

Ark Mori Building, 14<sup>th</sup> Floor  
1-12-32 Akasaka  
Minato-ku, Tokyo 107-6014

Telephone: (03) 5545-7511  
Facsimile: (03) 5545-0502  
E-mail: g-info@ibajapan.org

## ***FINANCIAL SECTOR REGULATORY AND COMPLIANCE SEMINAR***

Seminar for IBA members given by Mr. Haruhiko (Harry) Saito, CEO and Managing Director, KFi K.K.

### **SEMINAR OUTLINE**

#### ***1. Recent Regulatory Dynamics: Policy Implications for IBA Member Firms***

- ✓ How is “Better Regulation” going to change?
  - Key expectations for IBA member firms under principles-based regulation
  - Future direction of supervision and inspection
  - Impact of double-hatting on FSA and SESC inspectors
  - Global regulatory challenges and local political change
- ✓ Key areas of focus by the FSA and the SESC
  - Targeted sectors: consumer finance, real estate funds, leverage finance, FX margin traders
  - The differing interests and perspectives of the FSA and the SESC
  - Any new initiatives by the industry? New business initiatives can become a new target
  - Revision of the firewalls regulations and implications for conglomerates
- ✓ Any room for strengthening competitiveness of Japanese financial and capital markets, if not forgotten?

#### ***2. Current Topics and Regulatory Intent***

- ✓ Firewalls deregulation and its likely direction
- ✓ Foreign bank agency initiatives: major challenges lie in inspections
- ✓ Anti-money laundering: what are the minimum standards for setting controls?
- ✓ Customer protection: impact of the new consumer affairs agency and its relationship with the FSA/SESC

#### ***3. Regulators’ Expectations of Local Governance***

- ✓ Background and key objectives
- ✓ Accumulation of knowledge on market practices and major observations
- ✓ Relationship between senior management and control functions
- ✓ To what extent can a Country Manager get involved in business matters?
- ✓ Utilization of internal audit function: has it been effective in dealing with the global financial crisis?

#### ***4. Key Control Issues***

- ✓ Legal assurance is not a major point: setting high standards on local controls is the key
- ✓ Controls around key risks including IT systems
- ✓ Information controls and prevention of conflict of interests
- ✓ Documentation of processes to demonstrate robust controls
- ✓ Review of policies and procedures: effectiveness rather than formality
- ✓ Enhancing awareness among managers and employees: continuous training

#### ***5. Practical Measures for IBA Member Firms***

- ✓ Large and complex banks including financial conglomerates
- ✓ Small foreign bank branches (less than 50 personnel)
- ✓ Small foreign securities companies (less than 50 personnel)

#### ***6. Q&A Session***