Provisional Translation

Financial Services Strategy to Promote Growth Investment

－ Upgrading “Promoting Japan as a Leading Asset Management Center“ －

July 21, 2026

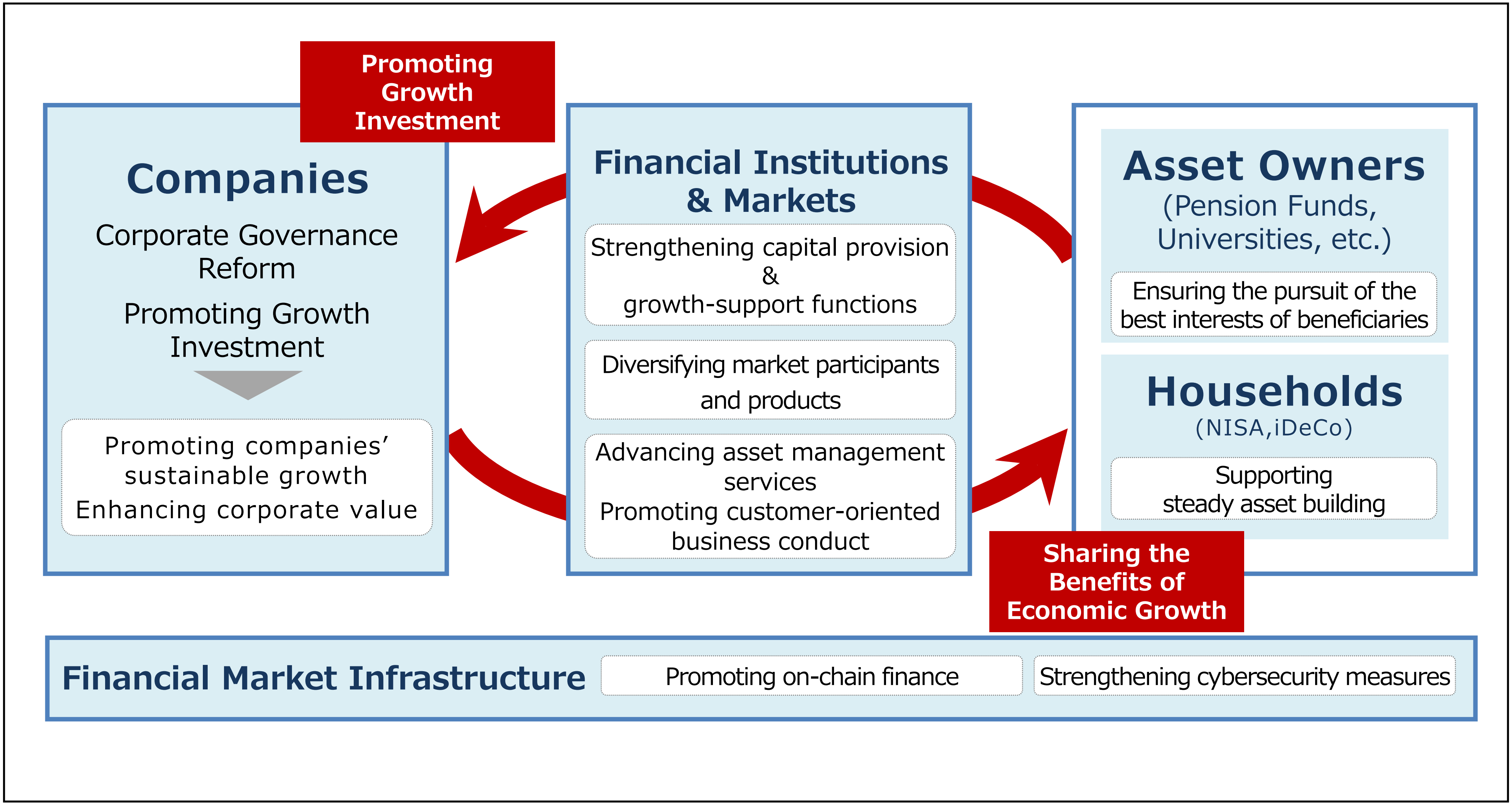
Secretariat of the Headquarters for Japan's Growth Strategy
Cabinet Secretariat

Financial Services Strategy to Promote Growth Investment

― Upgrading "Promoting Japan as a Leading Asset Management Center" ―

Realizing a Strong Economy

- Strongly promote **growth investment** in the 17 strategic fields
- Create a **virtuous cycle of capital** that supports the restructuring and reorganization of Japanese companies



Key Measures

1. Strengthening the Functions of Financial Institutions and Markets

- Promoting Joint Public-Private Finance for the 17 Strategic Fields
- Strengthening Banks' Funding Provision and Growth-Support Functions
- Developing Deeper and More Diverse Financial Markets

2. Corporate Governance Reform to Promote Growth Investment

- Revision of the Corporate Governance Code
- Formulating "Guidance for Growth Investment"

3. Measures to Maximize the Benefits of Economic Growth

- Enhancing Asset Owner Capabilities
- Advancing Asset Management Services
- Supporting Steady Asset Building

4. Enhancing Financial Market Infrastructure

- Promoting On-Chain Finance

Promoting Joint Public-Private Finance for the 17 Strategic Fields

The government will explore measures to expand the supply of growth capital through closer cooperation between public and private financial institutions to support investment in the 17 strategic fields.

17 Strategic Fields				
	(1) AI & Semiconductors	(2) Digital technologies & Cybersecurity	(3) Information & Telecommunications	(4) Quantum technologies
	(5) Defense industry	(6) Aviation & Space	(7) Ocean	(8) Shipbuilding
	(9) Materials (Critical minerals & components)	(10) Synthetic biology and Biotechnology	(11) Drug discovery & Advanced medical care	(12) Natural resources, Energy security & GX
	(13) Fusion energy	(14) Disaster management & National resilience	(15) Port logistics	(16) Food tech
	(17) Content industry			

Policy Measures

- Formulating and refining investment and financing policies by the DBJ and JIC for the 17 strategic fields
- Rationalizing capital requirements for banks that make joint investments with government-affiliated financial institutions or funds
- Establishing "Public-Private Strategic Investment Forum" (to be developed) to facilitate policy dialogue and coordination among relevant ministries and public and private-sector financial institutions

Strengthening Banks’ Funding Provision and Growth-Support Functions

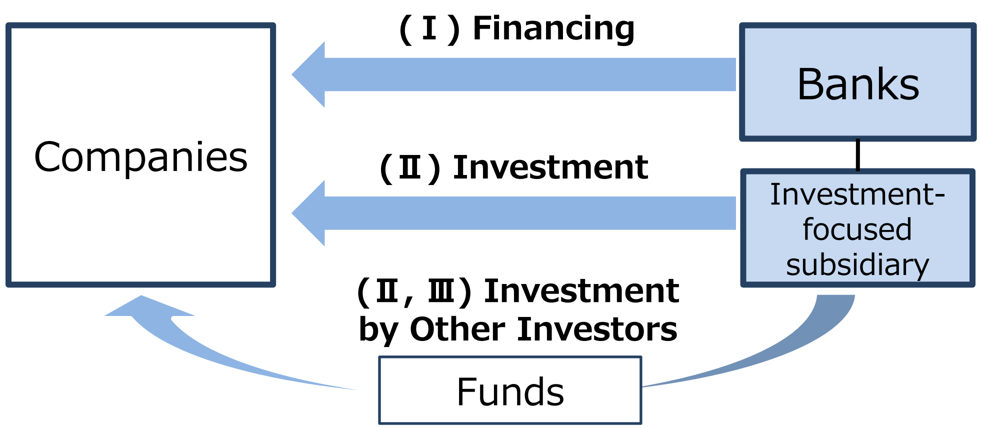
To meet growing financing needs associated with increasing corporate M&A activity and large-scale projects such as AI data centers, the government will strengthen the lending and investment capabilities of banks.

Policy Measures

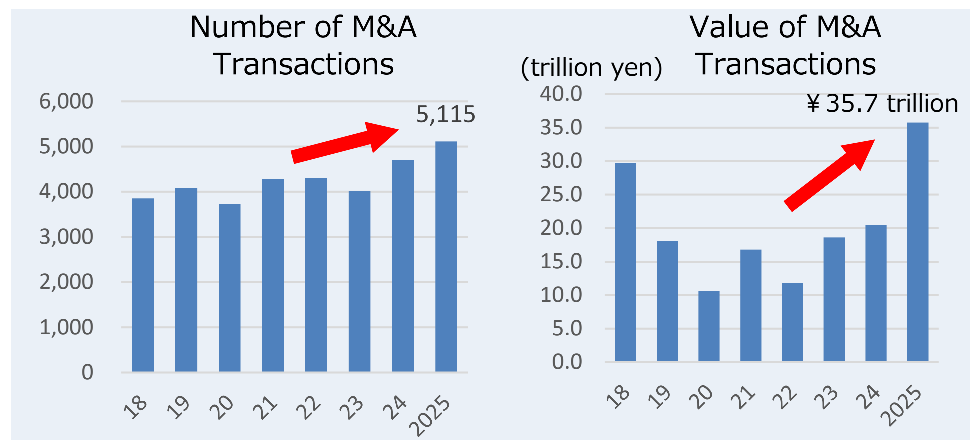
I. Clarification of the framework for approving exceptions to the Large Exposure Regulations

II. Relaxation of voting rights holding restrictions for banks to facilitate equity investments through investment-focused subsidiaries

III. Adjustment in the calculation of capital requirements for funds managed by banks that also utilize third-party capital



Japan: Trends in M&A Transactions



Source: RECOF, “M&A Review 2025”

■ Start studying possible revisions to the banking-securities firewall regulations, taking into account the future evolution of banking group business models.

Developing Deeper and More Diverse Financial Markets

As demand for growth capital continues to expand, the government will develop deeper and more diverse financial markets with broader participation and a wider range of financial products.

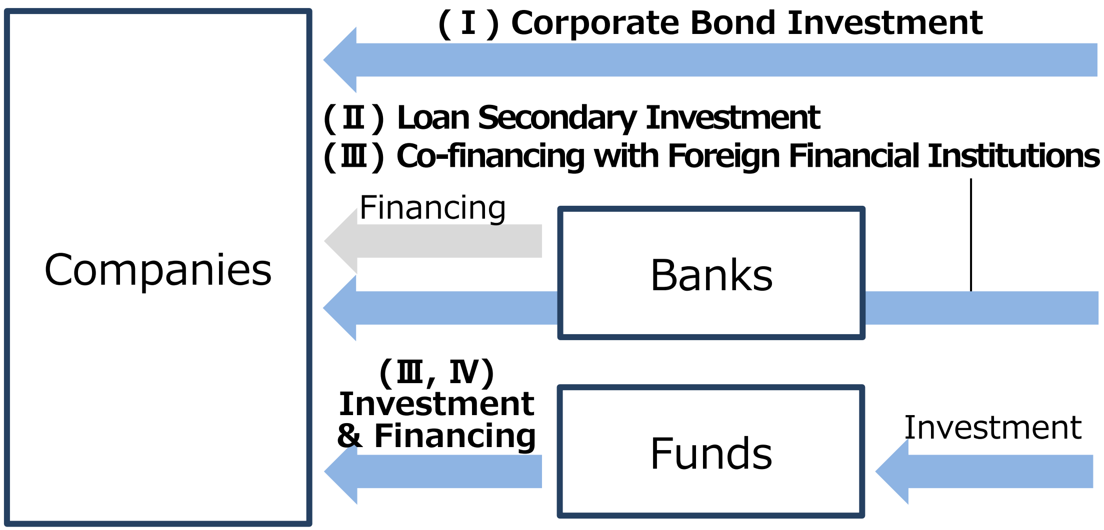
Policy Measures

I. Promoting the corporate bond market through legal reforms

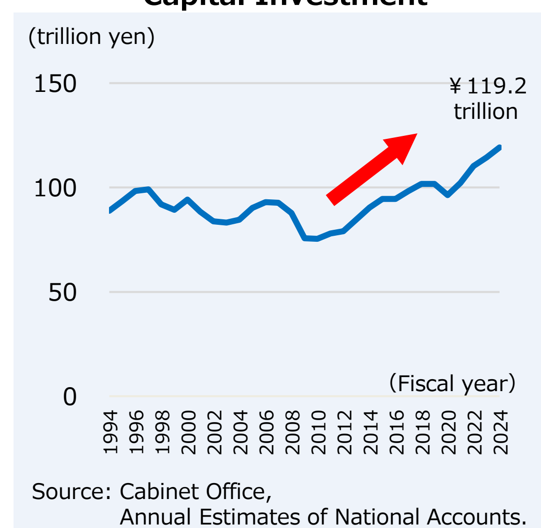
II. Developing the loan secondary market

III. Encouraging participation by foreign financial institutions in syndicated loans arranged in Japan and smooth funding for large-scale M&A transactions

IV. Fostering the sound development of PE funds and VCs



Japan: Trends in Private-Sector Capital Investment



Strengthening the Capabilities of Japan's Regional Financial Institutions

Japan's regional financial institutions (FIs) need to strengthen their capabilities to enhance the value of local businesses and address local challenges—capabilities collectively referred to as "regional financial power."

Policy Measures

■ Strengthening Investment Banking Functions

- Enhancing the ability of regional FIs to provide integrated support for business strategies and fundraising through capital markets—referred to as "**investment banking functions**"—in collaboration with other stakeholders with relevant expertise
- Considering measures to facilitate regional FIs' support for business revitalization and business succession

■ Strengthening the Capacity to Support Business Management

- Encouraging regional FIs to make use of the Enterprise Value Charge and "Key Points for Industry-Specific Support"
- Implementing "Regional Future Finance Action Plans" (to be developed) that will identify and visualize challenges relating to SME support in each prefecture

■ Strengthening the Capacity to Support Local Communities

- Promoting participation of regional FIs in initiatives that support area-wide regional revitalization

Corporate Governance Reform to Promote Growth Investment

The government will further encourage companies to play their role in undertaking proactive growth investment, enhancing corporate value over the medium to long term, and sharing the benefits of their growth broadly with employees and investors.

Policy Measures

Asset Owner Principles

Stewardship Code

1. **Revision of the Corporate Governance Code**
2. **Formulating "Guidance for Growth Investment"**

3. **Amending the Companies Act to promote constructive dialogue with investors and ensure international alignment**
(e.g., considering the consolidation of Annual Securities Reports and Business Reports)

Measures to Maximize the Benefits of Economic Growth

To ensure that the benefits of economic growth are shared broadly, the government will encourage asset owners to pursue investment strategies that serve the best interests of beneficiaries and promote more sophisticated asset management services at financial institutions.

Policy Measures

■ Enhancing Asset Owner Capabilities

- Advancing the sophistication of asset management practices among institutions managing the reserve funds of the Employees' Pension Insurance program.
- Promoting initiatives in alternative investments of public asset owners such as the GPIF (Government Pension Investment Fund)
- Promoting and enhancing asset management by universities

■ Advancing Asset Management Services

- Supporting initiatives by the Investment Management Association of Japan (established in April 2026) to strengthen policy response capabilities and enhance collaboration with overseas organizations
- Working with relevant industry participants to explore measures to enhance the efficiency and rationalization of the middle- and back-office operations of asset management companies and the asset servicing operations of trust banks

■ Supporting Steady Asset Building

- Further improving corporate defined contribution pension plans and iDeCo (individual-type defined contribution pension plan)
- Enhancing the usability of NISA through practical improvements and promoting wider adoption through outreach activities

Enhancing Financial Market Infrastructure

Advancing on-chain finance based on blockchain technology and featuring 24/7 operation, programmability linked to commerce and logistics, and reliability and security required of payment infrastructure, is essential.

Policy Measures

■ On-Chain Finance Initiative for the AI Era

The Financial Services Agency, in cooperation with relevant ministries and institutions, will discuss three key areas at the "On-Chain Finance Forum for the AI Era", launching this summer and aiming for an interim summary in early 2027.

1. Promoting Social Implementation of On-Chain Finance

- Expansion of use cases through public-private projects, including Payment Innovation Projects (PIPs)
- Strengthening international collaboration including with Asia

2. Developing an Institutional Framework Conducive to the Growth of On-Chain Finance

- Reviewing regulatory frameworks for stablecoins, asset tokenization and DeFi (decentralized finance)

3. Adapting to Emerging Technologies That Shape the Next Era, Such as AI

- Examining market structures and supervisory approaches for financial institutions in response to the growing use of AI
- Considering measures to ensure quantum resilience of blockchain technology used in financial infrastructure

■ Ensuring Trust in Financial Institutions and Financial Systems

- Advancing efforts through public-private collaboration to address cyber risks, including those associated with the deployment of frontier AI models
- Monitoring of private credit