

Proposal Format for National Strategic Special Zones (excerpt)

1. Abolishment of the ban on information sharing between a financial instruments business operator and its affiliated companies

Specific Content of Project	Allow financial instruments business operators to share customer information with affiliated legal entities (to the extent permitted by other privacy-related laws).
Economic and social effects expected in carrying out the project	<ul style="list-style-type: none"> ● Easier entry into the Japanese market by foreign financial institutions. ● Easier access by customers to services offered by various legal entities of financial conglomerates. ● Reduced costs, lead time and operational risk for financial institutions caused by the need to configure globally-deployed IT systems to segregate data solely for the purpose of complying with the ban on information sharing in Japan. ● The barrier for Tokyo to becoming an international financial centre will be reduced (foreign firms' Tokyo offices which are banned from sharing information cannot function as a regional hub in Asia).
Content of the regulations which make it impossible or difficult to carry out the project	A financial instrument business operator may not share customer information with an affiliated legal entity.
Grounds of laws and ordinances of the regulations	Item 7, Paragraph 1, Article 153 of the Cabinet Office Ordinance on Financial Instruments Business Operators, etc.
Content of new measures proposed for reforms of the regulations/systems	Delete Item 7

2. Repeal of the foreign bank agency business regime which is applied to foreign banks in Japan

Specific Content of Project	Allow foreign banks in Japan to flexibly provide their customers (individuals and corporates) with cross-border products and services, without having to obtain additional FSA approval (as all of them have already been granted a banking license in Japan)
Economic and social effects expected in carrying out the project	<ul style="list-style-type: none"> ● Foreign banks will be able to serve their customers in a more flexible and timely manner. ● Customers will be able to benefit from a variety of global products/services which will help support globalization of Japan and vitalize Japanese economy.
Content of the regulations which make it impossible or difficult to carry out the project	<ul style="list-style-type: none"> ● Foreign Bank Agency Business regime (FBAB) was introduced in 2008. FBAB was to clarify the legality of cross-border banking; up until then, there was no regulation governing the business under the Banking Law. ● Under the FBAB, however, foreign banks in Japan are required to obtain an FSA approval for conducting cross-border banking. Approval must be obtained for each banking entity within the same financial group, which is onerous and time-consuming. ● Conducting cross-border banking without an FSA approval would constitute breach of the Banking Law and would be penalized by administrative sanctions
Grounds of laws and ordinances of the regulations	Article 52-2 of the Banking Law, pursuant to Item 8-2, Paragraph 2, Article 10
Content of new measures proposed for reforms of the regulations/systems	Amend Article 52-2