

Japan-EU High Level Meeting on Financial Issues

Brussels, 3 October 2017

The 2017 Japan-EU High Level Meeting on Financial Issues was held in Brussels on 3 October 2017. This year's meeting provided an important opportunity for Senior Officials from both sides to exchange views on the recent regulatory and supervisory developments in the financial sector at international level and in their respective jurisdictions.

The Japan-EU High Level Meeting on Financial Issues was co-chaired by Mr. Ryozo Himino, Vice Minister for International Affairs of the Financial Services Agency of Japan (JFSA) and Mr. Olivier Guersent, Director-General at the European Commission's Directorate-General for Financial Stability, Financial Services and Capital Markets Union.

Senior Officials from the JFSA and the European Commission took stock of their bilateral cooperation and explored ways to strengthen them; notably in view of preparing the regulatory cooperation framework under the future Japan-EU free trade agreement/economic partnership agreement. They also discussed the possibilities of relying on each other's regulatory and supervisory frameworks. The JFSA and the European Commission exchanged views on the future of the international financial system, coordination in international forums and the potential impact of Brexit. The JFSA and the European Commission also exchanged views on the completion of the Basel III reforms and discussed how they were implementing G20 commitments regarding risk reduction in the banking sector. Particular attention was paid to the issue of non-performing loans and bank profitability. In addition, the discussion covered the Commission's proposal to introduce a new requirement under the capital requirements directive and regulation (CRD/CRR) for third country global systemically important institutions to establish an Intermediate Parent Undertaking (IPU) in the EU when it controls two or more institutions. Both parties also discussed the increasing importance of the development of financial technology (fintech).

The JFSA used the opportunity to brief the European Commission on the transforming flow of funds in Japan, including individual-type defined contribution pension plans (iDeCo), the Nippon Individual Savings account (NISA), Fiduciary duty, the Stewardship code and Corporate governance.

The European Commission used the opportunity to brief the Japanese delegation on the priorities of the mid-term review of the Capital Markets Union, its proposal regarding securitization as well as its proposal regarding supervision of central counterparties under the European Market Infrastructure Regulation.

The JFSA and the European Commission were joined by Senior Officials of the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Securities Markets Authority, the Single Supervisory Mechanism, the Single Resolution Board and the European Securities and Markets Authority. The parties exchanged extensively on macro-prudential policies and supervisory frameworks in their respective jurisdictions.