

**The LIAJ's Comments on the FSB's
Consultative Document
Standards and Processes for Global
Securities Financing Data Collection and
Aggregation**

12 February 2015

The Life Insurance Association of Japan (LIAJ)

1. General opinions on the consultative document

1. We, the Life Insurance Association of Japan (LIAJ), would like to extend our gratitude to the Financial Stability Board (FSB) for providing us with the opportunity to submit our comments on the FSB's consultative document, *Standards and Processes for Global Securities Financing Data Collection and Aggregation*, which was published in 13 November 2014.
2. The LIAJ is a trade association comprised of all 42 life insurance companies operating in Japan. Our aim is to promote the sound development of the life insurance industry in Japan, to maintain its liability, and thereby to contribute to improving quality of national life. We would like to respectfully request that the FSB carefully consider the comments submitted from the sole representative body of the life insurance industry in Japan, which is the second largest life insurance market in the world and accounts for around 16%¹ of all insurance premiums.
3. The recommendations for data collection and aggregation are being put forward against the background of concern about excessively leveraged transactions being conducted via repos and securities lending. However, there is no concern about the insurers in Japan, for example, are sufficiently supervised and monitored by regulatory authorities with regards to the liquidity risk management. Thus, we think that adopting uniform regulations is not appropriate.

2. Responses to the questions

Q2-9. For securities lending, do you think that an additional table with flow data would add insights into the operations of securities financing markets and assist regulators in their financial stability monitoring?

4. As mentioned above, some national/regional authorities prevent excessively leveraged transactions by sufficient supervisions and monitoring. Thus, we think that uniform requirements of submitting securities lending flow data would not be needed.

Q3-1. Is the data architecture described in Section 3 adequate to support the global securities financing data collection and aggregation? Are there other relevant issues to be considered?

5. In case national/regional authorities adopt the "Market-representative subset" reporting framework, we think that selecting *Market-representative subset* should be permissible to take into account other factors such as transaction sizes, transaction purposes, and circumstances of regulations and supervisions in each jurisdiction.

¹ Swiss Re sigma study on world insurance 2013