CHAPTER XVIII

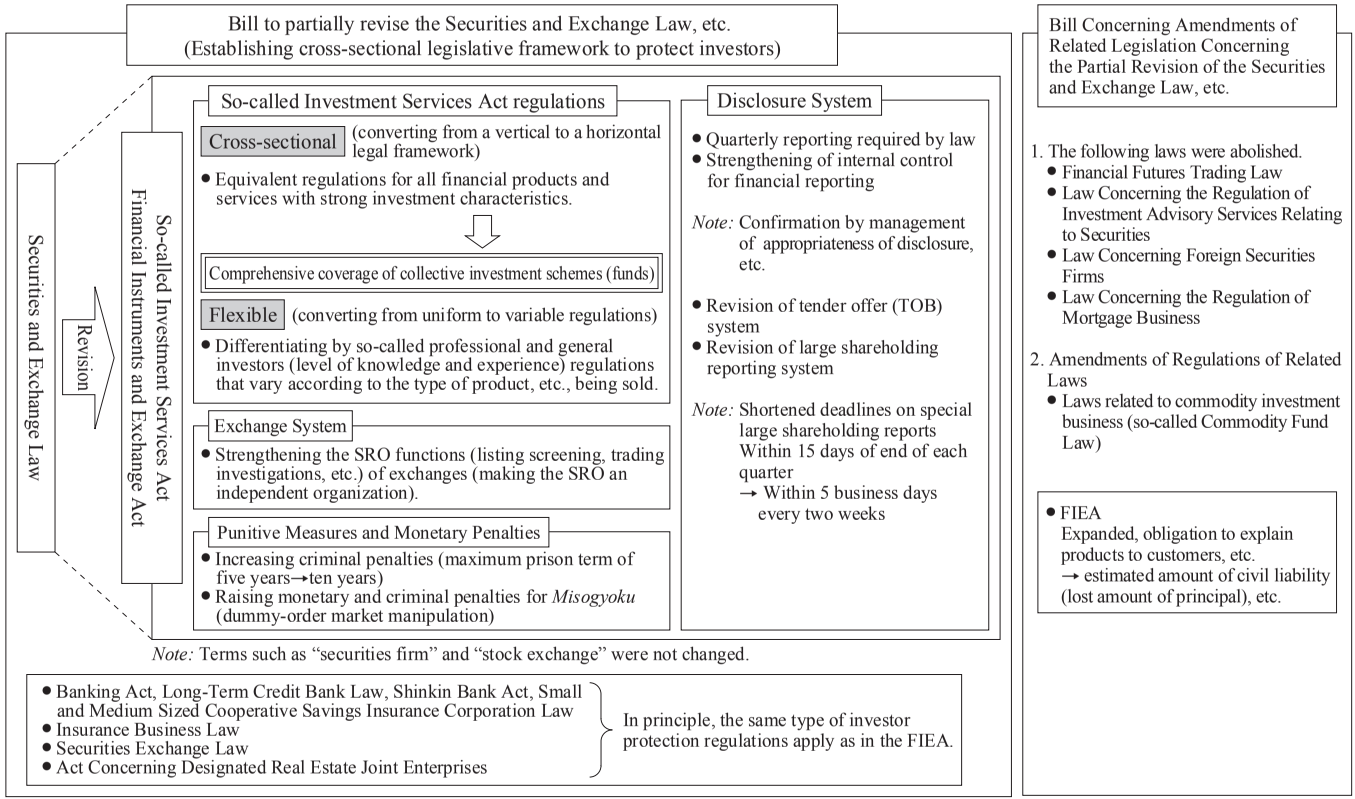
The Securities Regulatory System

1. Financial Instruments and Exchange Act

In 2006, the Securities and Exchange Act was comprehensively revised and renamed as the Financial Instruments and Exchange Act (FIEA). The purpose of this revision was to address the development of increasingly complex financial transactions and to introduce cross-sectoral and flexible regulation. In other words, the traditional siloed structure was revised, and a framework was established to apply common regulations to products sharing similar economic functions and risks. As a result, trust beneficiary certificates, mortgage securities, and group investment scheme interests are now subject to the FIEA enabling comprehensive investor protection. In addition, a framework has been established that makes registration mandatory for business operators engaged in sales and solicitation, investment advice, asset management, and asset administration, and subjects them to common conduct regulations. Furthermore, measures such as (1) the relaxation of disclosure regulations (tailoring information disclosure to the level of marketability), (2) the restructuring of business regulations (categorization into Type I and Type II Financial Instruments Business Operators, etc.), and (3) conduct regulations based on investor attributes (distinguishing between professional investors and general investors) were introduced, thereby establishing a regulatory framework that was tailored to risk characteristics.

Major amendments since then include a review of firewall regulations between securities companies, banks, and insurance companies in 2008; the introduction of public regulation of credit rating agencies in 2009; the establishment of the Alternative Dispute Resolution (ADR) System in the financial sector; and the establishment of a framework for alliances between financial instruments and commodity exchanges. Revisions in 2011 established a disclosure system for rights offerings; in 2015 the special provisions for qualified institutional investors were revised; an amendment in 2017 introduced a registration system for High-Speed Traders and fair disclosure rules. A further amendment in 2019 established regulations for derivative transactions involving crypto-assets and classified rights transferable via electronic re-

Chart XVIII-1. Transition from Securities and Exchange Act to Financial Instruments and Exchange Act



Source: Materials produced by the FSA.

cords as "Paragraph 1 securities," while a 2021 amendment introduced a notification system for investment management businesses targeting overseas investors.

Furthermore, the 2024 amendment (Act No. 32 of 2024) set forth the objective of realizing a "leading asset management center," relaxed entry regulations for the investment management business, and established a registration system for providers of investment management-related services. This enabled specialization and outsourcing of investment management operations in an institutional context, thereby expanding the pool of participants in the asset management industry. In addition, the rules governing tender offers (TOBs) and the large-scale shareholding reporting system were revised; the threshold for triggering reporting obligations was lowered from "more than one-third" to "more than 30%," and the regulations were expanded to cover both on-market and off-market transactions. Furthermore, efforts were made to improve the accuracy and transparency of information disclosure by including equity derivatives in large-shareholding reports, clarifying the definition of joint holders, and specifying the purpose of holdings.

2. Other Laws and Regulations Related to the Securities Market

While the Financial Instruments and Exchange Act (FIEA) serves as the most fundamental law concerning securities, securities business operators, and transactions on the securities markets, there are, in fact, many other related laws and regulations. Upon enactment of the FIEA, from the point of view of investor protection, other laws were revised so that they shared, to the extent possible, common regulations with the FIEA for financial instruments not covered by the FIEA but having the same economic function. For example, such related laws as the Banking Act (Article 13-4), Insurance Business Act (Article 300-2) and the Trust Business Act (Article 24-2) implemented provisions equivalent to the FIEA's code of conduct. Specifically, these laws include: regulation of advertising, etc.; obligations to clarify conditions of transactions in advance; provision of documents prior to conclusion of contracts; prohibited acts; prohibition of compensation of loss, etc.; and best execution policy.

The Act on Sales, etc. of Financial Instruments (renamed the "Act on the Provision of Financial Services and the Development of an Environment for Their Use, etc. (Financial Services Provision Act)" following the 2024 amendment) comprehensively regulates the sale and solicitation of deposits, savings, trusts, insurance, and securities, and other financial products. The 2006 amendment expanded the obligation to provide explanations to customers (Article 4, paragraph 1, items ii, iv and vi) and introduced the principle of

Table XVIII-1. Banking Act, Insurance Business Act, and Trust Business Act

1. Acts that have sales and solicitation rules equivalent to those of the FIEA for deposits, insurance policies, and investment trusts with strong investment characteristics

(Points of view on which regulations have been implemented for each act)

	Banking Act (specified deposits, etc.)	Insurance Business Act (specified insurance policies, etc.)	Trust Business Act (specified trust agreements)
Advertising, regulations, etc.	• In the case of derivative deposits, if the bank has the right to extend the term of the deposit, it must indicate to the customer the risk that the interest rate could fall below the market rate to the disadvantage of the customer.		
Obligation to deliver written documents	• Exceptions to the obligation to deliver written documents - When a document on foreign currency deposit, etc. was delivered within the past year - When a similar document was delivered within the past year *Note:* Establish transitional measures at the time of enforcement (can be issued prior to enforcement; can be issued within three months of enforcement) • In the case of derivative deposits, the document prior to conclusion of contract must contain the same contents as the items shown in the advertisement, etc.	• The document prior to conclusion of contract must contain notes on material items in accordance with provisions in supervisory guidelines regarding the contract outline and cautionary information Eg.: The contract outline is dictated on the statutory level, while cautionary information is dictated on the cabinet office order level. • Items covered in the document delivered upon conclusion of contract can be adjusted in line with the items included in the insurance policy, etc. Eg.: Items regarding the type and content of the contract can be omitted from the document delivered upon conclusion of contract if they are contained in the insurance policy, etc.	• Exceptions to the obligation to deliver the document prior to conclusion of contract (Documents regarding a similar contract has previously been delivered, and the customer has made it clear that issuance of documents is not necessary, etc.)
Prohibited acts	• Generally prohibited acts in the banking business • Concluding a contract without adequate explanation necessary for understanding the document prior to conclusion of contract or the document on foreign currency deposits, etc.	• Generally prohibited acts for concluding or soliciting purchase of insurance policy • Concluding a contract without adequate explanation necessary for understanding the document prior to conclusion of contract	• Generally prohibited acts in underwriting trusts • Concluding a contract without adequate explanation necessary for understanding the document prior to conclusion of contract
Professional investors (*Tokutei Toushika*) (Type of contract)	• One type (contract for specified deposits, etc.)	• One type (contract for specified insurance policies, etc.)	• One type (contract for specified trusts)

2. Business scope of banks and insurance companies (Auxilliary businesses)

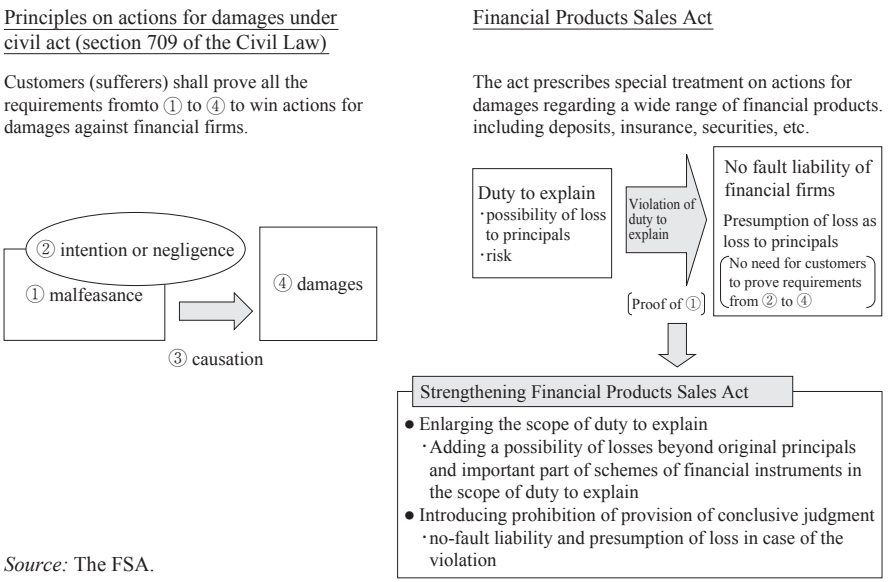
- Expanded to include agency or intermediary business for concluding investment advisory and discretionary investment contracts (banks only).
- Expanded to include emission rights derivatives trading. (intermediary and consulting services for emission rights trading also permitted as incidental businesses).

3. Business scope of banking and insurance company subsidiaries

- Business scope of securities subsidiaries expanded (full coverage of Financial Instruments Businesses).
- Scope of financial-related businesses expanded (private placements, investment advisory and agency business, self-management, emission rights trading, emission rights derivatives trading, etc.).

Source: The FSA.

Chart XVIII-2. Enhancement of the Act on Sales, etc. of Financial Instruments



Source: The FSA.

suitability (Article 4, paragraph 2). These revisions established a framework under which, in the case of a violation of the suitability rule, the seller is liable to compensate the customer for damages, which are presumed to be the amount of any loss of principal (Article 7). The 2023 amendment introduced a new "duty to conduct business operations in good faith and fairly, taking into account the best interests of customers," further strengthening the effectiveness of the code of conduct and consumer protection. Furthermore, the Commodity Exchange Act (now the Commodity Derivatives Transaction Act) clearly defined obligations regarding advertising and disclosure, as well as prohibition of loss compensation, backed with penalties, thereby establishing a cross-sectoral investor protection framework for the financial sector. The 2020 amendment introduced a new category of financial services intermediary business (Article 11, paragraph 1).

While most of the business and conduct regulations regarding the investment trust management business and asset management business of investment corporations have been incorporated into the FIEA, the Act on Investment Trusts and Investment Corporations (Investment Trust Act) retains its own provisions, resulting in a dual regulatory framework together with the FIEA. There are several laws pertaining to issuance of securities. Issuing of public bonds is approved based on the provisions of the Public Finance Act

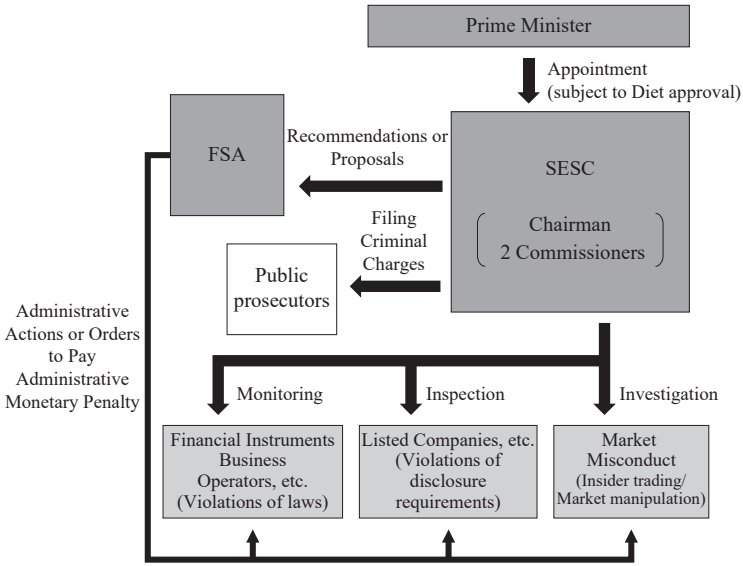
and the Local Government Finance Act while deficit-covering bonds are governed by the special law of each fiscal year (The Special Deficit-Financing Bond Law of 2021 set the issuance period for special bonds up to 2025, maintaining the multi-year framework adopted from 2012). For private securities, the Companies Act provides for the issuance of stocks and corporate bonds by corporations. As for corporate bonds and other bonds, the Secured Bond Trust Act and the Enterprise Mortgage Act are separately enforced in regard to collateral. In addition, the Act on the Securitization of Assets is in place regarding the issuance of asset-backed securities.

3. Organization of the Securities Regulatory System

After the war, under the Securities and Exchange Act, the Securities and Exchange Commission, modeled after the U.S. Securities and Exchange Commission (SEC), was established as an external bureau of the Ministry of Finance to oversee the securities regulatory system. However, after the end of the U.S. occupation in 1952, responsibility for securities administration was once again placed under the Securities Business Division in the Finance Bureau of the Ministry of Finance. Then in 1964, the Securities Bureau was created within the Ministry of Finance. The Securities Bureau regulated the securities business as a core authority for overseeing the license system of securities business operators over a period of about 30 years under the revised Securities and Exchange Act of 1965. During Japan's bubble economy years, the country's securities market demonstrated significant growth to become one of the major markets on a global level. On the other hand, the market came under severe criticism for lacking openness and being scandal-ridden. In particular, the major financial and securities scandals in 1991 provided a strong impetus for reforms of the securities regulatory system, along with market reforms.

In 1992, the Ministry of Finance bolstered its market surveillance by establishing the Securities and Exchange Surveillance Commission (SESC) and transferring surveillance to this body. Further change came in June 1998 when the government set up the Financial Supervisory Agency as an external bureau (Article 3, "Committees" of the National Government Organization Act) of the Prime Minister's Office, under which the SESC was placed Subsequently, with the enforcement of the Act on Revision, etc. of Related Acts for the Financial System Reform in December 1998, the Financial Supervisory Agency took over the role of overseeing the securities regulatory system. Concurrently, the Financial Reconstruction Commission, which was established around the same time, was given the highest responsibility over the financial and securities regulatory system.

Chart XVIII-3. Securities Administration and the Monitoring System for Securities Transactions, etc.

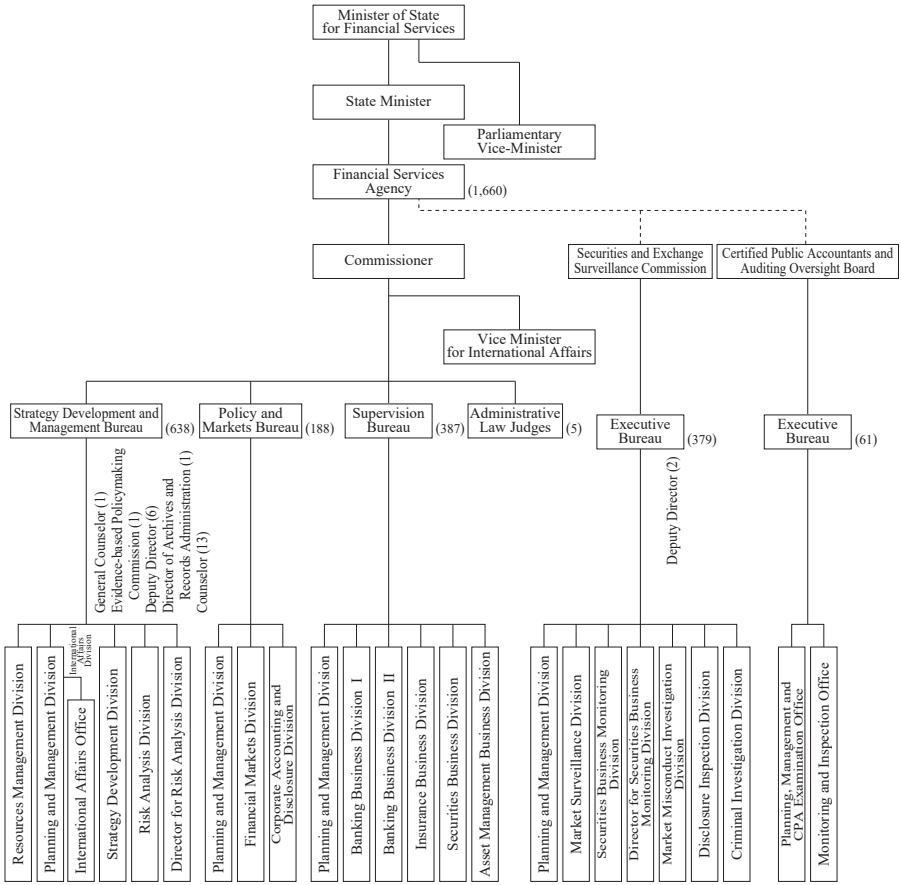


Source: Materials available on the website of the Securities and Exchange Surveillance Commission.

Then in 2000, the Financial Supervisory Agency was reorganized as the Financial Services Agency (FSA) to which the Ministry of Finance transferred the financial system planning and law drafting functions in 2001, the same year as the Financial Reconstruction Commission was transferred to the FSA and the SESC also became part of the FSA. Through this process, the major portion of securities regulation in Japan was consolidated into a system administered by the FSA and the SESC. The policy on securities regulation also shifted from preventive administration to ex post monitoring. Behind this shift was the clarification of the objective of the administration to increase the welfare of people in Japan primarily through promoting sustainable growth of corporations and the economy and stable asset formation, following the winding-down of a bad debt issue among others after the collapse of the bubble economy.

The FSA was reorganized in July 2018 into three bureaus—the Strategy Development and Management Bureau, the Policy and Markets Bureau, and the Supervision Bureau—with an eye toward enhancing the FSA's strategy planning function and administrative expertise, and strengthening its ability

Chart XVIII-4. Organization of the Financial Services Agency (Fiscal 2025)



*Figures represent the authorized staff complement levels as of the end of fiscal 2025.

*One of the Senior Deputy Director-Generals holds the position of Chief Record Officer and one of the Deputy Director-Generals holds the position of Director-General of the Certified Public Accountants and Auditing Oversight Board on an ex officio basis.

*The staff complement of the Supervision Bureau includes the Senior Chief Inspector and other positions, as well as 98 Lead Investigators.

Source: FSA materials.

to respond to advances in fintech. Under this system, the following measures have been implemented: (1) support for businesses (2) promotion of the Doubling Asset-based Income Plan to realize a leading asset management center (3) facilitation of financing for start-ups (4) implementation of corporate governance reform and enhancement of corporate information disclosure (5)

promotion of sustainable finance, and (6) preparation for dealing with various risks, including money laundering (as of October 2025).

4. Law Enforcement by the Financial Services Agency

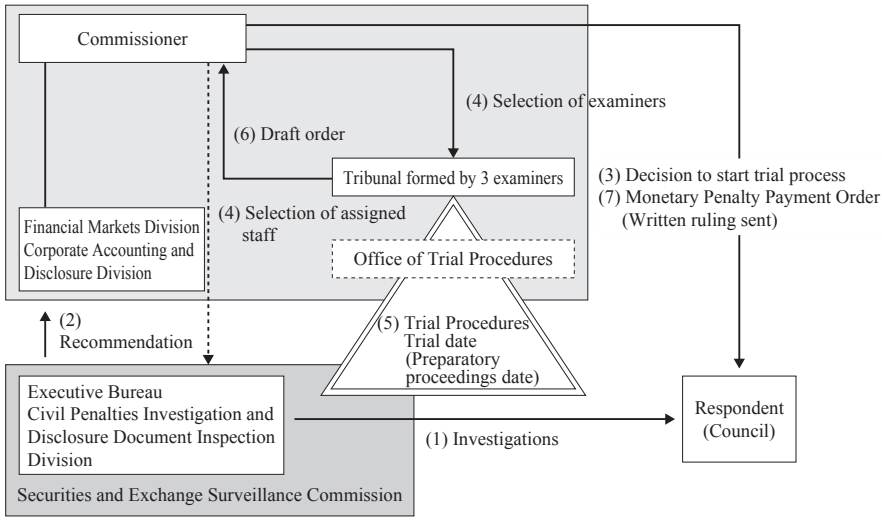
The executive authority for the Financial Instruments and Exchange Act lies with the Prime Minister of Japan, the top cabinet minister, who in turn oversees the Financial Services Agency (FSA). In actual practice, the Prime Minister delegates this authority (with some exceptions such as the authority relating to approvals and other administrative dispositions) to the Commissioner of the FSA as stipulated in Article 194-7, "Delegation of Authority to the Commissioner of the FSA." Major types of authority delegated to the Commissioner include the authority to issue Business Improvement Orders to Financial Instruments Business Operators and Registered Financial Institutions (Articles 51 and 51-2), as well as orders to suspend operations or revoke their registration or authorization (Articles 52 and 52-2). The FSA commissioner is also required to issue an Administrative Surcharge Payment Order if certain conditions are met. Primary examples subject to the issuance of the Administrative Surcharge Payment Order include non-submission of securities registration statements, etc. and false statement (Articles 172, 172-2, 172-3, and 172-4) and non-submission, misrepresentation and false statement of the public announcement of the start of an offering or the Tender Offer Notification (Articles 172-5 and 172-6). When it is found that an unfair trading practice, such as the spreading of rumors, use of fraudulent means, market manipulation, or insider trading (Articles 173, 174, 174-2, 174-3, and 175), has occurred, an Administrative Surcharge Payment Order is, in principle, issued through a hearing procedure based on a draft order prepared by a hearing examiner (Articles 178, 185-6, and 185-7).

In addition, the following inspection authority and related powers for issuing orders and administrative dispositions by the FSA are delegated by the Commissioner to the SESC. Certain other matters and some of the matters delegated to the commission may be delegated to the Director-General of the Finance Bureau or to the Director-General of the local finance bureau. The Director-General of the Local Finance Bureau collaborates with Securities Inspectors in each region.

(1) The authority to require Financial Instruments Business Operators and parties executing transactions with Financial Instruments Business Operators to produce or submit for inspection reports related to the business and assets of such operators

(2) Similar authority over Authorized On-Exchange Transaction Service Operators (Foreign Securities Companies), etc.

Chart XVIII-5. Flow Leading to the Payment of Administrative Surcharge



Note: Designated staff members are selected among the employees by the FSA Commissioner to assert and verify the violations, etc., in the trial proceedings. They submit preparatory documents and give evidence, etc.

Source: Materials available on the website of the Securities and Exchange Surveillance Commission.

Table XVIII-2. Major Legal Basis of Inspection and Supervision by the FSA

Financial Instruments and Exchange Act	
Article 56-2	Financial Instruments Business Operators, Etc.
Article 60-11	Authorized On-Exchange Transaction Service Operators, Etc.
Article 63-6	Specially Permitted Business Notifying Persons, Etc.
Article 66-22	Financial Instruments Intermediary Service Providers, Etc.
Article 75	Authorized Financial Instruments Firms Association, Etc.
Article 79-77	Investor Protection Fund, Etc.
Article 106-6, Article 106-20	Major Shareholders, Etc. of Financial Instruments Exchanges and Their Holding Companies
Article 151	Financial Instruments Exchange, Etc.
Article 153-4	Self-Regulatory Organizations
Article 155-9	Foreign Financial Instruments Exchange, Etc.
Article 156-5-8	Major Shareholders, Etc. of Clearing Organization
Act on Investment Trusts and Investment Corporations	
Article 22	Investment Trust Management Companies and Trustee Companies, Etc.
Article 213	Investment Corporations, Etc.

(3) Similar authority over authorized and certified associations or those entrusted by such associations

(4) Similar authority over issuers of OTC or tradable securities

(5) The authority to require financial instruments exchanges and their subsidiaries, issuers of securities listed on respective exchanges and foreign financial instruments exchanges to produce and submit reports and be inspected

(6) The authority to require related parties of incidents subject to administrative surcharge to produce and submit reports and be inspected

The SESC carries out investigations within the permissible scope and when considered necessary, it may recommend the Prime Minister or the FSA commissioner to take an administrative disciplinary action (Act for Establishment of the Financial Services Agency, Article 20) and other measures.

5. The Securities and Exchange Surveillance Commission

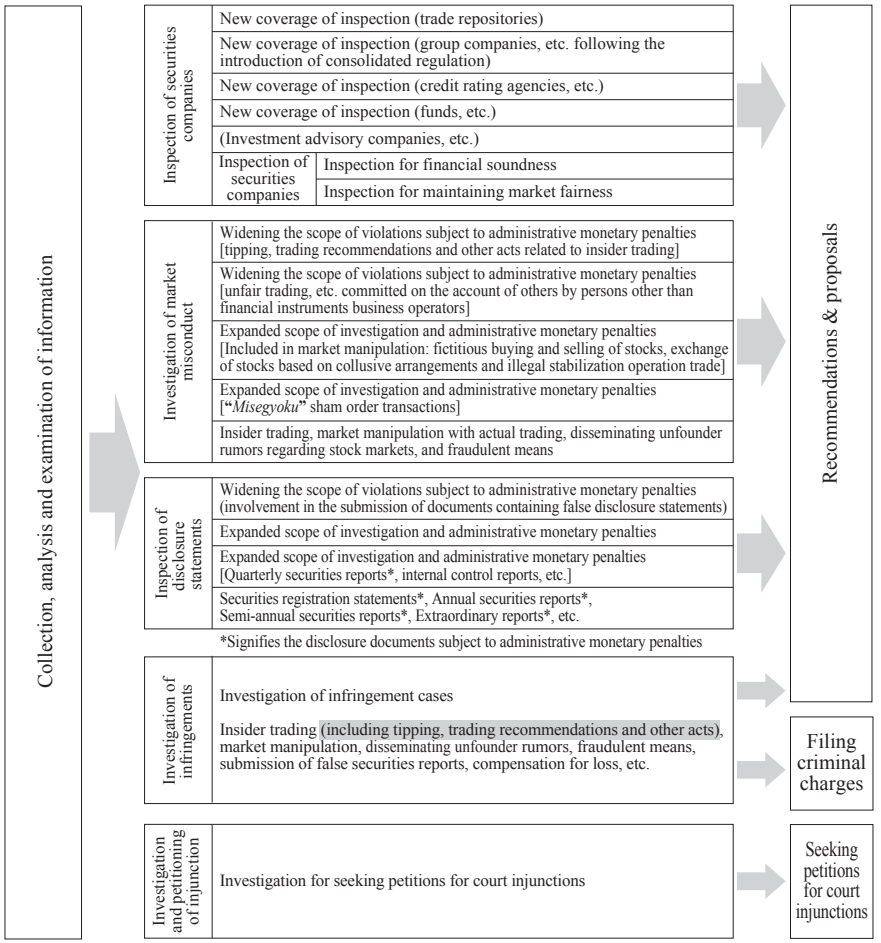
The Securities and Exchange Surveillance Commission (SESC) comprises a chairman and two members appointed by the Prime Minister with the approval of the House of Representatives and the House of Councillors (Act for Establishment of the Financial Services Agency, Articles 10 to 12). As described in the preceding section, the SESC has the authority delegated by the FSA commissioner to require a wide range of people related to Financial Instruments Business Operators and registered financial institutions to produce or submit for inspection reports and materials (FIEA Article 56-2, Article 60-

Table XVIII-3. Number of criminal accusations by Business Year (as of End of September 2025)

Business Year	92－17	2018	2019	2020	2021	2022	2023	2024	2025
Fake statement of Disclosure documents	41	3	1	0	0	0	1	0	0
Disseminating Unfounder Rumors・Fraudulent Means	28	0	0	0	2	0	1	0	0
Market manipulation	31	0	0	1	1	1	1	0	0
Insider trading	81	5	1	1	5	7	1	7	1
Others	11	0	1	0	0	0	0	0	0
Total	192	8	3	2	8	8	4	7	1

Source: The website of the Securities and Exchange Surveillance Commission's Initiatives (End of September 2025).

Chart XVIII-6. Activities of the SESC



Source: Data disclosed by Securities and Exchange Surveillance Commission.

11, Article 63, Article 66-22, Article 75, Article 79-4, Article 79-77, Article 151, Article 156-15, Article 156-34, etc.). The commission also has the authority to demand the production or submission for inspection of reports and materials from the submitters of securities registration statements or Statements of Large Volume Holders and tender offers (FIEA Article 26, Article 27-22, Article 27-30, etc.).

The SESC is responsible for: (1) routine market supervision of Financial Instruments Business Operators and other entities (reviewing the details of

securities trades); (2) detailed on-site inspections of Financial Instruments Business Operators, registered financial institutions, and other entities; (3) disclosure inspections of entities filing securities registration statements and reports; (4) investigations regarding administrative monetary penalties for unfair trading, disclosure violations, and similar violations. Furthermore, in terms of investigating offenses that undermine market fairness, such as the submission of notifications or reports containing false statements regarding material matters or market manipulation, authorities are granted powers of voluntary investigation (Article 210), including questioning, inspection, and retention of items, as well as powers of compulsory investigation (Article 211, etc.), such as on-site inspections, searches, and seizures, based on judicial authorization.

As described in the preceding section, after the SESC has made its recommendations based on its securities investigations, the FSA commissioner may issue orders to improve business operations, revoke registration, or suspend operations. When the commission recommends action as a result of its administrative surcharge investigations, the Commissioner issues an Administrative Surcharge Payment Order when it is found that the statutory requirements are satisfied. Furthermore, when the SESC is convinced that irregularities have been committed following the investigation in a criminal case, it must report the case to the Public Prosecutors Office pursuant to the provision of Article 226, Paragraph 1 of the FIEA.

In the 2008 revision of the FIEA, the authority to petition the court for Prohibition and Stay Orders (Article 192, Paragraph 1) was delegated to the SESC. It first used this power to crack down on a business operator not registered as a Financial Instruments Business Operator in 2010. Most recently, in 2024, the SESC filed a petition with the court for an order of prohibition and suspension against Global Investment Lab Inc. and its affiliates for conducting financial instruments business without registration; similarly, in 2025, a petition was filed against Black Clover Limited and its affiliates, and the Tokyo District Court issued an order of prohibition and suspension.

6. Self-Regulatory Organizations

A self-regulatory organization is an organization established voluntarily by intermediaries, etc. under the respective legal framework with the purpose of ensuring fair and smooth trading of securities and other transactions and of contributing to the protection of investors. It takes on the role of securing the public nature of the securities market through formulating its own rules and ensuring adherence to those rules along with the laws, regulations and other rules set out by the government.

Table XVIII-4. List of Self-Regulatory Organizations Governed by the FIEA (As of the end of September 2025)

	Rules, etc.	Organization
Financial Instruments Exchange	Licensed	Japan Exchange Regulation (see main text)
	Same as above	Nagoya Stock Exchange
	Same as above	Fukuoka Stock Exchange
	Same as above	Sapporo Securities Exchange
Financial Instruments Firms Associations	Authorized	JSDA
	Certified	The Investment Trusts Association, Japan
	Same as above	Japan Investment Advisers Association
	Same as above	Financial Futures Association of Japan
	Same as above	Type II Financial Instruments Firms Association
	Same as above	Japan Virtual and Crypto assets Exchange Association
	Same as above	Japan Security Token Offering Association
Investor Protection Organization	Certified	Financial Instruments Mediation Assistance Center (FINMAC)

Source: Compiled based on data available on the website of the FSA, etc.

Table XVIII-5. Principal Rules of the Japan Securities Dealers Association (As of the end of September 2025)

Self-Regulatory Rules
Rules Concerning Solicitation for Investments and Management of Customers, Etc. by Association Members
Rules Concerning Establishment of Confidential Corporate Information Management System by Association Members
Rules Concerning Establishment of Order Management System by Association Members
Rules Concerning Application for Confirmation, Examination, Confirmation, Etc. of Incidents
Rules Concerning Financial Instruments Intermediary Services Providers
Rules Concerning Elimination of Relationships with Antisocial Forces
Rules Concerning Qualification and Registration, Etc., of Sales Representatives of Association Members
Guideline for Protection of Personal Information
Rules Concerning Maintenance of and Compliance With Ethical Code by Association Members
Uniform Practice Rules
Rules Concerning Handling of OTC Incident-Related Securities
Rules Concerning Processing of Rights in Case of Forgetting Entry of a Name Change on Stocks
Rules Concerning Exchanges of Bonds Drawn for Redemption by Lottery in OTC Trading
Rules Concerning Elimination of Fails in Bonds, Etc.
Dispute Handling Rules
Rules Concerning Outsourcing, etc. for Resolution of Disputes, Etc. Between Customers and Association Members
Rules Concerning Mediation of Disputes Between Association Members

The Financial Services Agency (FSA) acknowledges the money lending associations, certified payment service associations and designated dispute resolution organizations as self-regulatory organizations in addition to the Financial Instruments Firms Associations. Financial Instruments Firms Associations are categorized into Authorized Financial Instruments Firms Associations, which are authorized by the Prime Minister under the FIEA (Article 67-2), and Certified Financial Instruments Firms Associations, which are certified by the Prime Minister under the FIEA (Article 78). The JSDA is currently the only Authorized Financial Instruments Firms Association and its members comprise Financial Instruments Business Operators and registered financial institutions. The JSDA has in place Articles of Association, Fair Practice Rules, Uniform Practice Rules, board resolutions, and dispute resolution rules. Members are required to carry out securities transactions in compliance with these rules. The JSDA is also empowered to take disciplinary action when members violate these rules. The scope of disciplinary action may include reprimand, imposition of monetary penalties, suspension or limitation of membership or expulsion, or the issuing of a formal warning (JSDA Articles of Association, Article 28, Article 29).

Certified Financial Instruments Firms Associations include The Investment Trusts Association, Japan which includes investment trust management companies, trust companies, etc. that serve as trustees in investment trusts without instruction by trustor, and securities companies and registered financial institutions that purchase and sell beneficiary certificates of investment trusts as members, and The Japan Investment Advisers Association which has investment advisory companies as members.

The FIEA distinguishes between a "stock company that operates financial instruments exchange markets" and a "self-regulatory organization" and recognizes a "financial instruments exchange" or "self-regulatory organization" thereof as a self-regulatory organization relating to the exchange market. With the authorization of the Prime Minister, the self-regulatory functions of Japan Exchange Group are entrusted to Japan Exchange Regulation pursuant to Article 85 of the FIEA. These services include the listing and delisting of financial instruments, inspections of members' compliance with laws and regulations, and other matters specified by Cabinet Office Order as necessary to ensure fair trading (Article 84, Paragraph 2). Japan Exchange Regulation has a Listing Examination Department that screens listing applicants for suitability, a Listing Department that maintains and improves the quality of listed financial instruments, a Market Surveillance Department that investigates and seeks to prevent unfair trading practices, and a Participants Examination Department that investigates participants' compliance and implements disciplinary action. Under rule 34 of the Trading Participant Rules, violations of laws or rules and regulations by participants are punishable by revocation of

trading qualifications, suspension or restriction of trading, and monetary penalties or official warnings, etc.

7. International Organization for Securities Regulation

The International Organization of Securities Commissions (IOSCO) is an international organization that sets forth global standards for the securities sector in various countries. It takes on the role of promoting, in particular, the development and implementation of, and compliance with, internationally recognized securities regulations. In the process of implementing reforms to the international rules after the financial crisis, IOSCO worked in cooperation with the G20 and the Financial Stability Board (FSB), discussed below. IOSCO was established in 1974 as the Inter-American Association of Securities Commissions. In 1983, the organization's bylaws were revised to expand membership beyond the Americas, and the organization was renamed IOSCO at the Paris Annual Conference in 1986. As of October 2025, there were 241 member organizations, overseeing and regulating over 95% of the world's securities markets. The Securities Bureau of Japan's Ministry of Finance became an ordinary member in 1988. The FSA has succeeded the position and is an ordinary member at present. Besides the FSA, the Securities and Exchange Surveillance Commission is an associate member, along with the Ministry of Economy, Trade and Industry and the Ministry of Agriculture, Forestry and Fisheries, both of which oversee commodity futures. Meanwhile, Japan Exchange Group, Inc. and the JSDA are affiliate members. IOSCO has published a wide range of principles, policies, standards, guidance, codes, recommendations, and practices regarding securities trading that have been implemented in many countries. IOSCO's documents are important also for Japan's securities regulators, which have taken steps to implement policies through defining laws and self-regulatory systems. The Financial Services Agency closely follows IOSCO trends and publishes them on its website.

The FSB was established as an international body in April 2009, succeeding the Financial Stability Forum (FSF), which had been established in 1999, with an expanded mandate following the global financial crisis. Members of the FSB include financial supervisory authorities and central banks from 25 major countries and regions, including Japan. In addition, international organizations such as IOSCO, the IMF, the World Bank, the Bank for International Settlements (BIS), and the Basel Committee on Banking Supervision (BCBS) are members of the FSB. From Japan, the Bank of Japan, the FSA and the Ministry of Finance are participating members. According to the FSB Charter, the organization is responsible for the monitoring and assessment of vulnerabilities affecting the global financial system and for identifying and

Chart XVIII-7. IOSCO Organization Chart

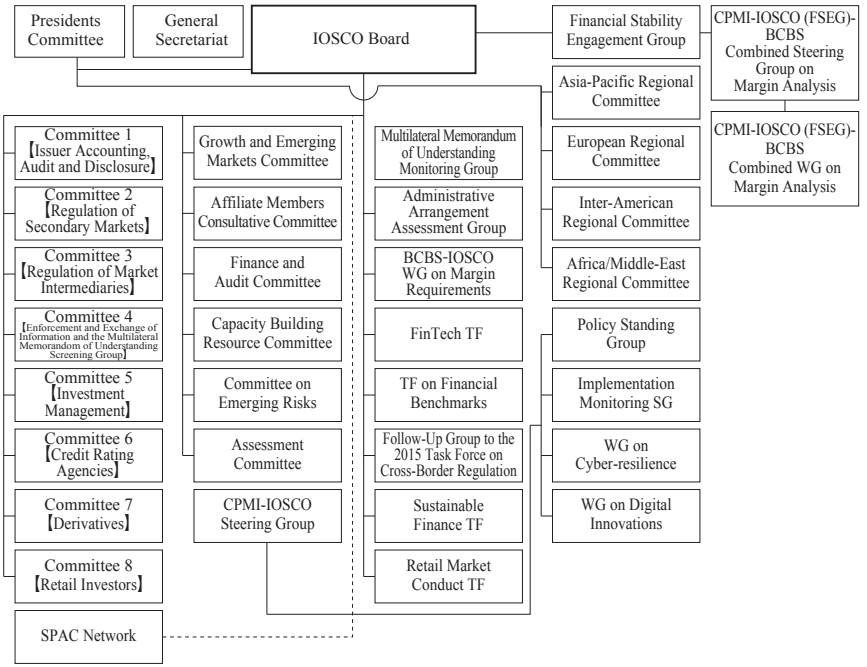


Table XVIII-6. Major IOSCO Committees

Presidents Committee	The Presidents Committee is composed of all the Presidents (Chairs) of ordinary and associate members and meets once a year during the Annual Conference. It has the right to make decisions on all matters necessary for the IOSCO to achieve its objectives.
The IOSCO Board	The IOSCO Board is comprised of securities regulators of 34 countries, including the FSA. It is the governing and international standard-setting body for the securities industry. Under the Board are (1) several policy committees that discuss policy issues and conduct policy work; among other committees is (2) the Growth and Emerging Markets Committee, comprised of regulators of emerging markets and countries, which seeks to promote the development and greater efficiency of emerging markets by establishing principles and standards and providing training, etc.
Regional Committees	There are four regional committees—Asia-Pacific Regional Committee, Inter-American Regional Committee, European Regional Committee, and African/Middle-East Regional Committee—and they discuss specific issues pertinent to their own regions. Japan belongs to the Asia-Pacific Regional Committee.

Source: Websites of IOSCO and the FSA.

reviewing regulations, supervisory and related actions needed to address these vulnerabilities and their outcomes. Particularly important tasks of the FSB include the designation of global systemically important financial institutions (G-SIFIs) that operate across borders and the formulation of guidelines for establishing supervisory colleges. The organization also examines international standards and principles relating to the shadow banking system and other activities that have not been subject to regulations thus far, and serves as an intermediary function to coordinate matters among related entities. The outcomes of activities of the FSB are reported and addressed as recommendations when appropriate at the G20 summit.