

(Tentative Translation)

(Attachment)

Outline of "Guidelines for considering the creation of next-generation financial infrastructure"

1. Purpose and perspective of considering next-generation financial infrastructure
 - (A) Purpose of considering next-generation financial infrastructure
 - (B) Perspectives for considering next-generation financial infrastructure

2. Guidelines for considering financial infrastructure that can realize the "future vision of Japan's financial system"
 - (A) Perspectives necessary for creating new financial infrastructure
 - (1) Promoting and utilizing innovation
 - (2) Ensuring Market Integrity
 - (3) Ensuring Security (Stability and Safety)
 - (4) Flexible mechanisms
 - (5) Reviewing appropriate governance and ownership structures
 - (6) Responding to borderless operations between domestic financial sectors and among domestic financial infrastructure
 - (7) Responding to intensifying international competition
 - (8) Reviewing legal regulations and supervision in response to digitalization
 - (9) Responding to economic security
 - (10) Proactive initiatives by the public and private sectors to promote DX: cooperation and competition

 - (B) Points to keep in mind when considering the creation of new financial infrastructure
 - (1) Value created by the cooperation and integration of financial sector activities (money flow) and non-financial sector activities (commerce flow)
 - (2) Interdependence between financial services and financial infrastructure
 - (3) Digital finance using blockchain technology, DLT (distributed ledger technology), tokenization, big data, AI, etc.

 - (C) Key points on how to proceed when creating new financial infrastructure
 - (1) Responding to the trend of standardization and the Unified Ledger/Shared Ledger
 - (2) Proactive engagement of authorities in standardization
 - (3) Classification of investors based on the level of information gathering and analysis capabilities
 - (4) Classification of retail and wholesale finance
 - (5) Needs-oriented and seeds-oriented financial services
 - (6) Utilizing of staged regulations based on size, attributes, etc.

(Tentative Translation)

(D) Current issues and concerns (6 items)

- (1) Safety net
- (2) Compliance according to risk
- (3) Responding to obstacles to information sharing within financial institution groups (firewall regulations, etc.)
- (4) Developing DX (digital transformation) human resources by financial institutions
- (5) Modernizing Japan's legal system (Payment Services Act, Financial Instruments and Exchange Act, Banking Act, etc.) and the financial system
- (6) International standardization of criteria for determining whether digital financial assets such as cryptocurrencies are eligible for investment

3. Points to keep in mind when making recommendations

- (1) Easy-to-understand and flexible recommendations
- (2) Perspectives when creating completely new regulations and systems
- (3) Classification of short-term and long-term perspectives