

Panel proposes letting banks sell securities

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The government is set to allow banks into the securities business following a recommendation Wednesday by a government panel that banks and other financial institutions be allowed to act as sales agents for brokerage houses.

The proposal, which would enable individual investors to buy stocks at banks, is intended to spur the securities market.

The Financial System Council, an advisory panel to the prime minister, made the recommendation in a report submitted to Heizo Takenaka, state minister in charge of economic, fiscal and financial policy, on ways to reform the nation's financial sys-

tem with an eye to expanding individual investing in the stock market.

The idea is designed to promote tie-ups between banks and securities houses, where many people prefer to deposit money with banks instead of making risky, but higher-return investments, panel members said.

The council urged the Financial Services Agency to submit a bill to amend the Securities and Exchange Law to the ordinary Diet session to convene in January.

The revision would involve Article 65, which prohibits banks from conducting securities business and brokerages from banking.

Foreign business lobbies have demanded Japan scrap the article to allow full lib-

eralization of its financial markets. The European Business Community in Japan said in November that such regulations impose "artificial barriers between banks and securities firms."

Takenaka indicated the PSA expects the amendment will come into force by the end of March 2005.

"With the report, we'll consider what steps the administration can take to give investors easier access (to various financial instruments) and create an open environment for investing," Takenaka said. "We'll move in line with the basic direction in which a more open, freer competition environment and better consumer convenience are ensured."

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