

FSA Supervision Guidelines for Major Banks (Revised March 31, 2006)

SAMPLE ONLY

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Comprehensive Supervision Guidelines for Major Banks, etc. – Comparison Table of New and Old Versions

Jp1-Jp7

Current Version	After Revision
<p>III- 1 Business Management (Governance)</p> <p>III-1-2 Principal points to observe</p> <p>Effective corporate governance is premised on each of the elements in its organization playing the role originally required of it. Specifically, it is important that the organizations of the board of directors and the board of corporate auditors (board of directors and audit committee, etc., for committee system companies) be able to check management and that the checks and balances among the various divisions and the internal audit division be functioning soundly. In addition, it is important that representative directors, directors, operating officers, corporate auditors and personnel in all grades understand their own roles and participate fully in those processes. <u>In particular, it has been considered essential that the directors that are engaged in the day-to-day activities of a bank (operating officers for committee system companies) have the knowledge and/or experience to be able to reliably, fairly, and efficiently manage the bank’s business and be a person that has the full confidence of the public.</u></p> <p>When monitoring business management (governance) readiness, verify, for example, whether its functions have been appropriately demonstrated in accordance with the following observations.</p>	<p>III- 1 Business Management (Governance)</p> <p>III-1-2 Principal points to observe</p> <p>Effective corporate governance is premised on each of the elements in its organization playing the role originally required of it. Specifically, it is important that the organizations of the board of directors and the board of corporate auditors (board of directors and audit committee, etc., for committee system companies) be able to check management and that the checks and balances among the various divisions and the internal audit division be functioning soundly. In addition, it is important that representative directors, directors, operating officers, corporate auditors and personnel in all grades understand their own roles and participate fully in those processes.</p> <p><u>Given the highly public character of bank operations, the Banking Law requires that the bank’s operations are administered soundly and appropriately to maintain confidence, protect depositors, etc., and ensure the smooth operation of finance. Therefore, the directors that are engaged in the day-to-day activities of a bank (operating officers for committee system companies) are required to be of extremely high caliber.</u></p> <p>When monitoring business management (governance) readiness, verify, for example, whether its functions have been appropriately demonstrated in accordance with the following observations.</p>