

November 5, 2010

Comments on US Nonbank Financial Company Regulations

Japanese Bankers Association

The Japanese Bankers Association is an organization that represents the banking industry and is comprised of 139 domestic banks and 45 foreign banks operating in Japan.

We, the Association, would like to express our appreciation for this opportunity to comment on the consultation paper of the Nonbank Financial Company Regulation (“*Advance Notice of Proposed Rulemaking Regarding Authority To Require Supervision and Regulation of Certain Nonbank Financial Companies*” [Docket No. FSOC-2010-0001.]) released on October 6, 2010, by the Financial Stability Oversight Council.

We hope that our comments below will further assist the FSOC in its efforts to formulate the rules.

Clarification of the scope of application of foreign nonbank financial company regulations (Q3)

Regulatory balance among countries must be ensured when introducing these regulations.

The regulations state that in determining whether to place a foreign nonbank financial company under the regulatory and supervisory authority of the FRB because the company "could pose a threat to the financial stability of the United States," the FSOC will consider the nature and scope of the relevant prudential regulations that apply on a consolidated basis in the home country of the foreign nonbank financial company (Section 113: [b] [2] [H]). It is important that the FSOC fully discuss this in advance with regulatory authorities in other countries.

Further, it should be clearly stated if, as a result of those discussions, the FSOC determines that the foreign nonbank financial company is subject to sufficient and necessary prudential regulation by its home country supervisory authority, and that there is no need for FRB regulation and supervision.