduct PR activities targeted at companies and municipalities to promote asset-building through workplace using incentive systems such as NISA and DC pension system taking into account the life planning for working people, including those who are not interested in investing.

2. Promote broader based securities investment

- Take initiatives toward the integration of taxation on financial income and gains (i.e., aggregation of profits and losses including those of derivatives)

Work with related parties to promote the integration of taxation on financial income and gains.

- Conduct PR activities to raise public awareness of securities investment

Conduct PR activities through the JSDA website and events in order to deepen the understanding of the significance and objectives of securities investment among those who are not interested in investing (focusing on younger generation).

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

Review the valuations for inheritance tax and work with related parties to support the transfer of financial assets between generations.

Continue conducting studies about continuous asset management by elderly people and management of financial assets and administration of the elderly generation and about practice of transactions supported by agents or relatives to pass on their assets and literacy to offspring, as well as discussing with related parties.

4. Support the establishment and operational setup of the Organization for Promotion of Financial and Economic Education

With regard to the Organization for Promotion of Financial and Economic Education, which is planned to be newly established in 2024, collaborate with the government, the Central Council for Financial Services Information and the Japanese Bankers Association, which will transfer their functions to the organization, and cooperate in improving the organization's operational structure.

In addition, consider demarcation of the JSDA's business of financial literacy and education support at the time of establishment of the organization.

5. Take initiatives to improve financial literacy (Promote collaboration with the Japanese Bankers Association (JBA))

- Promote financial and securities education in schools

Continue activities to support financial and securities education in schools by assisting teachers (of Social Studies in junior high schools and Civics and Home Economics in high schools), which includes providing supplementary materials and related information, as well as conducting seminars for the teachers.

In addition, work to respond to challenges considering the actual situation in financial and economic education at schools and based on the results of the surveys and research to grasp the actual situation overseas.

- Promote financial and securities education for working adults

Conduct activities to support financial and securities education for working adults, which includes conducting seminars, providing online contents for young adults, substantially increasing the number of financial and securities instructors and offering onsite lectures, with the aim of widely disseminating securities knowledge among inexperienced and novice investors.

In addition, strengthen collaboration with related parties, including the joint use of the Financial and Securities Instructors with the Japanese Bankers Association (JBA), and enhance various approaches to improve financial literacy targeting at a wide range of generations and occupations.

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

1. Properly respond to the progress in financial innovation

Deliberate 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.

Collect information about the ongoing financial innovation and conduct research on its impact on the securities industry, collaborating with related parties.

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.

3. Undertake initiatives to develop and publicize the secondary market for JSDA Shares and Investment trusts for Professionals (J-Ships)

Conduct PR activities for the J-Ships issues and deliberate on the development of a secondary market that enables smooth trading.

4. Foster an environment to facilitate provision of risk money to start-ups

Deliberate on system improvement of the equity-based crowdfunding by considering the proposals from the “Second Interim Report of the Working Group on Capital Market Regulations” of the Financial System Council.

Deliberate on revision of rules for smooth operation in accordance with the system reforms of venture fund market made by the Tokyo Stock Exchange.

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

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

Periodically assess the impacts of reporting and publication for corporate bond transactions on market liquidity, and review the system as necessary.

6. Undertake initiatives to review and streamline/enhance self-regulations

Work on to review, abolish and establish regulations, such as considering and working on relaxation of regulations that are too rigid and off-the shelf while each member firm makes effort to inspire creativity and ingenuity to practice customer-oriented business conduct.

7. 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 city authorities, including Tokyo and Osaka, in order to increase the global presence of the Japanese financial and capital markets.

8. 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.

9. Support securities firms' efforts to improve cybersecurity readiness

Take necessary 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.

Provide training videos on the latest trends and examples of cybersecurity and how securities firms are responding to it through the "JSDA Training Hub," a training website for the executives and employees of securities firms.

Deliberate on timely review of the "Guidelines to Prevent Unauthorized Access, etc. for Online Trading" as necessary in order to facilitate to improve level of securities standards for internet trading system.

10. 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.

11. Review the Sales Representative Registration and Qualification System

In order to smoothly implement the online sales representative qualification renewal training program starting from December 2023, continue to make the necessary system improvements and adequately disseminate information by holding explanatory meetings on how to apply and take the online training.

Reduce the price of the Sales Representatives Manual, etc. by terminating selling printed book and providing free PDF version, and shifting to providing e-book (chargeable) through a platform which distributes e-textbooks and educational materials as well as improve usability of the Sales Representatives Manual, etc. by providing learning support functions which are one of the advantages of digital tools.

Market Intermediaries (Members)

Take active steps towards the achievement of SDGs and the acceleration of Green Transformation (GX), promote customer-oriented business conduct, and improve market intermediaries' functions and credibility

1. Promote sustainable finance and accelerate the GX (Green Transformation)

Through discussions at the “Advisory Board for the Securities Industry to Achieve Carbon Neutrality” and the “Sustainable Finance Promotion Committee,” deliberate on and implement initiatives to enhance human resource development of market participants being engaged in sustainable finance namely transition finance. Foster cooperation and collaboration with domestic and overseas counterparts.

2. Create a fulfilling work environment and promote diversity

Plan and conduct seminars and lectures for executives and employees of securities firms to improve working practices and bolster diversity in the industry.

3. 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).

4. Bolster partnerships with both domestic and overseas parties toward the achievement of the SDGs

Manage the “Shareholders Incentives Endowment Fund for the SDGs” that utilizes social contribution-type shareholder incentives, and work on advancing the collaboration with universities, etc.

5. Support securities firms’ efforts to develop human resources toward solving social issues

Continue supporting securities firms' efforts to develop human resources by adding and updating video contents onto the "JSDA Training Hub," a training website for the executives and employees of securities firms launched in FY2022 based on feedback from member firms, as well as to implement new in-person training programs.

6. Carry out measures to ensure customer-oriented business conduct

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

7. Enhance support to association members with regards to compliance issues

Support for development of compliance systems at association members by setting up a consultation desk for compliance issues in accordance with the business situations of association members.

8. Undertake initiatives to realize financial services fit for an aging society

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

9. Facilitate paperless and digitalized procedures in securities transactions

Take necessary initiatives while keeping closely observing implementing status of the related laws and regulations in order to make delivering digitalized documents to customers the principal method.

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

Consider and work with related parties to further facilitate the transition to paperless and digitalization in the securities industry.

10. Respond as needed to new investment products (venture funds, real estate security token, etc.)

Based on the systemic reform regarding venture fund market on the Tokyo Stock Exchange and increased issuance of real estate security tokens, deliberate on revision of the rules concerning underwriting these products.

11. Exercise effective self-regulatory functions

- Conduct agile and effective inspections of association members

Continue to conduct agile and effective inspections of association members 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 to encourage listed companies to participate in the Japan Insider Registration & Identification Support System (J-IRISS) and deliberate on and implement further initiatives to prevent insider trading, as well as deliberate on improving efficiency of the J-IRISS system.

12. Smoothly implement improvement measures for the IPO price-setting process

Raise awareness of the system and the points of notes in practical treatment for smooth implementation of the measures for the improvement of the IPO price-setting process based on the report published by the “Working Group on the Public Offering Price Setting Process.”

13. Respond to the discussion on the regulations concerning dual registration of sales representatives and information transfer

Take necessary actions such as reflecting the opinions of securities firms to the discussions at the Financial System Council on the regulations concerning dual registration of sales representatives and information transfer.

Enhance global outreach and cooperation

1. Conduct overseas PR activities such as the Japan Securities Summit

Conduct PR activities on the current situation of the markets and steps being taken for their development to further raise the global presence of the Japanese financial and capital markets by ensuring that overseas stakeholders have an accurate understanding.

2. Increase understanding of transition finance and support the development of emerging markets through ASF, etc.

Exercise leadership to enhance interactions and information exchange between the Asia Securities Forum (ASF) members in light of the significance of transition finance in Asia. Actively engage in international fora with the aim of fostering financial and capital markets in the Asia-Pacific that can contribute to achieving a sustainable economy and society.

3. Follow developments in the global regulatory agenda and respond accordingly

Further 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.
Follow the global regulatory agenda pertaining to financial and capital markets and provide feedback to domestic relevant parties in order to take forward-looking responses.

4. Enrich English-based information contents provided by JSDA, including the JSDA website

Further enhance the provision of English-based information by enriching contents on English website that attracts worldwide attention, including JSDA's initiatives in sustainable finance.

5. Foster collaboration and cooperation with overseas counterparts

Actively participate in discussions and investor protection initiatives in the International Organization of Securities Commissions (IOSCO), etc.

Foster collaboration with major overseas self-regulatory organizations and industry associations including those in the U.S. on self-regulatory responses to securities market issues that are common in major overseas markets and foster mutual understanding of the market condition in each jurisdiction through regularly exchanging information.

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

Pursue measures and operations adapted to the DX

1. Further increase the efficiency of JSDA's operations tapping into the initiatives adapted to the Digital Transformation (DX) era

Further improve the efficiency of JSDA's operations through further development of Robotic Process Automation (PRA) and increase the use of secure cloud services.

2. Sustain and improve JSDA's business continuity planning (BCP) and 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 responses to events of the disaster, through the PDCA (plan-do-check-act) cycle.

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

Develop personnel who can contribute to works related to international affairs, international exchange projects and securities business practice, by schemes such as sending staff to overseas graduate schools. Also, actively recruit female staff, aiming at women's active participation. 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.

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 where such expertise is becoming essential.