



EUROPEAN BUSINESS COUNCIL IN JAPAN
THE EUROPEAN (EU) CHAMBER OF COMMERCE IN JAPAN

BANKING

ISSUES AND RECOMMENDATIONS



TOKYO AS A FINANCIAL CENTRE



Tokyo as a Financial Centre

YEARLY STATUS REPORT: Slight Progress

- ❑ The introduction of Abenomics and the policies of current and former Tokyo Governors have moved Tokyo closer to becoming a global financial centre.
- ❑ However, although Tokyo has some of the necessary traits, such as a vast capital pool and a certain regional pull for financial services, there are still many obstacles to achieving this goal.
- ❑ While the EBC appreciates the changes in the mandate to the GPIF and the improved governance guidelines, it believes Tokyo is still held back by its lack of “internationalisation”, small asset management sector and relatively high taxes.
- ❑ It is important that a holistic approach is taken and that central and regional governments work together for Tokyo to be successful, in the interest not only of the city itself but also of the country as a whole.



Tokyo as a Financial Centre

RECOMMENDATIONS

- ☐ The EBC believes that there is a need for better cooperation between the central Government and Tokyo Metropolitan Government to realise the goal of Tokyo becoming a global financial centre.
- ☐ Japan should do more to incentivise talented people to come to Japan.
- ☐ Japan should introduce more flexible labour legislation.





FAIR DISCLOSURE REGIME

Fair Disclosure Regime

YEARLY STATUS REPORT: Progress

- ☐ The Government of Japan has introduced a legislative framework for fair disclosure of company-specific information, but this has yet to be implemented.
- ☐ The EBC believes that rigorous implementation is urgently needed to stop information being leaked to select parties ahead of its official release.

RECOMMENDATIONS

- ☐ The Japanese authorities should implement the legislation on fair disclosure.
- ☐ The authorities should at the same time ensure that a robust sanction system is in place to discourage the circulation of preview reports.



A pyramid structure is built from several Euro banknotes. The base consists of several 10 Euro notes fanned out. The middle layer has a few 100 Euro notes. The top layer is a single 20 Euro note. The pyramid is set against a plain white background.

BANKING AGENCY SYSTEM

Banking Agency System

YEARLY STATUS REPORT: Good Progress

- ❑ The banking agency system used to require Japanese branches of European banks to apply for a special business licence each time they introduced new banking services provided by another banking entity, even if that entity was a branch of the same financial group located outside Japan.
- ❑ This had a negative impact on cross-border services, in which the Japanese arm of a global financial group supports its Japanese private or corporate clients in opening accounts abroad and introduces its Japanese clients to global cash management.

Banking Agency System

YEARLY STATUS REPORT: Good Progress

- ❑ While the EBC appreciates the positive results achieved by the FSA, which have made the system more workable by introducing group approvals, more information is needed on the administrative procedures required to obtain these approvals.
- ❑ It is of the utmost importance that these procedures are easy to use and that the administrative burden imposed on the applicant does not outweigh the actual benefits.



Banking Agency System

RECOMMENDATIONS

- ☐ The FSA should further clarify and streamline the application process for banking agency licences.
- ☐ The FSA should make certain that the group approval system is easy to use and does not impose a heavy administrative burden on the applicant.



INFORMATION SHARING

Information Sharing

YEARLY STATUS REPORT: No Progress

- ☐ While the firewall between different financial activities within the same financial group has been liberalised (for example, enabling increased double-hatting) there is still a ban on information sharing.
- ☐ The EBC believes this is unnecessary and that a conflict management regime combined with appropriate inspection/supervision practices should suffice.

RECOMMENDATION

- ☐ Remove the ban on information sharing within a financial group.