

## Addressing Securities and Financial Instruments Disputes : The Operational Status of FINMAC

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The Financial Instruments Mediation Assistance Center (FINMAC), a specified non-profit organization, was established in August 2009, and in the following year (February 2010) commenced operations concerning dispute resolution, etc., and in this year (2025) has passed over its fifteenth year. This article, by looking back on the operations up to now and explaining their content, seeks to obtain readers' understanding concerning the activities of FINMAC.

FINMAC is a specified non-profit organization based on the Act on Promotion of Specified Non-Profit Activities, and, taking as an opportunity the introduction of the financial ADR system into the Financial Instruments and Exchange Act, was established as an organization to assume the financial ADR system relating to securities and financial instruments transactions, and also as an organization to aim at the unification of operations such as dispute resolution in the associations related to financial instruments business. In addition, it has the character of being an Authorized Investor Protection Organization under the Financial Instruments and Exchange Act, and of being a certified ADR organization under the Act on Promotion of Use of Alternative Dispute Resolution.

The scale of its business is about 420 million yen (FY2025 budget), and most of those expenses are borne by financial instruments business operators and others in the industry. Its operations consist of conducting consultations from customers, complaint handling, and dispute resolution procedures (mediation procedures) with counterparties such as members of self-regulatory organizations under the Financial Instruments and Exchange Act. The number of cases received over the fifteen years up to FY2024 has reached 89,386 consultations, 17,041 complaints, and 3,806 mediation applications.

The mediation procedure is presided over by one mediator (attorney). For the filing of mediation procedures, a small amount of application fee is required. The mediator, in advance, obtains from the applicant of the mediation procedure a written petition, from the respondent a written answer, and while collecting reference materials, sets a date and requests the attendance of the parties in order to conduct fact-finding (the holding of a mediation hearing). The mediation hearing in many cases ends with one session, and the procedure is generally concluded within about four months. In about 70 percent a settlement is formed, and although the ratio of the amount paid to the amount claimed differs depending on the case, on average it is about 20 percent. A questionnaire survey is conducted with respect to the parties, and generally good evaluations are obtained.

FINMAC, not only resolving disputes concerning securities and financial instruments transactions, but also, by feeding back to business operators the situation of operations such as dispute resolution, contributes to the sound development of the capital market through serving the self-corrective function.