



# INTERNATIONAL BANKERS ASSOCIATION OF JAPAN

31 March 2026

## **Request for Regulatory Relaxation Concerning Statutory Ledger Requirements**

The International Bankers Association (the “IBA”), a general incorporated association comprising foreign banks, securities companies, and asset management firms as its members, hereby respectfully submits this proposal seeking the relaxation of legal ledger preparation requirements as stipulated under the Financial Instruments and Exchange Law (hereinafter, the “FIEL”) and related regulations.

### **1. Background and Awareness of Issues**

Since the Financial Services Agency (“FSA”) announced its policy to enhance the quality of financial regulation in 2007, it has been our understanding that the optimal combination of rule-based and principle-based approaches constitutes a central pillar of financial administration in Japan.

Nevertheless, with respect to the legal ledger requirements applicable to Securities firms (Articles 157–168 of the Cabinet Office Order on Financial Instruments Business: the “Cabinet Order”), while the Comprehensive Supervisory Guidelines for Financial Instruments Business Operators (hereinafter, the “Supervisory Guidelines”) afford a certain degree of discretion to financial institutions, the overall regulatory framework remains predominantly rule-based.

In light of the foregoing, we respectfully propose the relaxation of the current statutory ledger requirements, which place significant emphasis on detailed entry specifications, for the reasons set forth below.

### **2. Transition from Legal Ledger Preparation to Transaction Data Retention Obligations**

Provided that robust processes are established to promptly provide transaction details, balances, and other relevant information to clients, as well as to submit data necessary for risk management and profit calculation upon request from authorities or internal audits (hereinafter, the “Prerequisite”), we propose that the obligation to prepare and store ledgers in prescribed formats (PDF, Excel, paper) based on detailed entry requirements be replaced with an obligation to retain and manage the requisite information and data in a database. The rationale for this

proposal is as follows:

- If the Prerequisite is observed, the regulatory monitoring objectives can be sufficiently achieved.
- The obligation to retain transaction information in a database is consistent with the FSA's policy on digitalizing customer disclosure documents, as reflected in the amendments to the FIEL effective from fiscal year 2025 ([金融商品取引契約に係る顧客交付書面のデジタル化について:金融庁](#)).

**Alignment with International Regulations:** In realizing the government's vision of establishing Japan as an international financial center, it is advisable to ensure consistency with the regulatory frameworks of other jurisdictions. For example, under the regulations of the Hong Kong Securities and Futures Commission (SFC), record retention rules require that records be protected from damage or alteration and be available for review, but do not mandate the formalization of such records into ledgers.

In contrast, Japanese regulations require the formalization of records into statutory ledgers. Consequently, even if the records themselves are retained and can be promptly submitted, any system malfunction that prevents certain records from being displayed in the ledger may be deemed a deficiency, such as a "missing entry on an order slip."

From an audit perspective, it is essential that unaltered records be provided upon request. Therefore, if it is possible to retrieve the necessary records from global upstream systems as needed, we believe that it should not be mandatory to maintain a Japan-specific ledger system.

**Unique Burden on Foreign Market Participants (Securities Companies and Asset Managers):** The current statutory ledger requirements impose a unique burden on foreign securities firms and asset management firms operating in Japan.

Japan-based offices utilize global systems to manage, create, and store the data necessary for performing regular operations, such as providing clients with transaction details and balance information and administrating data necessary for risk management and profit calculation. However, under the FIEL, the required items to be retained as statutory records differ depending on the type of transaction and Japan-specific detailed requirements are strictly defined, making it extremely difficult to accommodate or modify global systems accordingly.

Accordingly, the Japan-based offices are compelled to develop Japan-specific systems to comply with legal ledger obligations and must also coordinate data linkage with global or regional headquarters' systems. For example, whenever changes occur in global upstream systems, it is

necessary to verify whether data feeds to the legal ledger system remain functional, resulting in a significant maintenance burden. This burden is further exacerbated when multiple upstream systems exist.

In view of the above, we earnestly request the establishment of a regulatory framework that alleviates these burdens.

**Digitalization and Statutory Ledger Requirements:** While the Supervisory Guidelines contain certain principle-based elements, the strong influence of statutory ledger requirements gives rise to an impression of an analog mindset.

For instance, as order processing has become increasingly electronic, the volume of orders has grown substantially. The requirement to create and store order slips in Excel or CSV format for each transaction imposes significant system costs and storage capability, presenting operational challenges. Instead of maintaining order slips as statutory records, we respectfully propose an alternative to the current practice of generating order slips for each transaction. Specifically, we request permission to store the information required to be recorded on such slips within the system as electronic data, with the capability to generate and extract this information on demand.

Rather than adhering to the statutory ledger format, we believe that defining only the requirements for information and data to be retained and managed by financial instruments business operators, without imposing formal entry requirements for legal ledgers, would constitute a regulatory approach aligning with current business practices.

### **3. Conclusion**

In light of the continuous changes and developments in the financial industry, markets, and products, the advancement of digitalization, and the Government's efforts to address the issue of labor shortage in Japan, our Association strongly urges a transition of the framework based on our proposal. This will enable the relevant market participants to respond to requests from the authorities in a flexible and smooth manner, while guaranteeing proper regulatory oversight.

Furthermore, our Association believes that introducing transaction information retention obligations under our Proposal would enable securities companies and asset managers to respond more flexibly to regulatory requirements, while simultaneously promoting digital transformation and contributing to the alleviation of the labor shortages.