



Market Report

Japan Securities Dealers Association

November 4, 2019

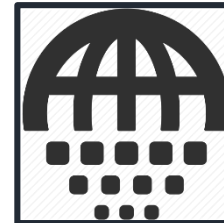


Recent challenges for the Japanese securities industry

The G20 Osaka Summit identified some global challenges. Among those, below are closely related to the securities business.



Aging
Society



Market
Fragmentation



Technological
Innovation

Measures toward the Aging Society

NISA: a recipe to address population aging

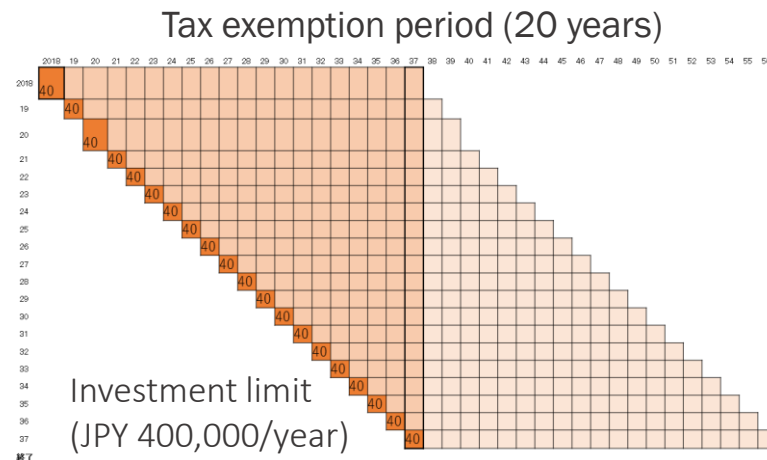
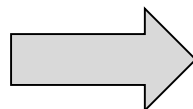
2014: Nippon Individual Savings Account (NISA)

2016: Junior NISA

2018: Dollar-Cost Averaging NISA



Japan Financial Services Agency's mascot,
Tsumitate WaNISA



Since their introduction,

more than 13 million accounts have been opened in total and
over JPY 16 trillion in assets under management (as of end March 2019).

Financial Gerontology

- ❖ Research Center for Financial Gerontology at Keio University
- ❖ Japan Financial Gerontology Institute

Efforts to cope with financial market fragmentation and further raise market efficiency

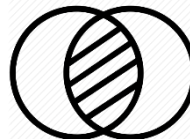
In May 2019, the Study Group on International Financial Regulation submitted its opinion paper to the G20 as well as their major global counterparties.

The paper identifies four sources of financial market fragmentation,

(1) discrepancies



(2) overlaps



(3) desynchronization



(4) competition



May 7, 2019
Study Group on International Financial Regulation

Opinion Paper by the Study Group on International Financial Regulation
"Recommendations for the G20 Summit"

I. Background

The Study Group was established for the purpose of monitoring developments in recent international financial regulatory reforms, enabling relevant parties in Japan to appropriately express their opinion in the process of introducing various regulations, and supporting Japanese financial institutions in responding smoothly to the new regulatory environment.

This year Japan hosts its first ever G20 Summit, to be held in Osaka on June 28 and 29. Three key issues have been set as priority themes for discussion at the G20 Osaka Summit: risks and challenges to the global economy, concrete actions to strengthen medium-term growth potential, and policy responses to economic and social changes stemming from both technological innovation and globalization.

The Study Group hopes that the first G20 Summit hosted in Japan will provide an opportunity for productive discussion and enable agreements from previous G20 Summits to be further improved. Accordingly, this paper expresses the Study Group's opinion on the G20 Osaka Summit's individual themes for discussion that relate to the finance sector: (i) international coordination and cooperation to avoid financial market fragmentation, (ii) aging-population issues and policy responses, and (iii) investment in high quality infrastructure.

II. Avoiding Financial Market Fragmentation

In December 2017 the Basel Committee on Banking Supervision agreed on the finalization of the Basel III framework. This concluded the process of designing

On another front, the settlement period for government bond transactions was shortened to T+1 on May 1, 2018 and the

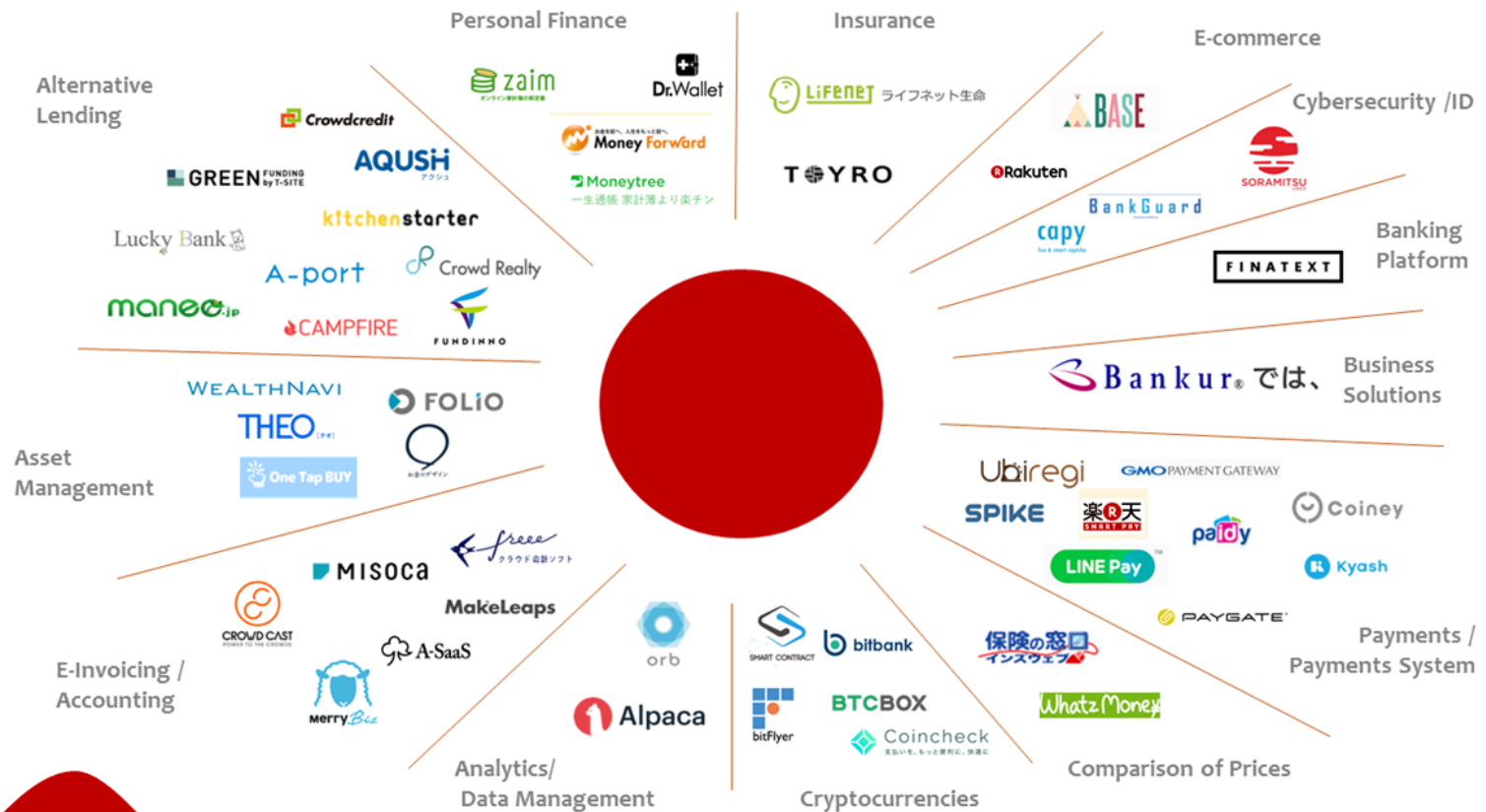
T+2 stock settlement went into effect on July 16, 2019.

All securities listed on the exchanges in Japan are now **settled on T+2 or earlier.**

Technological Innovations

ICO: Payment Services Act

STO: Financial Instruments and Exchange Act



September 2017
Marília Assis Breite

Source: Fintech News Hong Kong (<https://fintechnews.hk/2521/various/fintech-map-japan/>)