

# Asset Managers & FinTech Companies Registration Guidebook

Practical guidance  
to successfully enter the market



TOKYO  
METROPOLITAN  
GOVERNMENT

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Tokyo

®



Financial Services Agency

This Guidebook was issued by Tokyo Metropolitan Government, with cooperation of the Financial Services Agency, to serve as a useful source of information for overseas asset managers and FinTech companies who are interested in expanding their business into Japan. This Guidebook is a revision of the "Guidance to the Asset Management Industry in Japan" reported in 2017 in order to be responsive to changes in the international financial environment.

The Guidebook highlights trends in the Japanese asset management and FinTech industries as well as the various initiatives and administrative procedures overseas asset managers and FinTech companies must undertake to successfully enter the market. It is clear from the economic fundamentals of Japan that foreign asset managers and FinTech companies are well positioned to draw advantages from the opportunities by leveraging their skills and expertise and will become the future growth engines of the financial industry in Japan.



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# Executive Summary

## Global Financial Center

Japan offers advantages as an international financial center such as political stability, good public security, and favorable living environment, as well as the business potential to target household assets worth 1,900 trillion yen and sizable domestic economy. However, it still faces challenges in some areas. Taking advantage of lessons learned from the successful inbound tourism campaign, Japan aims to become an international financial hub that attracts talents, corporates, and funds to make Japan an attractive place for foreign professionals to do business, in addition to a tourism destination.

## Japanese Government’s Initiatives

The Japanese Government, in collaboration with relevant authorities, will remove regulatory and taxation bottlenecks and enhance the attractiveness of financial and capital markets to make it easier for foreign businesses and professionals who are already engaged in asset management business overseas to enter the Japanese market. At the same time, the national government, local governments, and the private sector will collaborate to create an attractive business and living environment for foreign nationals.

Cross-ministerial initiatives includes;

Areas	Cross-ministerial initiatives
Tax policy	<ul style="list-style-type: none"> <li>Revision/clarification of corporate, inheritance, and income tax</li> </ul>
Regulatory policy	<ul style="list-style-type: none"> <li>One-stop English service for application and registration for newly entering overseas asset managers</li> <li>Introduction of simplified market entry procedures for overseas asset managers</li> </ul>
Residence status	<ul style="list-style-type: none"> <li>Special immigration measure for newly entering asset managers as a temporary visitor to commence business without returning to their home country</li> <li>Relaxation of employment requirements for domestic helpers and increased convenience for working spouses of Highly-Skilled Professionals</li> </ul>
Company setup and livelihood support	<ul style="list-style-type: none"> <li>One stop company setup support for free</li> <li>Livelihood support such as international school hunting, medical matters, and housing</li> </ul>
Information sharing	<ul style="list-style-type: none"> <li>Collectively share related policy measures information through a dedicated website and separately through designated contact points at diplomatic missions</li> </ul>

## TMG “Global Financial City: Tokyo” Vision

In November 2017, the Tokyo Metropolitan Government (TMG) has set the [“Global Financial City: Tokyo” Vision](#) targeting Tokyo to become the world’s top global financial city. TMG takes various initiatives to realize the Tokyo Vision collaborating with public-private sectors, such as establishment of [FinCity.Tokyo \(FCT\)](#). TMG has also exchanged a memorandum of understanding with the City of London Corporation, one of the largest global financial centers, to promote cooperation and collaboration. TMG continues its efforts to discover and attract overseas asset managers and FinTech companies.

# I . Tokyo Financial Market

## 1. Tokyo Global Financial Center

### (1) Overview of Tokyo, like no other

#### Unique History and Culture

Tokyo is one of the most attractive cities in the world. Since the founding of the Edo Shogunate in 1603, Tokyo has flourished as the center of Japan and has developed an exotic history and culture. Various arts and industrial crafts from all over Japan were concentrated in Tokyo during the Edo period.

During the 20th century, many companies grew up to support Japan's high economic miracle. Urban infrastructures such as an information and communication network, financial infrastructure, and an extensive public transportation network are perfectly developed to support the metropolitan residents.

Japanese tradition and Western culture also play an attractive harmony in cultural aspects such as food & drink, entertainment, and craftsmanship in Tokyo. The green environment is preserved in central Tokyo as well as in the western part of Tokyo, and you can enjoy various sports and activities on weekends.



*Ukiyo-e print of Nihonbashi by Hiroshige Utagawa (The Fifty-three Stations of the Tōkaidō) in the Edo period.*



*Yoyogi Park in the heart of Tokyo*

### Tokyo's Financial and Economic Strength

Tokyo is an attractive global financial center. More than 3,700 companies<sup>1</sup> are listed on the Tokyo Stock Exchange, the world's leading capital market with high quality and abundant liquidity. A large group of small and medium-sized enterprises with various technologies and rapidly growing start-up companies are also concentrated. You will find many attractive business partners and, otherwise great investment opportunities in Tokyo.

There is a large amount of investable funds as well, including household financial assets of 1,900 trillion yen<sup>2</sup> and one of the world's largest public pension funds reaching 170 trillion yen<sup>3</sup>. FinTech investments are expanding, and new services provided by FinTech companies are adding differentiated value to people. The success of financial institutions such as asset managers and FinTech companies are highly expected to support Tokyo's financial ecosystem. For more information about Tokyo, the global financial city that fascinates you, visit TMG's [CITY VIEW TOKYO](#), [Invest Tokyo](#) and FCT's [TOKYO'S STRENGTH](#).

Japan's Economic Power

Number of listed companies : 3,700 companies +

Household financial assets : 1,900 trillion yen +

GPIF assets : 170 trillion yen +



(Source: CITY VIEW TOKYO, TMG)



<sup>1</sup> Number of listed companies as of September 2020, Japan Exchange Group (JPX)

<sup>2</sup> Financial assets held by households as of September 2020, Bank of Japan

<sup>3</sup> Investment assets as of September 2020, Government Pension Investment Fund (GPIF)

## (2) Opportunities in Asset Management Market

### How to approach asset management market?

When an asset manager does business in Japan, the approach (i.e., licenses and products) differs depending on which customer segment is targeted.

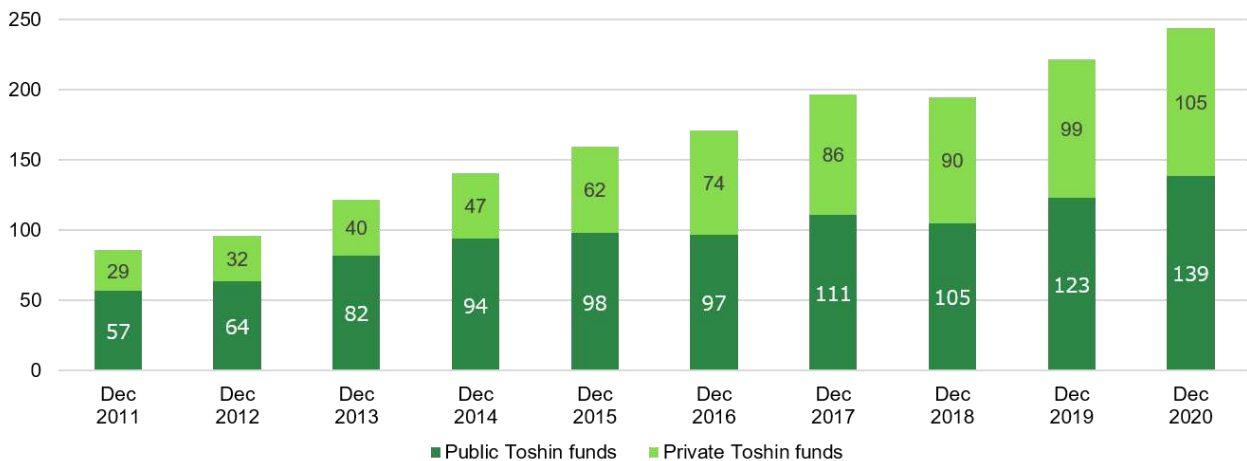
If you are targeting retail investors, you may set up and manage public “Toshin”, which is the investment trust fund domiciled in Japan. You will consider building a relationship with either distributors that have a strong sales network for retail investors, or major Japanese asset managers that form fund-of-funds to wrap your products. If you are targeting institutional investors, which are financial corporations, you will consider managing private “Toshin” funds. For pension funds, you will approach pension consultants or public pensions who evaluate asset managers. You will manage separate accounts based on discretionary investment agreements, otherwise, you will find a way to provide investment advice. When managing funds domiciled in other countries, you will approach broker-dealers who distribute the funds or have them wrapped in fund-of-funds of Japanese domestic asset managers.

### Expanding “Toshin” fund market

“Toshin” fund is the most common investment vehicle for retail investors. The main distribution channels for retail investors are through one-on-one sales at securities companies and banks. People have easy access to these distributors through the branch network across Japan. Online brokers are also a growing channel for retail sales. “Toshin” funds are widely selected for long-term investment schemes such as NISA and iDeCo. Institutional Investors such as regional banks have also shifted investments from Japanese Government Bond to private “Toshin” funds for higher returns under today's low interest rate environment. The total assets of “Toshin” funds have increased 2.8 times from 86 trillion yen in 2011 to 245 trillion yen in 2020.

### Changes in Assets of Public & Private Toshin funds

(In JPY Trillion)



(Source: The Investment Trusts Association, Japan (JITA))



### Who manages “Toshin” fund assets ?

The retail assets under management of the top 5 domestic managers accounted for 73% of total retail assets. The strong market position stems from the fact that they have large distribution networks through affiliated securities companies or banks, however, this includes cases where substantive asset management is outsourced to foreign asset managers through fund-of-funds or sub-advisory. In addition, there are more foreign asset managers when the scope is expanded to the top 20. Retail investors continues to seek unique and innovative products, which leads to demand beyond that provided by domestic players.

#### Asset under management of public Toshin funds by top 20 asset managers

	Asset Managers	Domestic/ Foreign	Sep. 2020 (In JPY Trillion)
1	Nomura Asset Management Co.,Ltd.	D	35.6
2	Nikko Asset Management Co.,Ltd.	D	18.1
3	Daiwa Asset Management Co.Ltd.	D	17.7
4	Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	D	11.6
5	Asset Management One Co., Ltd.	D	9.4
6	Sumitomo Mitsui Trust Asset Management Co., Ltd.	D	4.7
7	Sumitomo Mitsui DS Asset Management Company, Limited	D	4.6
8	FIL Investments (Japan) Limited	F	2.4
9	Nissay Asset Management Corporation	D	2.2
10	BlackRock Japan Co., Ltd.	F	1.9
11	Goldman Sachs Asset Management Co.,Ltd.	F	1.7
12	Tokio Marine Asset Management Company, Limited	D	1.7
13	Pictet Asset Management (Japan) Ltd.	F	1.7
14	AllianceBernstein Japan Ltd.	F	1.2
15	Okasan Asset Management Co., Ltd.	D	0.9
16	JPMorgan Asset Management (Japan) Limited	F	0.8
17	RHEOS CAPITAL WORKS Inc.	D	0.7
18	T.Rowe Price Japan, Inc.	F	0.7
19	Resona Asset Management Co.,Ltd.	D	0.7
20	Amundi Japan Ltd.	F	0.6
	<b>Public Toshin funds total</b>		<b>126.5</b>

(Source: The Investment Trusts Association, Japan (JITA))

Looking at private “Toshin” funds, more foreign asset managers can be observed in the Top 10. It is presumed that asset managers with strong investment management capabilities around the world are selected for asset diversification regardless of the affiliated relationships.

#### Asset under management of private Toshin funds by top 10 asset managers

	Asset Managers	Domestic/ Foreign	Sep. 2020 (In JPY Trillion)
1	Sumitomo Mitsui Trust Asset Management Co., Ltd.	D	8.8
2	BlackRock Japan Co., Ltd.	F	7.4
3	PIMCO JAPAN LTD.	F	7.4
4	Nissay Asset Management Corporation	D	7.2
5	Asset Management One Co., Ltd.	D	7.2
6	JPMorgan Asset Management (Japan) Limited	F	4.6
7	Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	D	4.6
8	Sumitomo Mitsui DS Asset Management Company, Limited	D	4.2
9	PGIM Japan Co., Ltd.	F	4.1
10	Nomura Asset Management Co.,Ltd.	D	4.0
	<b>Private Toshin funds total</b>		<b>102.3</b>

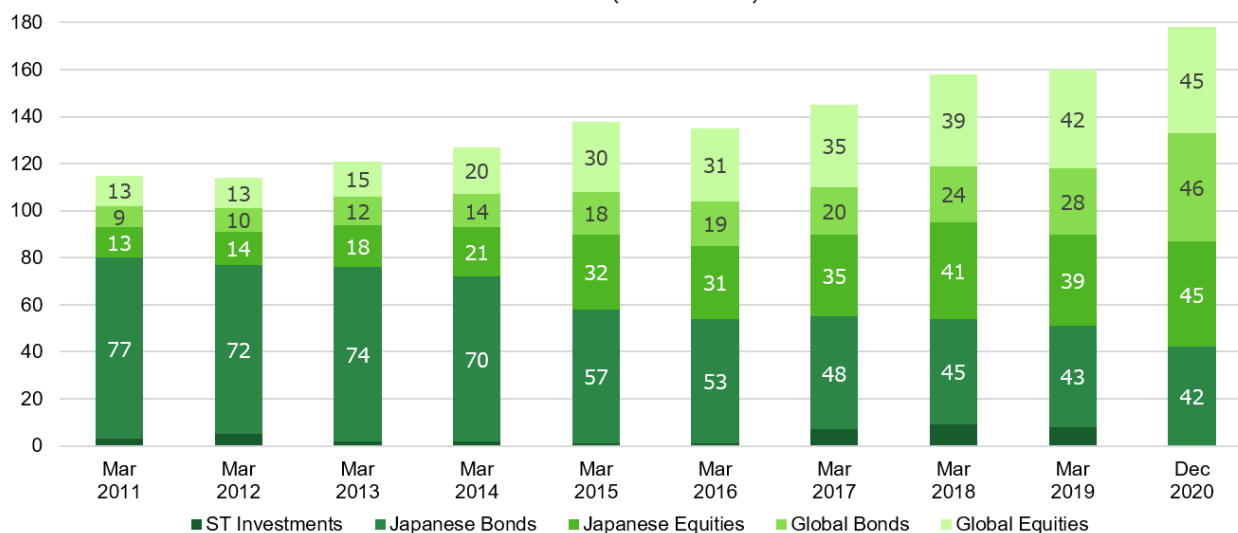
(Source: The Investment Trusts Association, Japan (JITA))

## Government Pension Investment Fund (GPIF)

If you look at pension funds, GPIF is one of the world’s largest public pension funds with assets under management of massive 179 trillion yen<sup>4</sup>. GPIF’s asset allocation had been centered on domestic bonds in the past, while the foreign investment ratio has expanded to 50% as a result of recent asset allocation review.

### GPIF Asset Under Management and Asset Mix

(In JPY Trillion)



(Source: Our Performance, GPIF)

### GPIF - Who manages the assets ?

The pension market is quite competitive as trust banks as well as asset managers are in the market to win the large mandates. Currently, nearly 80%<sup>5</sup> of GPIF’s assets are managed passively. Consequently, overseas passive managers with strong capabilities could be positioned as the top-tier on the list. GPIF also seeks to improve performance by increasing allocations to alternative assets, such as private equity, infrastructure and real estate, up to 5% of total asset.

### GPIF investment assets by top 10 asset managers

	Asset Managers	Domestic/ Foreign	Mar. 2020 (In JPY Trillion)
1	State Street Global Advisors (Japan) Co., Ltd.	F	22.3
2	Sumitomo Mitsui Trust Asset Management Co., Ltd.	D	18.7
3	Asset Management One Co., Ltd.	D	17.5
4	BlackRock Japan Co., Ltd.	F	15.4
5	Resona Asset Management Co.,Ltd.	D	11.4
6	Mitsubishi UFJ Trust and Banking Corporation	D	9.5
7	Nomura Asset Management Co.,Ltd.	D	5.7
8	Legal & General Investment Management Japan KK	F	4.6
9	Goldman Sachs Asset Management Co.,Ltd.	F	2.0
10	PGIM Japan Co., Ltd.	F	1.6
	<b>GPIF assets total</b>		<b>150.6</b>

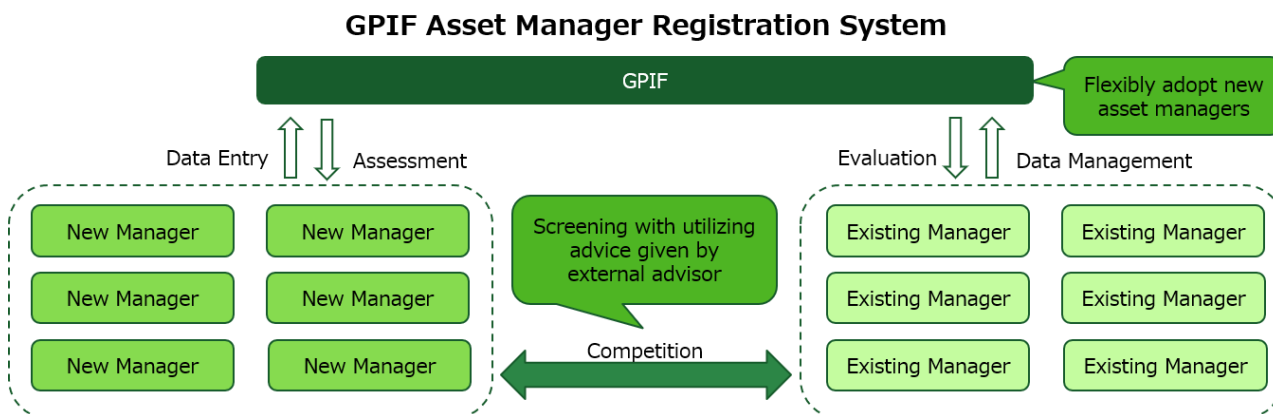
(Source: Aggregated data excluding in-house investment on “Investment assets by manager, etc. (market value at the end of fiscal 2019)”, Annual Report Fiscal Year 2019, GPIF)

<sup>4</sup> Investment assets as of December 2020, GPIF

<sup>5</sup> According to Annual Report Fiscal Year 2019, GPIF

### GPIF - Asset Manager Registration System

GPIF has further introduced Asset Manager Registration System to have more flexibility on manager selection and have access to new investment ideas and expertise. It is a vast opportunity for asset managers with strong investment capabilities as GPIF encourages competition among managers in level playing field.

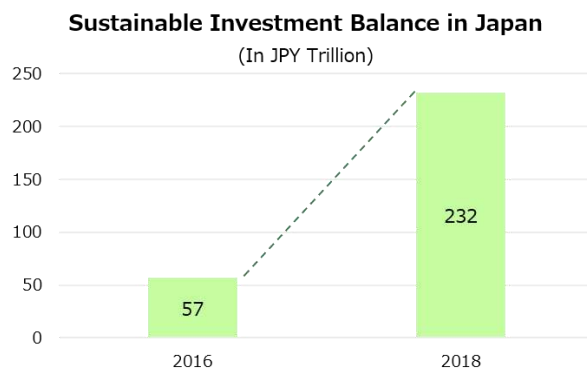


(Source: The chart reprinted from Annual Report Fiscal Year 2019, GPIF)

### Trend for ESG investment

ESG investment is expanding rapidly. As of November 2020, a total of 87 asset managers, pension funds including GPIF and service providers in Japan have already signed the United Nations Principles for Responsible Investment (PRI). 288 institutional investors (as of September 30, 2020) have adopted the FSA’s Stewardship Code, which sets ESG factors as one of the guidelines for engagement.

According to Global Sustainable Investment Alliance (GSIA), Japan’s ESG investment has increased from 57.0 trillion yen in 2016 to 231.9 trillion yen in 2018, showing a remarkable growth compared to other countries<sup>6</sup>. According to the survey for asset managers conducted by the Investment Trusts Association, Japan (JITA) [Responsible Investing](#), it is estimated that 2,034 “Toshin” funds adopted ESG investments as of November 2018, reaching 38.2 trillion yen assets, which is close to 20% of whole “Toshin” funds. In October 2017, GPIF revised the Investment Principles to promotes ESG investments in order to reduce negative externalities and improve the sustainable return across all assets.<sup>7</sup>



(Source: Global Sustainable Investment Review 2018, Global Sustainable Investment Alliance (GSIA))

<sup>6</sup> According to Global Sustainable Investment Review 2018, GSIA

<sup>7</sup> According to Annual Report Fiscal Year 2019, GPIF

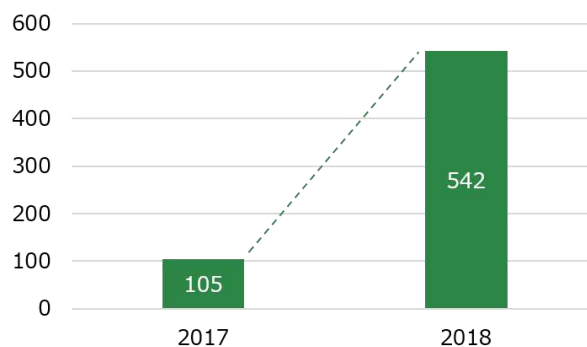
### (3) FinTech Market Trend

#### FinTech trend

FinTech investment is expanding rapidly. According to CB Insights, FinTech venture investments in Japan expanded to US\$542 million in 2018, which is more than fivefold from the previous year, and the number of FinTech deals also grew, nearly tripling from 2017.

Large financial institutions collaborate with FinTech companies through accelerator programs and business contests to accelerate open innovation and provide new services utilizing IT technology. Major IT companies and consulting firms have formed FinTech consortiums to actively support collaboration between financial institutions and innovative FinTech startups. Various FinTech events are held such as "FIN/SUM"<sup>8</sup> and "Fintech Japan"<sup>9</sup>, and many incubation facilities are set up to support startups as the FinTech community is being formed. TMG also leads to develop a start-up ecosystem in which various players such as academic institutions, start-ups, large enterprises, investors, and business associations gather and collaborate.

**FinTech Investments in Japan**  
(In US\$ million)

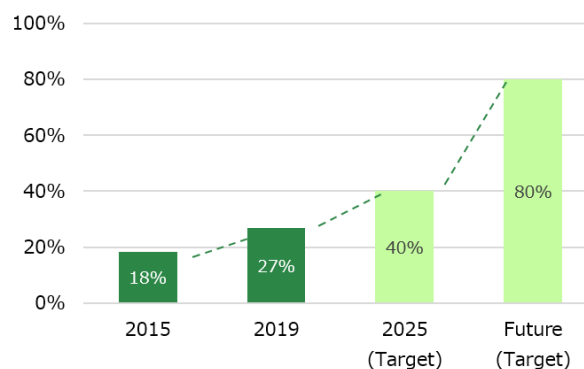


(Source: CB Insights)

#### Cashless payments

According to the calculation by the Ministry of Economy, Trade and Industry (METI), the cashless payment ratio<sup>10</sup> in Japan remained low at 18.4% in 2015. The ratio rose to 26.8% in 2019, while it ranges between 40% to 60% in major countries. In April 2018, the METI announced Cashless Vision to popularize cashless payments, aiming for a cashless payment ratio of 80%, the highest level in the world, in the future. In 2019, the METI introduced a points-based reward program<sup>11</sup> with the aim of popularizing cashless payments. Cashless payments based on FinTech are expanding, with many IT companies entering the cashless payment business and major banks developing their own QR code payment apps.

**Cashless Payment Ratio**



(Source: Ministry of Economy, Trade and Industry)

<sup>8</sup> Please refer to page 11 for details of the event.

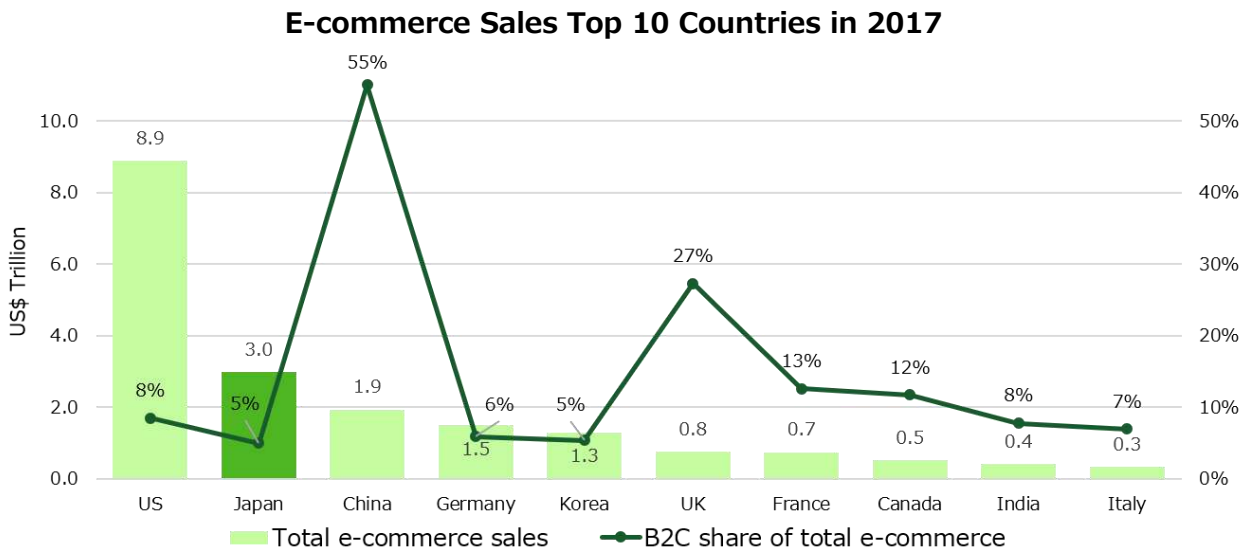
<sup>9</sup> Please refer to page 17 for details of the event.

<sup>10</sup> Cashless payment ratio: Ratio of total payments by credit card, debit card, electronic money, and QR code to private consumption expenditure

<sup>11</sup> A points-based reward program: A temporary subsidy program that the government returns either 2% or 5% of the purchase amount back in a form of electronic money (rebate points) when a consumer makes an electronic payment.

**FinTech increases efficiency and value**

The e-commerce penetration rate in Japan is relatively low compared to other countries. However, online sales and digital shifts are expected to grow further due to the outbreak of COVID-19 and life-style changes. There are new entrants in the industries, offering new e-commerce and related financial services. Various retail vendors have introduced smartphone apps with payment functions, giving customers discounts or rebate points to expand their customer base. IT and e-commerce companies offer new financial services such as transaction lending as well as settlement and remittance services to their vast users or customer bases.



(Source: Digital Economy Report 2019, United Nations Conference on Trade and Development (UNCTAD))

After the financial crisis of 2007/08, financial regulations were tightened and the cost of compliance has increased. Cost competition has intensified as fees and commissions have fallen while information transparency increased. Financial institutions seek to further improve the efficiency and offer new value utilizing FinTech.

**FinTech expands new investment opportunities**

With the spread of smartphones and new apps with financial functions, asset management is becoming more familiar. Robo-advisor, crowdfunding and social lending services offer new investment opportunities. People can easily allocate a small amount of electronic money to investments. At the same time, there is increasing attention to ESG investment due to environmental and social issues, such as global warming, pandemic disease, declining birthrate and aging population. People hope that FinTech will offer new solutions as work style reforms progress.

## 2. FSA Initiatives

### (1) Financial Market Entry Office

The FSA and Local Finance Bureau (LFB) established the Financial Market Entry Office in January 2021. The Office is a single point of contact for newly entering foreign asset managers. Pre-application consultation, registration, and supervision can be done all in English. The Office accelerates the registration process for newly entering foreign asset managers by overcoming language barriers. LFB, as overseer of the registration process, have expanded their review capacities for registration applications. Online communications are also available such as video conferences without meeting in-person.

The FSA's Financial Market Entry Office closely cooperates with TMG's "Financial One-Stop Support Service"<sup>12</sup> to support companies to set up offices in Tokyo.

#### **Financial Market Entry Office**

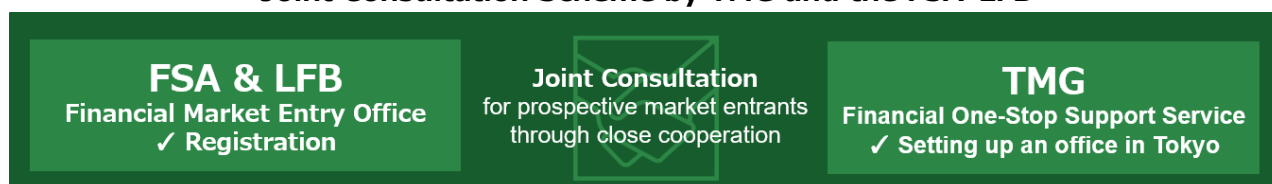
E-mail: [marketentry@fsa.go.jp](mailto:marketentry@fsa.go.jp)

Phone: +81-3-3506-7109

Office hours:

Weekdays from 9:30 a.m. to 6:15 p.m. (JST)

### Joint Consultation Scheme by TMG and the FSA·LFB



### (2) FinTech Support Desk

The FSA has launched FinTech Support Desk in 2015 as a one-stop contact point for inquiries and exchange of information on FinTech. The Support Desk accepts a wide range of inquiries on various matters in finance from those who currently operate FinTech businesses or FinTech startups with innovative ideas. The Support Desk also welcomes general opinions, requests, and suggestions concerning innovative FinTech businesses.

Common inquiries received at FinTech Support Desk (FAQ) are available on the website.

#### **FinTech Support Desk**

E-mail: [fintech@fsa.go.jp](mailto:fintech@fsa.go.jp)

Office hours:

Weekdays from 9:30 a.m. to 6:15 p.m. (JST)

<sup>12</sup> Please refer to page 14 for details of the service.

### **(3) Guidebook for Registration of Investment Management Business and Other Financial Instruments Businesses**

The FSA releases the Guidebook to provide information concerning the procedures for registration for Investment Management Business and other Financial Instruments Businesses. The Guidebook explains the types of registration to be required for each of the major asset management business schemes using flowcharts and illustrations, while providing an overview of the procedure for registration screening and explanations on the requirements for registration. Asset managers with professional expertise play important roles in revitalizing the Japanese capital market and achieving stable asset building for households.

### **(4) FIN/SUM**

The FSA organizes FIN/SUM jointly with the Nikkei Inc. every year since 2016. FIN/SUM is a FinTech summit and conference that connects the global finance and tech industries while promoting innovation across the globe. FSA and experts from leading global markets are invited in panel discussions on various FinTech agenda. It grew to be the largest and most influential FinTech summit in Japan and one of the largest in Asia and globally.

At the recent FIN/SUM, the FSA hosted a JFSA symposium, inviting experts from academia, tech-community, finance industry, and central banks from global market to discuss the entrance of BigTechs in finance, multi-stakeholder cooperation in decentralized financial system, blockchain traceability and privacy, AI and ethics, API architecture and cybersecurity, etc.

### **(5) Emergency Registration Exemption for Foreign Financial Institutions / Asset Managers (Temporary relief to address overseas business disruptions due to disaster or other reasons)**

An approval system has been established in Japan for financial businesses that have undergone difficulties in continuing their operations overseas due to disasters or other reasons to conduct their operations temporarily. This system enables a financial institution engaging in business equivalent to Type I financial instruments business or investment management business in a foreign country to engage in financial instruments business for a certain period of time in Japan without registration under the FIEA when it becomes difficult to continue business in a foreign country.

### 3. TMG “Global Financial City: Tokyo” Vision

#### (1) FinCity.Tokyo (FCT)



In April 2019, TMG has established FCT, the financial promotion organization through public-private partnership, as one of the initiatives of the Tokyo Vision. FCT aims to boost the attractiveness of Tokyo's financial markets and raise its profile as a top-class global financial city. FCT conducts various promotional activities with members comprising TMG, financial institutions, professional services firms, trade associations and financial services start-ups.



Since its foundation, FCT has held financial forums and participated in various financial events to communicate the strengths of Tokyo and initiatives for attracting financial services firms to Tokyo and facilitate networking between foreign firms and Japan-based firms. FCT participated in international conferences and forums in Paris, Hong Kong, Abu Dhabi, New York, and London to promote Tokyo as a financial market. FCT has also made various policy proposals in order to strengthen the international competitiveness of Tokyo's financial market.

#### (2) Tokyo Financial Award



TMG hosts the Tokyo Financial Award since 2018. TMG awards financial institutions with innovative solutions for the citizens of Tokyo in the “Financial Innovation Category”, as well as businesses promoting ESG investments in the “ESG Investment Category” every year.

The “Financial Innovation Category” provides mentoring by domestic companies or specialists for applicants, business matching for collaboration, and business networking opportunities. The award aims for applicants to understand the uniqueness and needs of the Tokyo market and companies, and for companies in Tokyo to deepen their understanding of the technology of the participants, inviting overseas start-ups with advanced technology and business models to Tokyo.





### (3) Promoting ESG investments

Solving social issues through finance is one of the agendas of the Tokyo Vision. TMG has promoted sustainable finance through various actions, which include the award in the ESG investment category at the Tokyo Financial Award, hosting Tokyo Sustainable Finance Week, participation in the International Network of Financial Centres for Sustainability (FC4S), and establishment of the Tokyo ESG Fund.



#### Tokyo Sustainable Finance Week

TMG organizes [Tokyo Sustainable Finance Week](#) to promote sustainable finance in Tokyo. During the Week, "Tokyo Sustainable Finance Forum" is held to discuss the wide range of possibilities of sustainable finance from diverse views among public institutions, financial institutions, financial industry groups and business firms. At the same time, "Financial Seminar for Tokyo Residents" is held to improve financial literacy and raise awareness of sustainable finance for Tokyo residents.

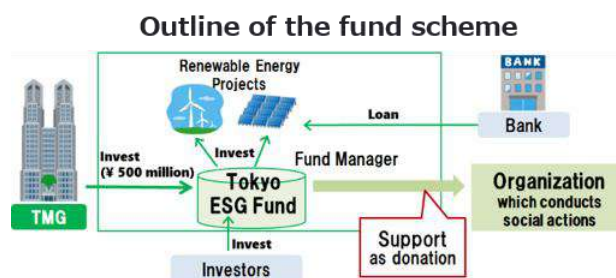


#### Joining FC4S

TMG joined the International Network of Financial Centres for Sustainability ([FC4S](#)) operated by United Nations Environment Program (UNEP) in June 2019. TMG promotes sustainable finance initiatives through collaboration with other financial centers.

#### The Tokyo ESG Fund

TMG has established the [Tokyo ESG Fund](#) that makes diversified investment in renewable energy projects in Japan. The fund also supports organization which makes significant contributions to the society.



## (4) Financial One-Stop Support Service

Financial One-Stop Support Service provides free consultation and support in cooperation with the FSA. The Financial Desk Consultant gives advice and /or introduces appropriate financial experts and other experts to the companies in need. All consultations with the Financial Desk Consultant are free of charge.

The support desks are located in Marunouchi in Tokyo, as well as in Hong Kong<sup>13</sup>, one of the global financial centers where many international companies locate in Asia, supporting foreign companies to expand their business in Tokyo.

### Financial One-Stop Support Service

E-mail : [financial-desk@bdc-tokyo.org](mailto:financial-desk@bdc-tokyo.org)

Phone : +81-3-6269-9981

Office hours:

Weekdays from 9:30 a.m. to 5:30 p.m. (JST)



### **“Financial One-Stop Support Services”**

Advice on Japan’s financial rules and regulations, and business registration procedures

Support for the establishment of business (e.g., corporate registration, etc.)

Introduction of financial experts (e.g., lawyers, accountants and tax accountants, etc.)

Support for the other necessary procedure in establishment of the business in Tokyo

### **Subsidies for asset managers and FinTech companies**

Various subsidies are available for overseas asset managers and FinTech companies to succeed in business in the Tokyo market. Please consult with Financial One-Stop Support Service for details.

### **Subsidies for asset managers and FinTech companies**

#### Overseas Financial Corporation Business Establishment Subsidy

In order to encourage overseas asset managers and FinTech companies to start businesses in Tokyo, this program grants subsidies to cover a part of the costs (Fees incurred in consultation with experts and Personnel recruitment costs) in establishing new business operations in Tokyo.

#### Subsidy to Support Base of Operations of Overseas Financial Corporations

To support expansion of overseas asset managers and FinTech companies, this program grants to Japanese Corporations, etc. of Overseas Financial Corporations that have just been established<sup>14</sup> in Tokyo to cover a part of costs (Office rents, Consulting fees for experts, etc., and Purchase costs of equipment and fixtures, etc.) necessary for promotion of growth of business, etc.

<sup>13</sup> Please visit [“Financial One-Stop Support Service” Hong Kong Office](#) for details of the service.

<sup>14</sup> Established in Tokyo by Overseas Financial Corporations in the previous or the second preceding fiscal year of the fiscal year when the application for the subsidy is submitted.

## TMG's Support cases

### Case 1. Algebris Investments K.K.



Algebris is a global asset manager embracing long-only and alternative investment strategies. Algebris began by investing in the global financial sector, and it has since broadened its expertise to global credit and equity, offering a diversified and unconstrained strategy. Algebris has opened its Tokyo office in May 2018 in order to focus distribution efforts in Japan. It has started consultation with the FSA in Oct 2018 and registered for "Investment Advisory and Agency Business" and "Investment Management Business" on March 29, 2019. Algebris is expanding its business by utilizing one of the subsidies of Tokyo, "Subsidy to Support Base of Operations of Overseas Financial Corporations".

#### Message to Foreign Companies

The support from TMG is a real opportunity to soften the hurdles to launch a business in Japan. TMG's help was extremely useful through its advices and support in terms of market analysis, preliminary costs analysis and business plan and most important introduction to FSA. Asset managers need to process their business registration and several licenses may apply depending on the type of financial instruments they manage. Japan values good professionals with long term commitment to the country. This fits perfectly our values. Long term commitment to Japan is key to secure long term and strategic partnerships.



Davide Serra  
CEO & Founder

### Case 2. Tikehau Investment Management Japan K.K.



Tikehau Capital is a pan-European alternative asset manager and investor specialized in private debt, real assets, private equity and liquid strategies. Tikehau Capital established a sales office in Tokyo to enhance the sales activities to Japanese institutional investors. Tikehau incorporated the Japanese entity in Tokyo on March 27, 2019, started communication with the LFB for the business licensing from August 2019, and completed the business registration for "Type II Financial Instruments Business" and "Investment Advisory and Agency Business" on December 5, 2019. Tikehau succeeded in the completion of registration in a short period of time by utilizing TMG's Financial One-Stop Support Service.

#### Message to Foreign Companies

We were very impressed by the efficient and strong support we received from the local authorities, in particular from TMG, whose team has been extremely diligent. TMG's comprehensive service, provided valuable assistance to us in establishing an office in Tokyo, supporting our office registration and license application. A key to success in Tokyo is understanding local regulation. Our initial response to the Japanese regulation was to learn and understand it through the assistance of our local partners and advisors such as TMG support desk. We are convinced by the high potential of the Japanese market, not only from a fundraising standpoint, but also from an investing perspective given its numerous opportunities.



Bruno de Pampelonne  
Chairman, Head of Asia

## 4. Supporting Organizations

### Japan External Trade Organization (JETRO)

JETRO is a government-related organization promoting mutual trade and investment between Japan and overseas.



The [Invest Japan Business Support Center \(IBSC\)](#) in JETRO supports overseas companies establishing and expanding business bases in Japan. JETRO provides various support and provide free temporary offices when expanding into Japan. JETRO provides various information which are necessary for expanding into Japan, such as company establishment procedures, visas, tax systems, HR, etc. You can also find [Reasons to Invest in Japan](#).

### The Investment Trusts Association, Japan (JITA)

JITA is a Self-Regulatory Organization and Certified Financial Instruments Business Association under the Financial Instruments and Exchange Act for asset management business through “Investment trusts” and “Investment Corporations” as well as by protecting investors, thereby contributing to the sound development of the industry in Japan and the globe dedicating itself as a member of IIFA, The International Investment Funds Association.



Various information is available on its website, such as statistics, research papers and easy-to-understand explanation for the business of “Investment trusts” and “Investment Corporations”.

### Japan Investment Advisers Association (JIAA)

JIAA is a self-regulatory organization of “Investment Management Business” (consisting of “Discretionary Investment Management Business” and “Fund Management Business”) and “Investment Advisory & Agency Business” in Japan, focusing on the self-help efforts for proper implementation of laws and regulations with less reliance on government agencies.

JIAA carries out a wide range of activities including establishment, amendment and abolition of self-regulatory rules for investors’ protection and the sound development of the industry. The website provides various statistical data on discretionary investment business, etc. in Japan.

#### **Declaration of Asset Management Business 2020 ~ Invest for a Brighter Future**

On November 16, 2020, JITA and JIAA have adopted the "Asset Management Business Declaration 2020". The Declaration stipulates to improve the investment value for investors and contribute to the realization of a sustainable society through responsible investments, as one of the asset manager’s mission.

## Fintech Association of Japan

FinTech startups take initiatives in the Fintech Association of Japan engaging with Japanese leading firms to accelerate innovation and creating a supportive environment for FinTech startups. The network extends to major financial institutions, IT companies, consulting firms, etc.



The Fintech Association of Japan promotes open innovation in the Japanese FinTech industry by creating networking opportunities for its members, such as Fintech Japan and Fintech Meetup, as well as researching the latest FinTech trends, and cooperating with domestic, international, and government organizations.

### **Fintech Japan**

Fintech Japan is one of the largest global conferences in the industry held since 2016. The forum invites experts and entrepreneurs from home and overseas to discuss FinTech innovation and brings people together to facilitate collaboration to grow the FinTech ecosystem. The forum is open to the public and non-members are invited. It has been held online for new lifestyles recently.



### **Fintech Meetup**

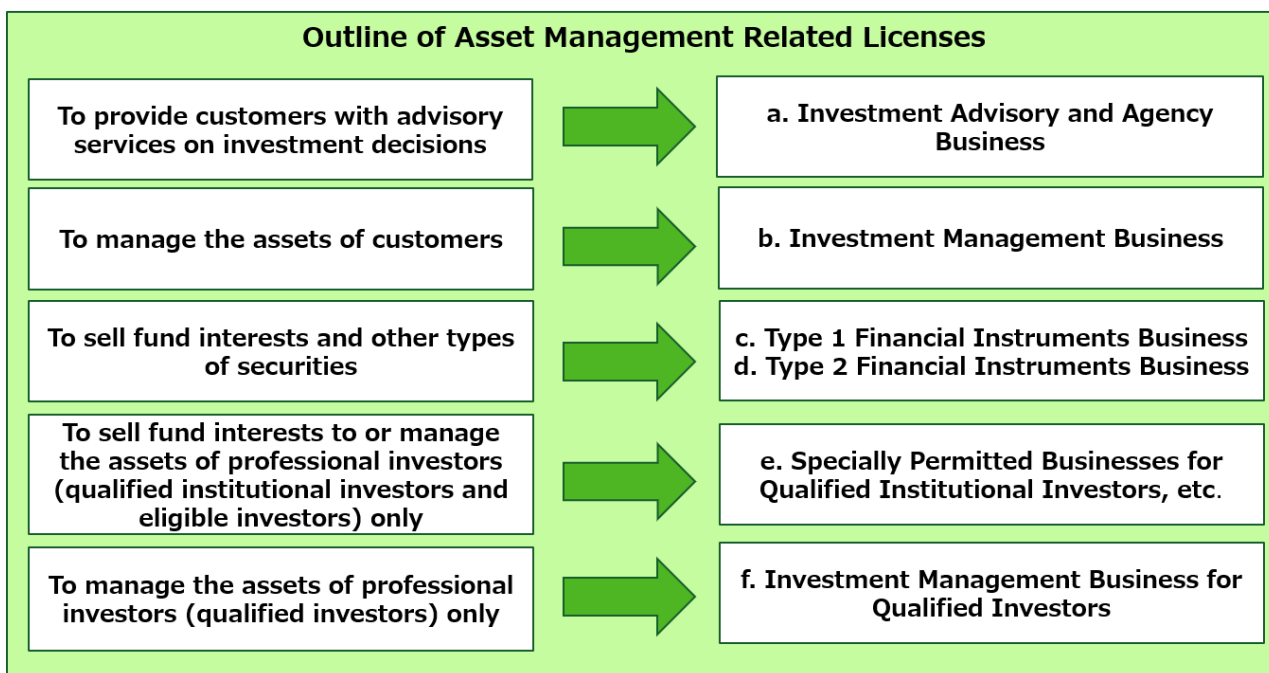
Fintech Meetup is the cross-industry networking event held since October 2014. The event provides opportunities to communicate beyond the industry for domestic and overseas startups and people from financial industry, VC, large companies. The event is basically open to the public and non-members are invited.



## II. Financial Licenses and Procedures

### 1. Licenses Related to Asset Management Business

#### (1) Types and Outline of Licenses



#### a. Investment Advisory and Agency Business

(1) Investment advisory business or (2) Business of acting as an agent or intermediary for the conclusion of an investment advisory contract or a discretionary investment contract falls under the category of "Investment Advisory and Agency Business." In order to conduct any of these acts in the course of trade, the applicant must be registered as an "Investment Advisory and Agency Business" (Article 2(8)(xi), (xiii), Article 28(3), and Article 29 of the Financial Instruments and Exchange Act ("FIEA").

- (1) "Investment advisory" is to provide an advice on investment decisions based on an analysis of, among other things, the value of securities or the value of financial instruments under an investment advisory contract and does not include the final investment decision and authority.
- (2) "Agency or intermediary for the conclusion of an investment advisory contract or a discretionary investment contract" means an agency or intermediary services on behalf of the contracting entities to execute an investment advisory contract or a discretionary investment contract (see **b. Investment Management Business**) which provide advice on investment decisions as described above.

It should be noted that persons who engage in investment advisory business overseas are permitted to engage in Investment advisory business without registration if they offer services solely to Investment Management Business Operators and registered financial institutions which engage in investment management business (i.e., trust banks) (Article 61(1) of FIEA).

## b. Investment Management Business

(1) **Investment corporation asset management business**, (2) **Discretionary investment business**, (3) **Investment trust management business**, or (4) **Fund management business** fall under the category of "Investment Management Business." In order to engage in any of these acts in the course of trade, the applicant must be registered as an "Investment Management Business" (Article 2(8)(xii), (xiv) and (xv), Article 28(4) and Article 29 of FIEA).

- (1) **"Investment corporation asset management business"** means the management of assets held by a registered investment corporation under an asset management contract pertaining to asset investment.
- (2) **"Discretionary investment business"** refers to the management of client's assets under a discretionary investment contract as an investment in securities or derivatives transactions.
- (3) **"Investment trust management business"** refers to the management of investment trusts as an investment trust management company.
- (4) **"Fund management business"** means fund management of cash contributed by the rights holders of trust beneficiary interests (excluding beneficiary certificates of investment trusts) or collective investment schemes, where over 50% of the assets under management are invested in securities or derivatives transactions.

A person who engages in discretionary investment business overseas may engage in discretionary investment business without registration if the person offers services solely to Investment Management Business Operators and registered financial institutions which engage in investment management business (i.e., trust banks) (Article 61(2) of FIEA). This exception may also be used in cases where the person has been registered only as an Investment Advisory and Agency Business in Japan.

## c. Type 1 Financial Instruments Business

**"Type 1 Financial Instruments Business"** refers to any of the following activities in the course of business related to **Paragraph 1 Securities**<sup>15</sup>:

- sale and purchase of securities, market derivatives transactions;
- intermediation, brokerage or agency for sale and purchase of securities or market derivatives transactions;
- intermediation, brokerage or agency for entrustment of sale and purchase of listed securities or market derivatives transactions;
- secondary distribution of securities;
- handling of public offering, secondary distribution or private placement of securities;
- over-the-counter derivatives transactions;
- operation of the Proprietary Trading System (PTS);
- underwriting of securities; or
- accepting deposits of cash or securities.

Any of these acts in the course of trade is considered to be "Type 1 Financial Instruments Business", and the applicant must be registered as a Type 1 Financial Instruments Business (Article 2(8), Article 28(1) and Article 29 of FIEA).

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<sup>15</sup> "Paragraph 1 Securities" means securities stipulated in the items of Article 2(1) of FIEA, major examples of which are referred in body text.

**"Paragraph 1 Securities"** include government bonds, corporate bonds, stocks, warrants, beneficiary certificates of investment trusts (contract-type investment trusts) and investment certificates issued by investment corporations (company-type investment trusts) among others. It is necessary to keep in mind that in order to engage in purchase and sale of securities or other business related to these contract-type or company-type investment trusts issued overseas, it may be necessary to register as "Type 1 Financial Instruments Business." See also **d. Type 2 Financial Instruments Business** for this point.

#### **d. Type 2 Financial Instruments Business**

**"Type 2 Financial Instruments Business"** refers to any of the following activities in the course of business related to **Paragraph 2 Securities**<sup>16</sup> including trust beneficiary interests (excluding beneficiary certificates of investment trusts), membership rights of general partnership company, limited partnership company or limited partnership company (*Godo-Kaisha*) (including foreign companies with similar characteristics), interests in collective investment schemes:

- purchase and sale of securities or market derivatives transactions;
- intermediation, brokerage or agency for purchase and sale of securities or market derivatives transactions;
- intermediation, brokerage or agency for entrustment of market derivatives transactions;
- secondary distribution of securities;
- handling of public offering, secondary distribution or private placement of securities; or
- public offering or private placement (self-offering) of certain types of securities such as beneficiary certificates of investment trusts managed by itself as the investment management company or interests in collective investment schemes managed by itself as the general partner of an investment trust.

Any of these acts in the course of trade is considered to be "Type 2 Financial Instruments Business" (Article 2(8), Article 28(2) and Article 29 of FIEA).

When an Investment Management Business Operator newly issues beneficiary certificates of investment trusts or interests in collective investment schemes that are established and managed by itself (primary offering), the business operator may conduct investment solicitation by themselves of the interests in collective investment schemes as well as the beneficiary certificates of the investment trusts, which are categorized as Paragraph 1 Securities, only with registration as a Type 2 Financial Instruments Business (Article 28(2)(i) and Article 29 of FIEA). Even in the case of new issuance of fund (primary offering), however, where any other parties such as distributors conducts solicitation, it is necessary to register as a Type 1 Financial Instruments Business or a Type 2 Financial Instruments Business, depending on the type of securities for the transactions. In addition, when soliciting securities which have been already issued (secondary offering), registration as a Type 1 Financial Instruments Business or a Type 2 financial instruments business is also required.

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<sup>16</sup> "Paragraph 2 Securities" means securities stipulated in the items of Article 2(2) of FIEA, major examples of which are referred in body text.



### e. Specially Permitted Businesses for Qualified Institutional Investors, etc. (Private Placement (Self-Offering), Fund Management)

Self-offering of interests in collective investment schemes falls under the category of a Type 2 Financial Instruments Business, and fund management of assets by investing over 50% of the cash contributed by the investors in securities or rights in derivatives transactions falls under the category of an Investment Management Business. Neither the offering or private placement by issuers of securities, or investment in money or other assets received or contribution by them, in principle, does not fall under the category of a Financial Instruments Business. However, with respect to the interests in collective investment scheme and other certain securities, they are exceptionally regulated as a Financial Instruments Business. Therefore, in principle, it is necessary to register as a Financial Instruments Business or entrust the handling of private placement and fund management authority to registered Financial Instruments Business Operators when attempting self-offering or fund management of the interests in the collective investment scheme.

As an exception, private placement and fund management of funds for professionals may be carried out without registration as the aforementioned financial instruments business by submitting prior notification as a "Special Business Notifier" to the competent authority ("Specially Permitted Businesses for Qualified Institutional Investors, etc.", Article 63 of FIEA).

In order to distribute interests in collective investment scheme to investors in Japan, or manage fund assets that have been invested or contributed as a Specially Permitted Businesses for Qualified Institutional Investors, etc., such domestic investors must include at least one Qualified Institutional Investor, and the other domestic investors are limited to 49 or less investors who fall under the category of "Eligible Investors." As a result, Specially Permitted Businesses for Qualified Institutional Investors, etc. may be used for the sale of the interests in collective investment scheme to companies of a certain size or higher and high net worth individuals, but may not be used for widely selling them to the general public.

#### **The requirements for Specially Permitted Businesses for Qualified Institutional Investors, etc.**

- (1) To conduct private placement (self-offering) of a partnership-type fund of which Japanese investors consist exclusively of one or more **"Qualified Institutional Investors"** and 49 or less **"Eligible Investors"** (collectively, referred to as "Qualified Institutional Investors, etc.") as counterparties, or
- (2) To conduct fund management of cash invested or contributed solely from Qualified Institutional Investors, etc., and
- (3) The other requirements under the FIEA and Cabinet Office Order including, but not limited to, non-existence of disqualified investor being met.

**"Qualified Institutional Investors"** mean persons specified by Cabinet Office Order on Definitions under Article 2 of the Financial Instruments and Exchange Act ("Definitions Order") as "persons who have professional knowledge and experience in investment in securities." They mainly include financial instruments business operators that engage in a Type 1 Financial Instruments Business that falls under the category of securities-related business or an Investment Management Business, investment corporations, banks and other financial institutions that receive deposits or savings, insurance companies, and pension funds associations.

**"Eligible Investors"** are certain investors with investment decision-making capabilities and persons with close relationships with Special Business Notifiers. This category mainly includes financial instruments business operators, listed companies, corporations with stated capital or net assets of 50 million yen or more, individuals with assets of 100 million yen or more who opened an account for trading of securities at least one year ago, and corporations with assets of 100 million yen or more.

## f. Investment Management Business for Qualified Investors

**“Investment Management Business for Qualified Investor”** relaxes registration requirements over an Investment Management Business under certain conditions. The same activities as in an Investment Management Business are permitted, but registration requirements are relaxed in that a board of directors, which is required in an ordinary Investment Management Business, is not required, and that the minimum capital required, which is normally set at 50 million yen, is 10 million yen as long as (i) the right holder is limited to **“Qualified Investors”** and (ii) the total amount of the investment assets under management is limited to 20 billion yen or less (Article 29-5(1) of FIEA).

In addition, in cases where a registered Investment Management Business Operator for Qualified Investors is to solicit investments exclusively from Qualified Investors by way of private placement (handling of private placement) for beneficiary certificates of investment trust or investment securities of investment corporation that it manages under entrustment of the whole of the management authority under a discretionary investment contract, the business operator is allowed to conduct such solicitation with registration as a Type 2 Financial Instruments Business, in spite of registration as a Type 1 Financial Instruments Business being required in principle (Article 29-5(2) of FIEA).

**“Qualified Investors”** include, but not limited to, Professional Investors<sup>17</sup>, individuals with financial assets of 100 million yen or more who opened an account for trading of securities at least one year ago, and officers of financial instruments business operators, etc.

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<sup>17</sup> “Professional Investor” includes, but not limited to, Qualified Institutional Investors, the State, the Bank of Japan, listed companies, and stock corporations with stated capital of 500 million yen or more.

**Comparison of b. Investment Management Business,  
f. Investment Management Business for Qualified Investors, and  
e. Specially Permitted Businesses for Qualified Institutional Investors, etc.**

	<b>b. Investment Management Business</b>	<b>f. Investment Management Business for Qualified Investors</b>	<b>e. Specially Permitted Businesses for Qualified Institutional Investors, etc.</b>
<b>Entry regulation</b>	<b>Registration</b> Reasons for denial of registration includes but not limited to; <ul style="list-style-type: none"> <li>• within 5 years from forfeiture of license or criminal penalty</li> <li>• other than joint-stock company</li> <li>• capital amount being less than 0.5 million yen</li> <li>• lack of sufficient personnel structure</li> <li>• lack of office in Japan</li> </ul>	<b>Registration</b> Reasons for denial of registration includes but not limited to; <ul style="list-style-type: none"> <li>• within 5 years from forfeiture of license or criminal penalty</li> <li>• other than joint-stock company</li> <li>• capital amount being less than 0.1 million yen</li> <li>• lack of sufficient personnel structure</li> <li>• lack of office in Japan</li> </ul>	<b>Notification</b> Reasons for denial of qualification includes but not limited to <ul style="list-style-type: none"> <li>• within 5 years from forfeiture of license or criminal penalty</li> </ul> ※No requirements for joint-stock company, minimum capital, personnel structure and office in Japan
<b>Scope of investment management business</b>	<ul style="list-style-type: none"> <li>• Fund management</li> <li>• Discretionary investment</li> <li>• Investment Trust or Corporation asset management</li> </ul>	<ul style="list-style-type: none"> <li>• Fund management</li> <li>• Discretionary investment</li> <li>• Investment Trust or Corporation asset management</li> </ul>	<ul style="list-style-type: none"> <li>• Fund management only</li> </ul>
<b>Investor</b>	<ul style="list-style-type: none"> <li>• No limitation</li> </ul>	<ul style="list-style-type: none"> <li>• Limited to Qualified Investors</li> <li>• No limitation on the number of investor</li> </ul>	<ul style="list-style-type: none"> <li>• Qualified Institutional Investor ≥ 1</li> <li>• Eligible Investor ≤ 49</li> </ul>
<b>Objective</b>	<ul style="list-style-type: none"> <li>• Securities and Derivatives</li> </ul>	<ul style="list-style-type: none"> <li>• Securities and Derivatives</li> </ul>	<ul style="list-style-type: none"> <li>• Securities and Derivatives</li> </ul>
<b>Total amount of assets</b>	<ul style="list-style-type: none"> <li>• No limitation</li> </ul>	<ul style="list-style-type: none"> <li>• 20 billion yen or less</li> </ul>	<ul style="list-style-type: none"> <li>• No limitation</li> </ul>
<b>Types of fund</b>	<ul style="list-style-type: none"> <li>• No limitation</li> </ul>	<ul style="list-style-type: none"> <li>• No limitation</li> </ul>	<ul style="list-style-type: none"> <li>• Collective Investment Scheme</li> </ul>
<b>Major regulations</b>	<ul style="list-style-type: none"> <li>• Conduct regulation (duty of loyalty, duty of care of a good manager, segregation, etc)</li> <li>• Prohibited conducts (false explanation, loss compensation, conflict of interests, etc)</li> <li>• Delivery of documents (Documents prior to and upon conclusion of a contract, investment report)</li> </ul>	<ul style="list-style-type: none"> <li>• Same as on the left</li> </ul>	<ul style="list-style-type: none"> <li>• A part of the regulations for Investment Management Business apply</li> </ul>
<b>Oversight authority</b>	<ul style="list-style-type: none"> <li>• Business improvement or suspension orders</li> <li>• Forfeiture of license</li> </ul>	<ul style="list-style-type: none"> <li>• Business improvement or suspension orders</li> <li>• Forfeiture of license</li> </ul>	<ul style="list-style-type: none"> <li>• Business improvement, suspension or discontinue orders</li> </ul>
<b>Solicitation of interests of funds managed by operator</b>	<ul style="list-style-type: none"> <li>• Need to register as Type 1 or 2 Financial Instruments Business</li> </ul>	<ul style="list-style-type: none"> <li>• Need to register as Type 2 Financial Instruments Business (solicitation by private placement to Qualified Investors only)</li> </ul>	<ul style="list-style-type: none"> <li>• Permitted if the relevant notification is made</li> </ul>

(Prepared based on page 3 of the Secretariat's reference material to the first meeting of Working Group on Capital Market Regulations of the Financial System Council of October 12, 2020)

## (2) Major Structures

Regarding the necessity of registering as a Financial Instruments Business when conducting asset management-related businesses such as an Investment Management Business in Japan or with customers in Japan, please refer to the [Guidebook for Registration of Investment Management Business and Other Financial Instruments Businesses](#) ("FSA Guidebook"), which covers the flow chart of whether and what type of registration as a Financial Instruments Business Operator is necessary and examples of its major business schemes. In the following, only an overview will be introduced.

### a. Investment advisory business

A typical example is where an investment advisory company based in Japan provides its domestic or foreign clients with advice regarding investment decisions made based on analysis of values of securities or financial instruments under an investment advisory contract. In general, when a client is a domestic investor or even when an investment advisory company provides investment advice from its business base in Japan to a foreign investor located outside of Japan, it is necessary to register as an Investment Advisory and Agency Business.

### b. Investment management business

Major structures include, but not limited to, the cases in which an investment management company in Japan is entrusted with asset management from domestic investors, and re-entrusts the management operation to a foreign group company or an investment management company based in Japan establishes a foreign-based trust-type or company-type fund, and conducts management and investment solicitation for the fund. In the case of managing assets invested by domestic clients or conducting investment operations in Japan, registration as an Investment Management Business is required in principle.

Exceptionally, a foreign investment management company is not required to register if:

- (1) When an entity engaged in discretionary investment business overseas conducts business that targets in Japan only Investment Management Business Operators and trust banks (Article 61(2) of FIEA),
- (2) When a partnership-type fund is managed by a foreign investment management company and accepts investments in Japan only from Investment Management Business Operators and trust banks (Article 61(3) of FIEA)
- (3) When a partnership-type fund is a foreign-based fund and its Japanese investors are less than 10 Qualified Institutional Investors or Special Business Notifier of Specially Permitted Business for Qualified Institutional Investors, etc., and the amount of investment by Japanese investors does not exceed one-third of the total amount invested for the fund (Article 16(1)(xiii) of the Definitions Order)
- (4) When a partnership-type fund accepts investments in Japan only from one or more Qualified Institutional Investors and 49 or less Eligible Investors, and the said executive member has notified the competent authority of the specified matters in advance (Specially Permitted Business for Qualified Institutional Investors, etc., Article 63 of FIEA).

In addition, in principle, when making investment solicitation to an investor in Japan for interests in a fund (partnership-type, trust-type, or company-type), it is necessary to register as a Type 1 or Type 2 Financial Instruments Business Operator according to the type of the security.

However, registration is not required if exceptions including, but not limited to, the following are applied. Please also refer to **d. Solicitation or sales of funds established by other investment management companies.**

- (1) When solicitation for investment is entrusted to a distributor which is a Type 1 or Type 2 Financial Instruments Business Operator, depending on the type of the security
- (2) When notification of Specially Permitted Business for Qualified Institutional Investors, etc., is made in advance in relation to private placement (self-offering) of a partnership-type fund.

### **c. Intermediation between an investment management/investment advisory company and its customers**

A typical example is the case where an intermediary company based in Japan conducts intermediation for an investment management/advisory company which is a foreign group company with respect to the conclusion of a discretionary investment contract or an investment advisory contract with its domestic customers. It is necessary to register as an Investment Advisory and Agency Business to act as an agency or intermediary for concluding discretionary investment contracts or investment advisory contracts with domestic customers.

### **d. Solicitation or sales of funds established by other investment management companies**

A typical example is when a distributor based in Japan is entrusted by an investment management company based in a foreign country to conduct solicitation/sales of funds it operates for domestic investors or when a securities company based in a foreign country sells funds and other financial instruments to domestic investors. In order to solicit a domestic investor of acquiring interests in a fund (partnership-type, trust-type, or company-type), registration of a Type 1 or Type 2 Financial Instruments Business Operator is required depending on the type of the securities.

Exceptionally, registration is not required if a foreign securities company meets any of the following conditions:

- (1) When a foreign securities company conducts solicitation for financial institutions that are registered Financial Instruments Business Operators engaged in securities-related business in Japan (Article 58-2 proviso of FIEA)
- (2) When a foreign securities company conducts solicitation from overseas for financial institutions such as banks, insurance companies and Investment Management Business Operators, with regard to their investment activities or investment management businesses (Article 17-3(i) of the Order for Enforcement of the Financial Instruments and Exchange Act (“Enforcement Order of FIEA”))
- (3) When a foreign securities company conducts sales from overseas for Japanese investors by agency or intermediation by the securities company which is a Type I Financial Instruments Business Operator engaged in securities-related business, without conducting solicitation by itself (Article 17-3(ii)(b) of the Enforcement Order of FIEA)

### **e. Establishment of a foreign business operator’s representative office for collecting information in Japan**

An example is a case in which a foreign financial institution conducting securities-related business, investment management business or investment advisory business overseas is to establish a representative office or other facility in Japan to collect and provide information on securities markets. In this case, registration as financial instruments business is not required, but prior notification to the FSA is required (Article 62 of FIEA).

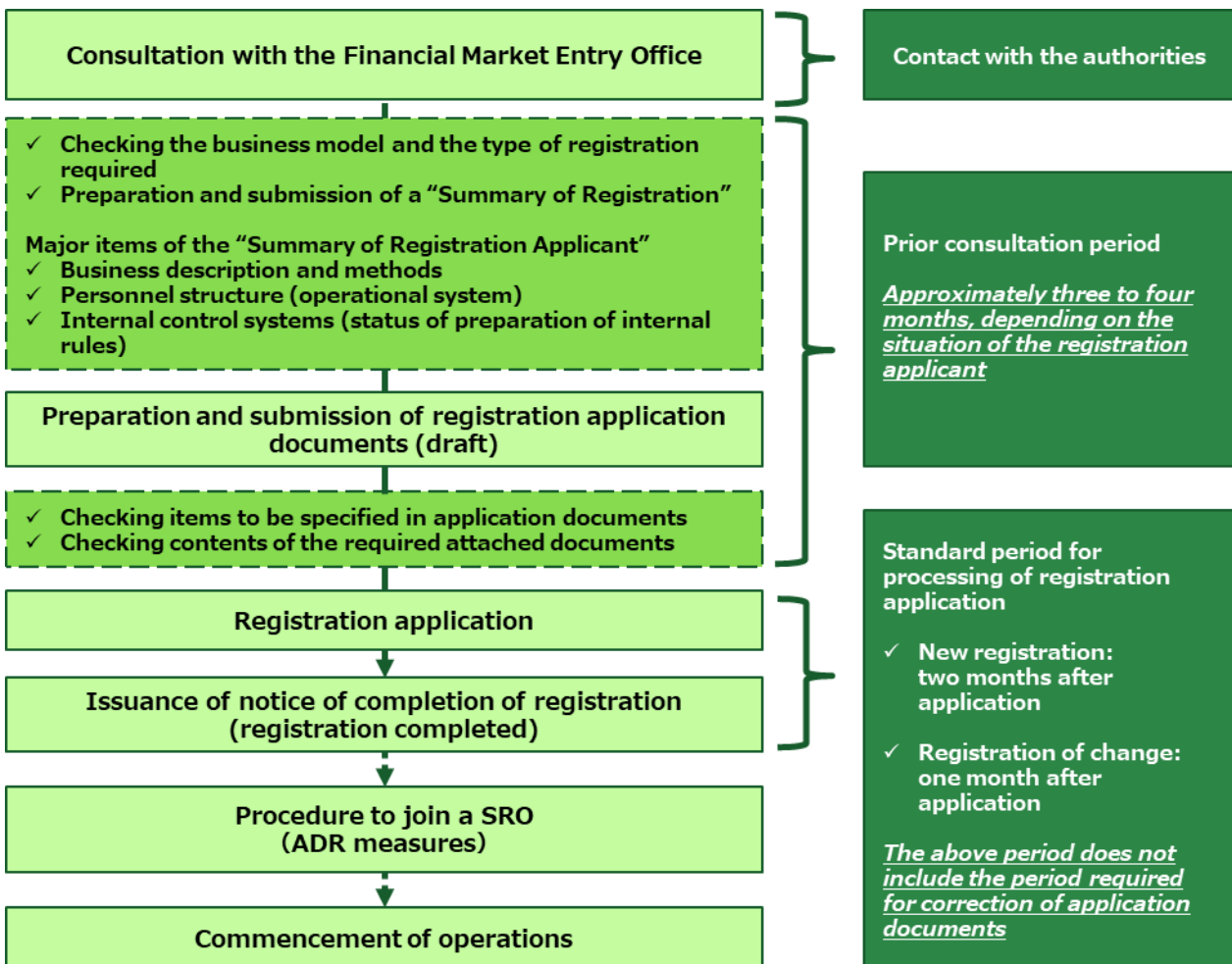
### (3) Registration procedures

#### a. Overview of registration screening procedure and registration application documents

Please refer to the [FSA Guidebook](#) for details of registration screening procedures and registration application documents. Please be advised that the contact point for the registration differs depending on whether the procedure for registration is handled in English or Japanese.

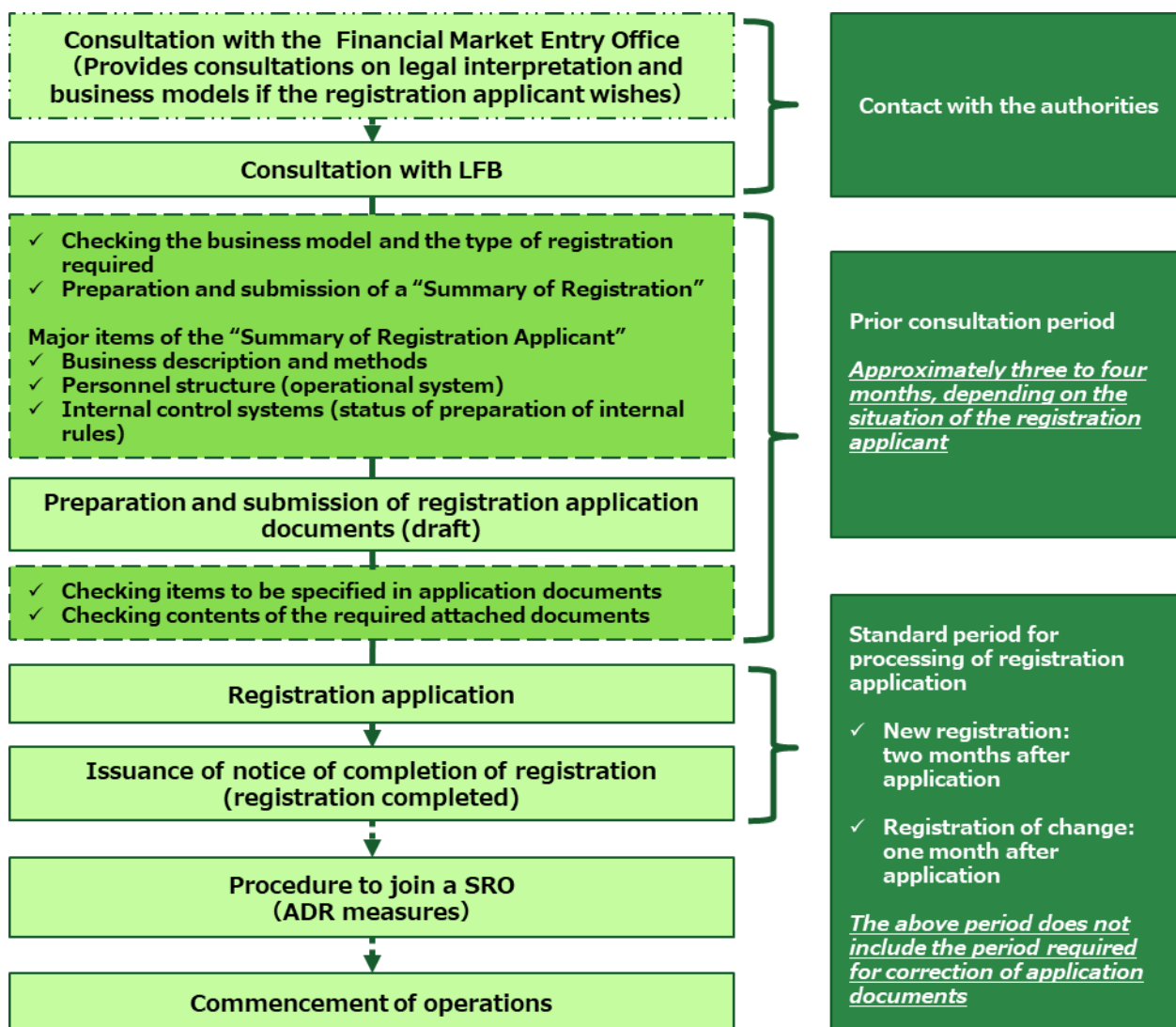
#### The general flow of the registration screening procedures for Financial Instruments Business

##### Flow of Registration Procedure in English



(Prepared based on the page 49 of the FSA Guidebook)

### Flow of Registration Procedure in Japanese



(Prepared based on the page 50 of the FSA Guidebook)

### Preregistration stage – “Financial One-Stop Support Service”

At the preregistration stage, the TMG provides [Financial One-Stop Support Service](#), including support for administrative procedures and comprehensive consulting services free of charge, in collaboration with the FSA, including the establishment of companies and introduction of financial experts, for foreign companies including financial companies considering establishing offices in Tokyo. In addition, if they wish consultations on interpretation of laws and regulations and business models in advance, the [Financial Market Entry Office](#) of the FSA and LFB provides a wide range of consultations on procedures under the financial laws and regulations related to the opening of Japanese offices.

### **Prior consultation period**

If an applicant newly entering the Japanese market meets (i) and (ii) below, it is eligible to be subject to all-in-English registration procedures and post-registration supervision. In this case the Financial Market Entry Office would be the contact point for pre-application consultation, registration procedures, and supervision after registration.

- (i) Applicant who falls under either of the following categories:
  - a. Applicant who is authorized to conduct asset management business or investment advisory business in a foreign jurisdiction or a relevant company of such an entity; or
  - b. Applicant who has worked in the above entity as a senior officer or employee (i.e. where he/she is named as a senior officer or an important employee in the application documents)
  
- (ii) Application for either of the following types of business under the FIEA:
  - a. Investment Management Business (Article 28(4) of FIEA);
  - b. Investment Advisory and Agency Business (Article 28(3) of FIEA); or
  - c. Type 2 Financial Instruments Business relevant to asset management business in either of the following cases
    - ✓ where selling a beneficial certificate of an investment trust or a fund established by itself (Article 28(2)(i) of FIEA); or
    - ✓ where conducting a so-called Deemed Type 2 Financial Instruments Business operated by an Asset Management Company of an Investment Corporation or an Operator of Investment Management Business for Qualified Investors (Article 196(2) of the Act on Investment Trusts and Investment Corporations and Article 29-5(2) of FIEA)

If a foreign financial business operator may not meet the eligibility requirements prescribed above, the LFB that has jurisdiction over the applicant's head office shall be the contact point for registration procedures. Even in this case, however, the Financial Market Entry Office still accepts requests for pre-application consultations on legal interpretation (regulatory applicability assessment/screening) and on business scheme/model viability. Please also be advised that if you are a foreign business operator who wishes to register as an Investment Advisory and Agency Business Operator without a business office in Japan, you need to contact Kanto Local Finance Bureau. Prior to the preparation and submission of registration application documents, the applicant is expected to have prior consultation for confirmation of the business scheme, organizational structure, etc., compliance with laws and regulations and supervisory guidelines, and the content of the application documents, etc., in advance.

### **Registration application**

Upon completion of confirmation of requirements in prior consultation, the applicant shall prepare and submit the application documents. The applicant is required to prepare and submit the registration application form along with various attachment documents corresponding to each type of financial instruments business. In a case where the eligibility requirements prescribed in (i) and (ii) above are met, the applicant may prepare and submit them in English. If not, application documents shall be prepared in Japanese. For any document that cannot be prepared in Japanese due to special circumstances, the Japanese translation thereof should be attached (Article 2 of Cabinet Office Order on Financial Instruments Business, etc. ("Business Order")).



## b. Registration Requirements for Each Financial Instruments Business

Please refer to the [FSA Guidebook](#) for details of registration requirements for each financial instruments business. Although the contents and standards of specific registration requirements differ according to each type of business, namely, a Type 1 and Type 2 Financial Instrument Business Operator, an Investment Management Business, an Investment Management Business for Qualified Investors, and an Investment Advisory and Agency Business, the outline of the registration requirements in the case of corporations is as follows.

### Outline of the registration requirements

- (1) The registration applicant or its officer and important employees have not received any specified administrative penalty, punishment or other sanction in the past.
- (2) Other businesses are not contrary to the public interest.
- (3) Having a personnel structure sufficient for conducting Financial Instruments Business in an appropriate manner.
- (4) Having the system in place necessary for conducting Financial Instruments Business in an appropriate manner.
- (5) Capital (excluding Investment Advisory and Agency Business)
- (6) Business office in Japan (excluding Investment Advisory and Agency Business)
- (7) (In the case of a foreign corporation) representatives in Japan (excluding Investment Advisory and Agency Business)
- (8) (If not joining a self-regulatory organization (“Association”)), preparation of internal rules that have contents equivalent to the articles of incorporation or other rules of the Association and establishment of an internal system in compliance therewith (excluding Investment Advisory and Agency Business)
- (9) Legal form as a stock company (limited to one that has a board of directors and either a company auditor/auditors, an audit or supervisory committee or a nominating committee, etc.) or corporations of the same kind as a company with a board of directors established in compliance with foreign laws and regulations (excluding Type 2 Financial Instruments Business and Investment Advisory and Agency Business)
- (10) The amount of net assets shall be equal to or greater than the specified amount (excluding Type 2 Financial Instruments Business and Investment Advisory and Agency Business).
- (11) No business that compromises investor protection due to difficulties in managing the risk of losses (except for Type 2 Financial Instruments Business and Investment Advisory and Agency Business)
- (12) Absence of unqualified major shareholders (excluding Type 2 Financial Instruments Business, and Investment Advisory and Agency Business)
- (13) Capital adequacy ratio (120%, only for Type 1 Financial Instrument Business)
- (14) Not using a trade name that another Type 1 Financial Instruments Business Operator is already using or a trade name that could give rise to the misconception that it is another Financial Instruments Business Operator (only for Type 1 Financial Instruments Business)
- (15) Deposit (only for Investment Advisory and Agency Business)
- (16) All rights holders consist exclusively of Qualified Investors (only for Investment Management Business for Qualified Investor)
- (17) Total amount of investment assets is 20 billion yen or less (only for Investment Management Business for Qualified Investor)

### c. Requirements related to personnel structure and systems

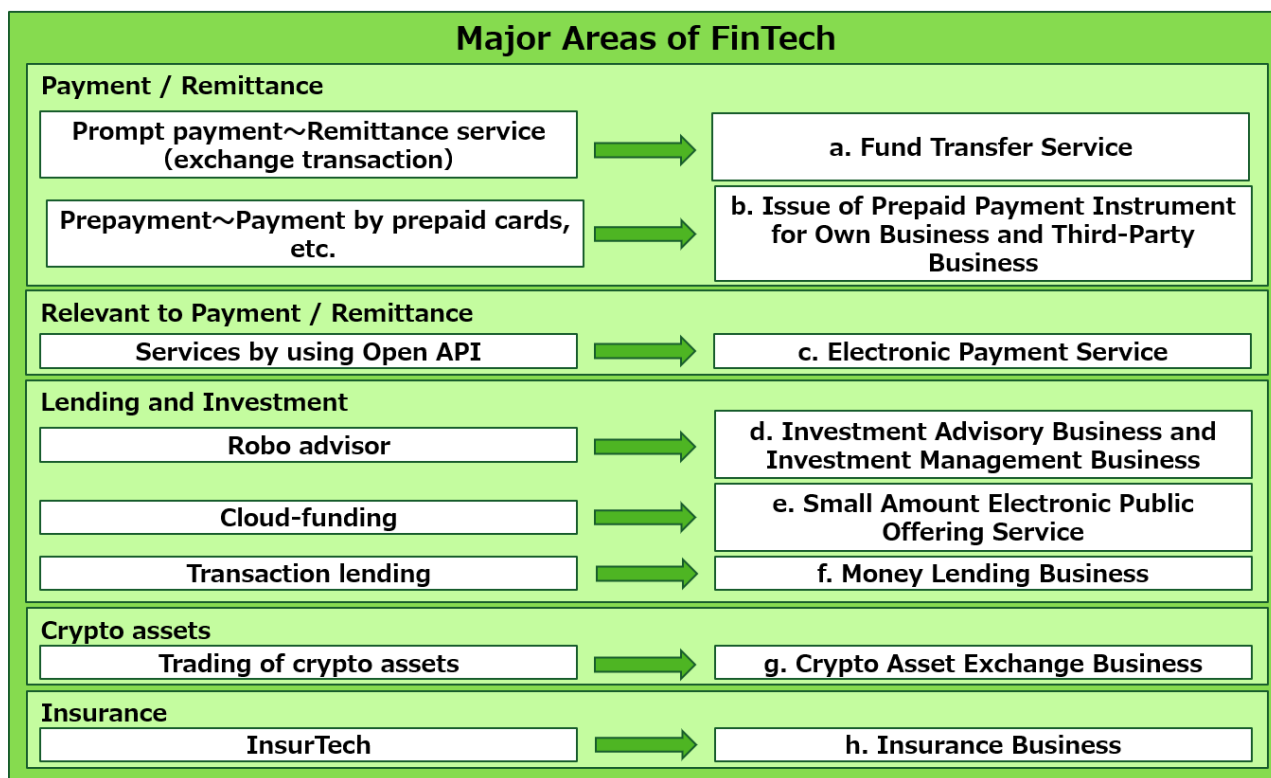
Details of the requirements related to personnel structure and systems are provided for each type in “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” There are no uniform standards in place for the specific level of personnel and systems required, and they will be determined on a case-by-case basis depending on the business model of each registration applicant. However, general requirements are as below.

#### **Outline of the personnel requirements**

- (1) Top managers, managing directors, staff and persons in charge of asset management or investment advice are required to have a specified level of knowledge and experience.
- (2) The Financial Instruments Business Operator must be staffed and organized so that managers in charge of internal control are appropriately allocated, and personnel necessary for conducting relevant business in an appropriate manner are allocated to individual divisions.
- (3) The compliance division (staff in charge of compliance) must be independent from the sales division or the asset investment division and staffed with personnel who have necessary knowledge and experience.
- (4) Appointment of staff capable of setting up the internal structure for the relevant business

## 2. Licenses Related to FinTech Business

### (1) Summary of License Types



#### a. Funds Transfer Service

For a non-bank business operator to operate a remittance service, it must be registered as a funds transfer service under the Payment Services Act (“PSA”) (Article 37 of PSA). Remittance services are generally considered “exchange transactions” (*Kawase Torihiki*) which only banks are allowed to provide (Article 4(1), Article 10(1)(iii), and Article 61(1) of the Banking Act), but others are allowed to operate a remittance service limited to transactions of 1 million yen or less by registering as a funds transfer service. Registration as a funds transfer service is easier than obtaining a banking license.

Under the amended Payment Services Act, which will go into force by June 2021, the new categories of Type 1 Funds Transfer Service (which is allowed to make high-value remittances of over 1 million yen) and Type 3 Funds Transfer Service (which only handles small sum remittances) will be established in addition to the existing Type 2 Funds Transfer Service (Article 36-2 of the amended PSA). A Type 1 Funds Transfer Service will be required to formulate a business plan and receive authorization in addition to registering as a funds transfer service provider, and will be required to have a more substantial internal control system than existing funds transfer service providers (Article 40-2 of the amended PSA). Conversely, a Type 3 Funds Transfer Service will have relaxed restrictions on preservation of user funds, and will be permitted to manage deposits separate from its own assets (Article 45-2 of the amended PSA). This is intended to ease the burden of cash-flow management and reduce costs.

## b. Prepaid Payment Instrument (for Own Business/for Third-Party Business)

Prepaid settlement services are regulated by PSA, and are categorized either as a **prepaid payment instrument for own business** or a **prepaid payment instrument for third-party business** (Articles 3, 5 and 7 of PSA). Prepaid settlement services include IC cards, server-based prepaid cards, server-based electronic money, and virtual currencies used in online games. Note that there are some settlement services to which PSA does not apply (Article 4 of PSA), so it is necessary to confirm on a case-by-case basis whether the law applies to a given settlement service or not.

The issuer of a prepaid payment instrument for own business is required to submit a notification if the unused balance is over 10 million yen as of the record date (Article 5 of PSA). The notification is due within two weeks from the day after the record date. The issuer of a prepaid payment instrument for third-party business is required to register in advance (Article 7 of PSA). Only a registered issuer is allowed to issue a prepaid payment instrument for third-party business.

**Prepaid payment instrument for own business:** Prepaid settlement service that can only be used for products and services provided by the issuer of the prepaid settlement instrument.

**Prepaid payment instrument for third-party business:** Prepaid settlement service that can also be used with merchants other than the issuer.

## c. Electronic Payment Service

Electronic Payment Service includes “electronic remittance services,” which receive remittance instructions online and relay the instructions to the customer’s bank on behalf of the customer, and “account information retrieval services,” which are engaged by the customer to obtain account information from the bank and provide it to the customer online. The former type includes real-time bank transfer services offered by cloud accounting services, and the latter includes personal finance management (PFM) and cloud accounting services.

Conducting these acts for business purposes requires registration as an electronic payment service under the Banking Act (Article 2(18) and Article 52-61-2 of the Banking Act; for acts that do not constitute electronic payment service, see Article 1-3-3(1) of the Regulation for Enforcement of the Banking Act)<sup>18</sup>.

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<sup>18</sup> Equivalent regulations exist for non-bank depository financial institutions, but we will not cover those herein.

#### d. Investment Advisory Business/Investment Management Business

Registration as an Investment Advisory and Agency Business or an Investment Management Business may be required in order to provide a “robo-advisor” service.

If the service consists solely of receiving fees for building the best portfolio for the customer’s needs, it may constitute Investment Advisory and Agency Business. Otherwise, if the service includes both portfolio-building and executing investments on behalf of the customer based on that portfolio, it may constitute Investment Management Business. Which category applies depends on the specific content and design of the services provided, and must be confirmed on a case-by-case basis.

For an outline of Investment Advisory and Agency Business and an Investment Management Business, and the procedures for registering as each category, see **1(1) a. Investment Advisory and Agency Business** and **1(2) b. Investment Management Business**.

#### e. Small Amount Electronic Public Offering Service

Operating an online crowdfunding platform may, depending on the structure, require registration as a Type 1 or Type 2 Financial Instruments Business. Handling primary offerings or private placements of securities via a website or e-mail constitutes “electronic public offering services” (Article 29-2(1)(vi) of FIEA). A Type 1 or Type 2 Financial Instruments Business that intends to conduct electronic public offering services for certain securities may need to file a registration of change.

However, solicitation for shares or warrants via the Internet constitutes Type 1 Small Amount Electronic Public Offering Services if disclosure regulations do not apply, or in the case of a handling of primary offering or private placement for shares or warrants of an unlisted company where the total value of the offering is less than 100 million yen and each investor’s investment is no more than 500,000 yen (Article 29-4-2 of FIEA). A person engaged solely in Type 1 Small Amount Electronic Public Offering Services is subject to less regulation than a Type 1 Financial Instruments Business, in that the regulations on concurrent business, sign-posting obligations, and capital adequacy ratio do not apply, and the minimum capital requirement is 10 million yen.

Similarly, disclosure-exempt securities and interests in non-public collective investment schemes constitute Type 2 Small Amount Electronic Public Offering Services, and a person engaged solely in those services is subject to less regulation than a Type 2 Financial Instruments Business, in that the regulations on sign-posting obligations do not apply, and the minimum capital requirement is 5 million yen (Article 29-4-3 of FIEA).

#### f. Money Lending Business

Transaction lending such as lending to merchants on online shopping sites using transaction data obtained by a settlement service provider, intermediation between a settlement service provider and merchants by an online shopping site operator, constitutes money lending or money lending brokerage. These acts require registration as a money lending business (Articles 2 and 3 of the Money Lending Business Act).

## g. Crypto-Assets Exchange Business

Conducting any of the following as a business with respect to crypto-assets such as Bitcoin constitutes Crypto-Assets Exchange Business (Article 2(7) of PSA):

- (i) purchase and sale of crypto-assets and exchange for other crypto-assets;
- (ii) intermediation, brokerage or agency of (i);
- (iii) management of user funds for the purpose of (i) or (ii); or
- (iv) management of crypto-assets for another person.

Providing customers with a place for the sale or exchange of crypto-assets or operating ATMs at which crypto-assets can be purchased and sold falls under (i). An exchange that matches buy and sell orders between customers falls under (ii). A service that manages crypto-assets or management of the secret keys necessary for the transfer of crypto-assets falls under (iv).

Operating a Crypto-Assets Exchange Business requires registration with FSA pursuant to PSA (Article 63-2 of PSA).

Crypto-assets are defined under PSA as follows.

### **Article 2(5)(i) of PSA**

*Property value (limited to that which is recorded on an electronic device or any other object by electronic means, and excluding the Japanese currency, foreign currencies, and Currency-Denominated Assets) which can be used in relation to unspecified persons for the purpose of paying consideration for the purchase or leasing of goods or the receipt of provision of services and can also be purchased from and sold to unspecified persons acting as counterparties, and which can be transferred by means of an electronic data processing system (Bitcoin, Ethereum and other cryptocurrencies fall under this definition).*

### **Article 2(5)(ii) of PSA**

*Property value which can be mutually exchanged with what is set forth in the preceding item with unspecified persons acting as counterparties, and which can be transferred by means of an electronic data processing system. (In other words, any property value which can be exchanged for crypto-assets constitutes a crypto-asset, even if it does not itself fall under the definition of a crypto-asset in item (i).)*

## h. Insurance Business

FinTech has become more common in the insurance industry (where it is called InsurTech). This includes fine-grained adjustment of insurance premiums based on data, telematics-based insurance, and other use of data to calculate insurance premiums after the insurance policy has been entered into. The use of big data and other data is considered complementary with actuarial calculations, which use statistical data.

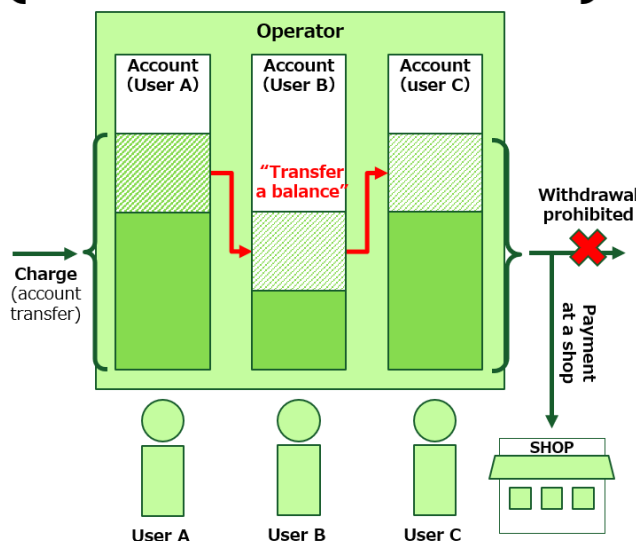
If a service constitutes insurance business, an insurance business license is in principle required to offer that service. However, if the insurance proceeds are low-value and the insurance term is short, registration as a small amount and short term insurance business may be possible as an exception.

## (2) Most Common Structures

### a. Example Settlement Structure

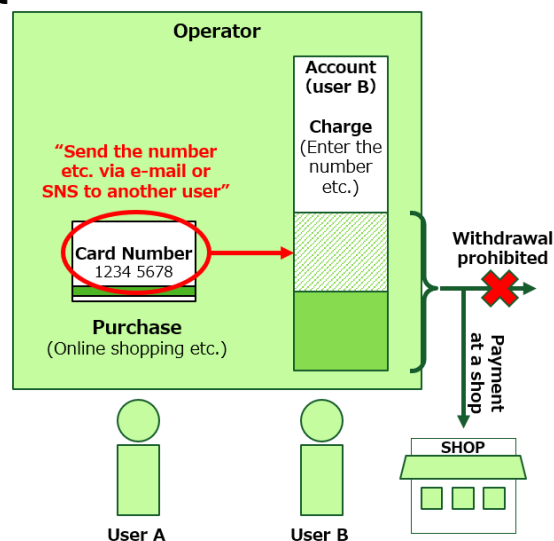
#### Example (i)

(An user transfers a payment method with a third party by selling a balance of prepaid payment instruments to another user)



#### Example (ii)

(An user let another user use his/her payment method by sending the number etc. of prepaid payment instruments via e-mail or SNS)



(Prepared based on Page 4 of the secretariat materials for the 2nd Working Group on Regulations on Payment and Settlement and Regulations on Cross-Sectional Financial Services Intermediaries of the Financial System Council, held on October 24, 2019)

#### Issuance of cash-convertible electronic money (Funds Transfer Service)

Electronic money that can be used for the purchase of goods or services from a merchant is generally issued based on registration as a funds transfer service or issuer of a prepaid payment instrument for third-party business, but prepaid payment instruments are not in principle allowed to be converted to cash (Article 20(5) of PSA). If electronic money is allowed to be freely convertible to cash, it becomes possible to obtain the cash prepaid into that electronic money, which is considered to constitute an "exchange transaction." Therefore, the issuance of cash-convertible electronic money requires registration as a Funds Transfer Service.

#### Issuance of non-cash-convertible electronic money (prepaid payment instrument for third-party business)

In contrast, non-cash-convertible electronic money is generally regulated as a "prepaid payment instrument for third-party business." However, it should be noted that even non-cash-convertible electronic money may constitute an exchange transaction, and require registration as a Funds Transfer Service, if it can be exchanged for cash-convertible electronic money.

Some non-cash-convertible electronic money can be transferred to third parties. This is mainly centered on IC card or server-based prepaid payment instruments for third-party business, and includes (i) one user transferring an electronic money balance to another in order to transfer the payment instrument between individuals and (ii) transferring a number or other identifier by e-mail or social media so that others may use it as a payment instrument. Such prepaid payment instruments are considered to have characteristics similar to those of a remittance service. In case (ii), the main use case of the transfer to third parties is gift-giving, and the system works in a way that once the balance has been transferred it cannot be re-

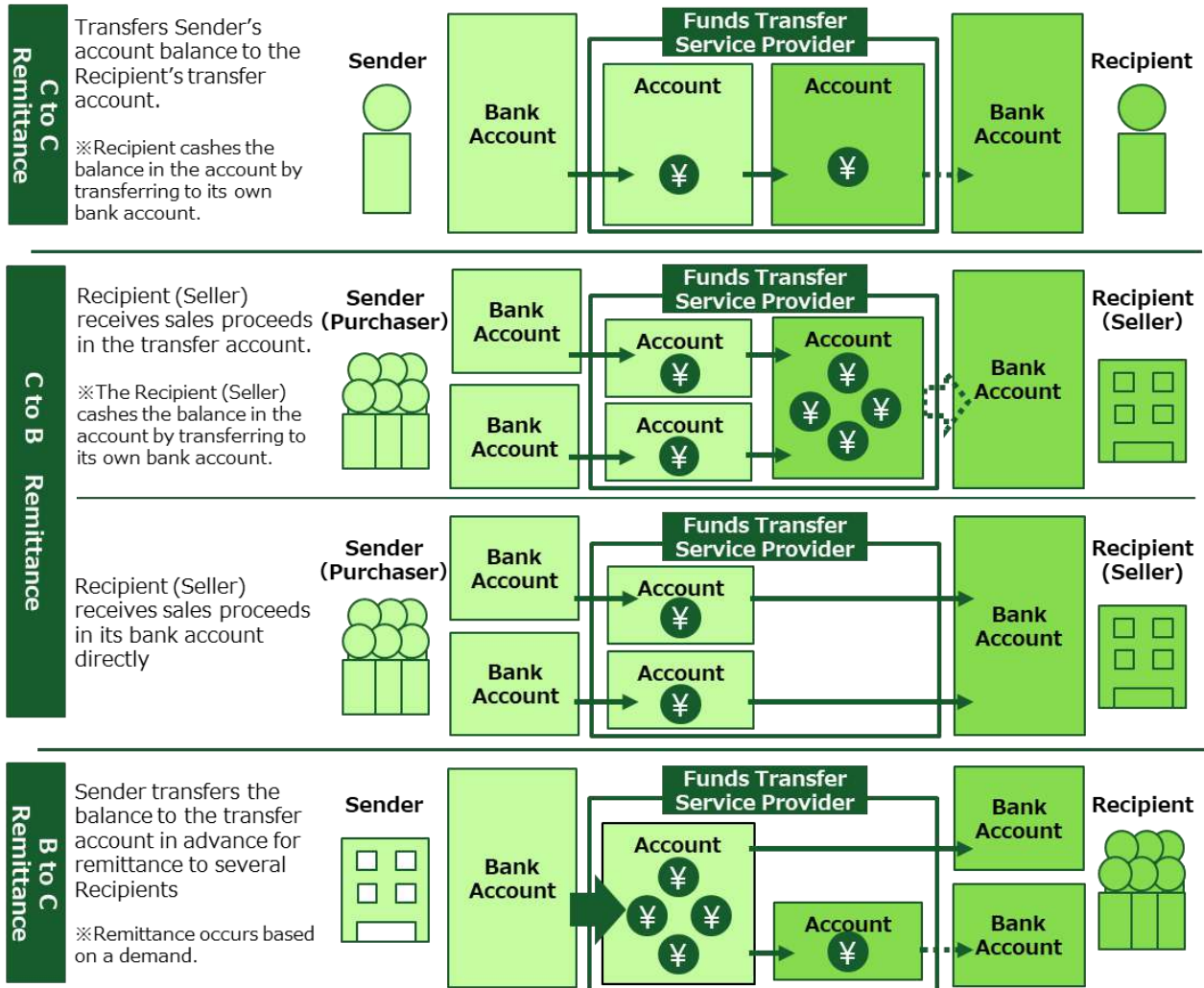
transferred, so it cannot flow freely through the prepaid payment instrument issuer's system. However, in case (i), the balance transfer can be repeated, so the funds can flow freely through the issuer's system.

Because this kind of electronic money is not cash-convertible, it is generally issued as a prepaid payment instrument, but according to the "Guidelines for Administrative Processes (Volume 3: Financial Companies, 5. Prepaid Payment Instrument Issuers)", implementation of user protections and other features is a focal point for regulatory supervision, and issuers will be required to implement such features.



## b. Example Remittance Structure

### Four main types of remittance service provided by Funds Transfer Service Providers



- (1) C to C (Transfer from the sender's account balance to the recipient's account):** In this example, both the sender and the recipient each have an account with the Funds Transfer Service Provider, and the funds are transferred between accounts. If the recipient converts their account balance to cash, they can pay it out into their personal bank account.
- (2) C to B (Recipient receives sales into their account):** In this example, the customer purchasing goods and services (the sender, an individual) and the seller (the recipient, a company) each have an account with the Funds Transfer Service Provider, and the funds are transferred between accounts. If the recipient converts their account balance to cash, they can pay it out into their personal bank account.
- (3) C to B (Recipient receives sales directly into their bank account):** In this example, only the sender has an account with the Funds Transfer Service Provider, and the funds are transferred from the sender's funds transfer service account to the recipient's bank account.
- (4) B to C (Sender deposits an amount into their account in advance of sending to multiple recipients):** In this example, the multiple recipients may include some with accounts with the Funds Transfer Service Provider and others without, so the sender deposits a certain amount into its own account with the Funds Transfer Service Provider, and conducts remittances on demand. The recipients receive funds either into a funds transfer service account or a bank account.

(Prepared based on Page 3 of the secretariat materials for the 4th Working Group on Regulations on Payment and Settlement and Regulations on Cross-Sectional Financial Services Intermediaries of the Financial System Council, held on October 4, 2019)

## **Funds Transfer Service**

All of these services constitute “exchange transactions,” and require registration as a Funds Transfer Service (Articles 2 and 37 of PSA).

### **Type 2 Funds Transfer Service Provider (including Funds Transfer Service Providers under the Payment Services Act prior to the June 2020 amendment)**

After the amendment, a Type 2 Funds Transfer Service can conduct remittances of up to 1 million yen per transaction. It is possible for a user’s account balance with a Funds Transfer Service Provider to contain a large amount of funds, for example if a sender in a B to C remittance described above prepays a large amount in order to make multiple payments of less than 1 million yen each, or a recipient of C to B remittances (which receives sales proceeds into its funds transfer service account) receives multiple payments of less than 1 million yen each from different people. Under the amended PSA, it is required to “pursuant to the provisions of Cabinet Office Order, [...] take measures to not hold user funds that will not be used for exchange transactions” (Article 51 of the amended PSA). Specifically, the report issued by the Working Group on Regulations Regarding Payment and Settlement and Cross-Sectional Financial Services Intermediaries of the Financial System Council on December 20, 2019 states that for a Type 2 Funds Transfer Service, if a user has funds in their account in excess of the transaction limit (1 million yen), it is plausible that the Funds Transfer Service Provider may be required to take measures to confirm the relationship between the user funds and exchange transactions.

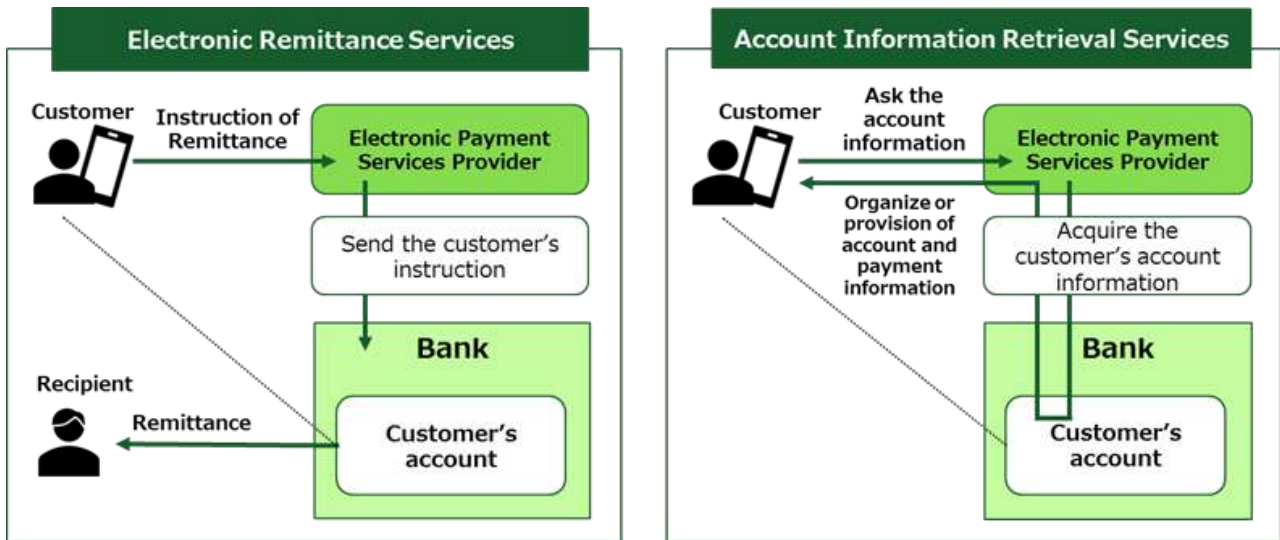
### **Type 3 Funds Transfer Service Provider**

Under the amended PSA, a provider can register as a Type 3 Funds Transfer Service if it only handles remittances up to a certain amount which is specified by Order for Enforcement of the PSA as being “small amount.” Type 3 Funds Transfer Service is limited to a “small amount” both per transaction (remittance amount) and per user (deposited amount). For this reason, in the case of B to C remittances and C to B remittances (where the recipient receives sales proceeds into its funds transfer service account), user funds cannot be received into the account in excess of the “small amount” limit. A Type 3 Funds Transfer Service Provider can preserve user funds by managing deposits separate from its own assets (Article 45-2 of the amended PSA), which is expected to reduce the cash-flow burden and costs.

### **Type 1 Funds Transfer Service Provider**

High-value remittances of over 1 million yen can be handled by receiving authorization as a Type 1 Funds Transfer Service under the amended PSA. A Type 1 Funds Transfer Service Provider is not permitted to receive user funds without clear and specific remittance instructions (including the amount and date of the transfer and other matters specified by Cabinet Office Order on Funds Transfer Service Providers) or to hold user funds for longer than operationally and technically necessary (the period necessary to complete administrative procedures for the funds transfer, or another period specified by Cabinet Office Order on Funds Transfer Service Providers) (Article 51-2 of the amended PSA). For this reason, a Type 1 Funds Transfer Service Provider cannot receive user funds into the funds transfer service account in cases such as the B to C remittance example above, where there are no specific remittance instructions. Likewise, in the case of C to B remittance (where the recipient receives sales proceeds into its funds transfer service account), the funds received from another person cannot be kept in the user’s account.

**c. Example Open API Structure**



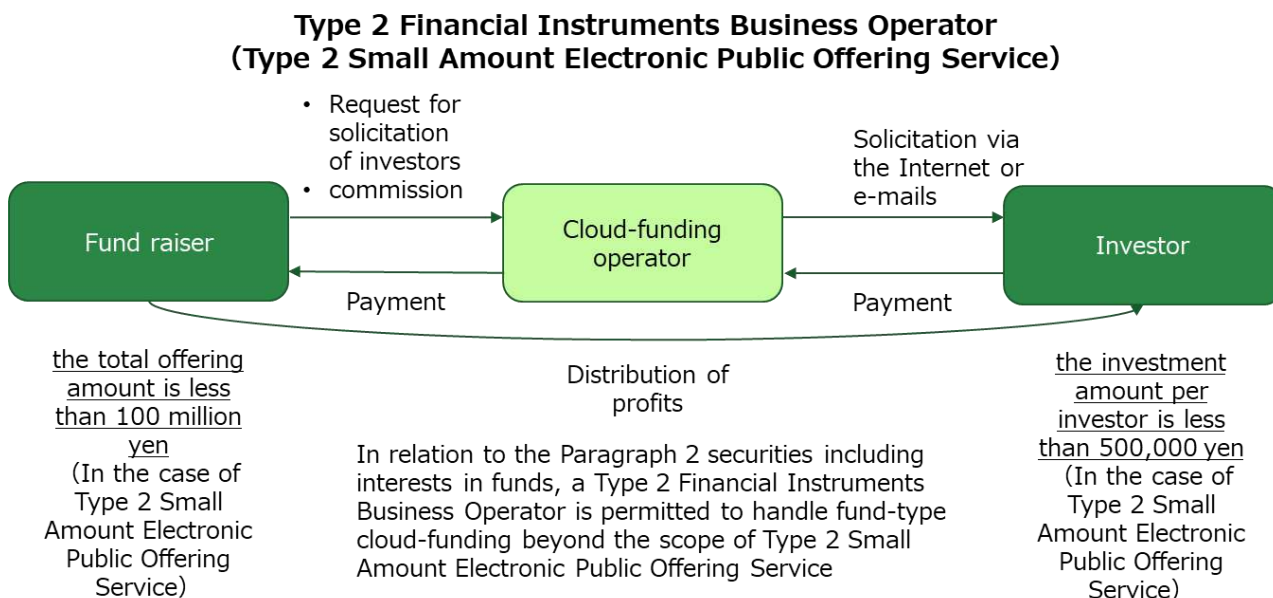
(Prepared based on page 2 of the Financial Services Agency materials for the 8th Data Logistics Environment Research Group "Working Group on the Use of Data in the Age of AI and IoT", held on January 27, 2017)

**Electronic Payment Service**

Electronic remittance services such as real-time bank transfer services offered by cloud accounting services, and account information retrieval services such as personal finance management (PFM), cloud accounting services, require registration under the Banking Act as an Electronic Payment Service in order to be operated as a business.

Note that even an overseas provider must be registered as an Electronic Payment Service in order to communicate remittance instructions to a bank under the Banking Act (a foreign corporation must appoint a representative in Japan). In addition to registration under the Banking Act, an Electronic Payment Service cannot be operated without executing an electronic payment service agreement with the banks with which it connects (Article 52-61-10(1) of the Banking Act). Pursuant to the Banking Act, the bank must publish connection standards detailing the matters and criteria required of electronic payment service providers, and cannot unfairly discriminate against any provider that meets those standards (Article 52-61-11(3) of the Banking Act). See the [Sample Clauses for API Use Agreements pursuant to the Banking Act](#) published by the Japanese Bankers Association for an example of an electronic payment service agreement.

### d. Example Financing Structure – Fund-Type Crowdfunding



#### **Type 2 Financial Instruments Business (Type 2 Small Amount Electronic Public Offering Service)**

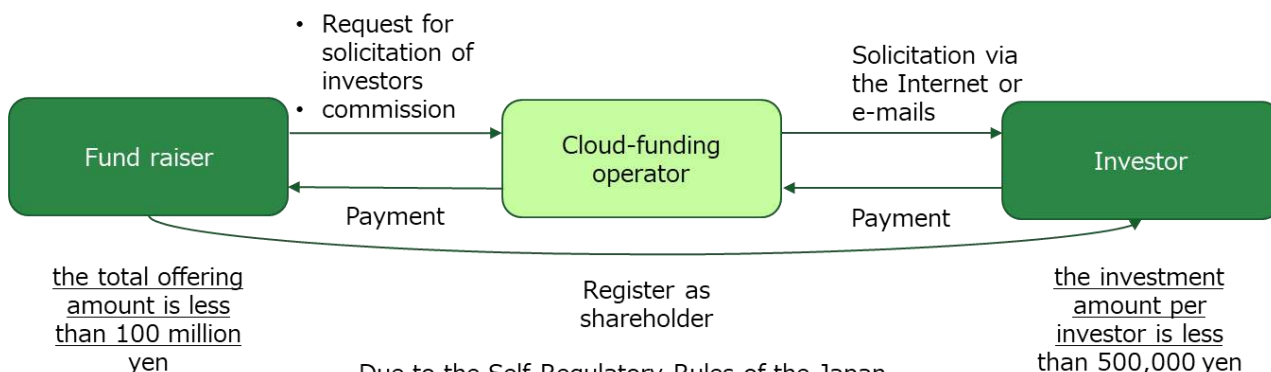
The above figure shows a model where many and unspecified investors invest in the business operated by the business operator seeking funding as a fund through an online platform. Multiple fund types are possible, but in practice, a silent partnership (*Tokumei Kumiai*) is the most common. The solicitation of financing from investors in the form of a fund is a type of self-offering of interests in a collective investment scheme, and in principle requires registration as a Type 2 Financial Instruments Business (Article 2(8)(vii), Article 28(2)(i), and Article 29 of the FIEA), but registration is not required if the solicitation is delegated in its entirety to a separate Type 2 Financial Instruments Business Operator. The operator of such a platform must be registered as a Type 2 Financial Instruments Business.

If operating that platform online, the operator is also subject to obligations regarding the implementation of a management system and the provision of user information, as an electronic public offering services provider (Article 70-2(2) and (3) of Business Order). It will also be required to comply with the rules of the self-regulatory organization of the Type 2 Financial Instruments Firms Association. Even if not a member of that association, it will be required under FIEA to implement systems based on the rules of that association (Article 29-4(1)(iv)(2) of FIEA).

If the total amount sought is less than 100 million yen, and the amount invested by each investor is no more than 500,000 yen, then the platform is a Type 2 Small Amount Electronic Public Offering Service, and a person engaged solely in that business is subject to less regulation than a Type 2 Financial Instruments Business (Article 29-4-3 of FIEA).

### e. Example Financing Structure – Share-Type Crowdfunding

#### Type 1 Financial Instruments Business Operator (Type 1 Small Amount Electronic Public Offering Service)



Due to the Self-Regulatory Rules of the Japan Securities Dealers Association, Type 1 Financial Instruments Business Operator is permitted to handle share type cloud funding to the extent of the requirements under the Type 1 Small Amount Electronic Public Offering Service.

#### Type 1 Financial Instruments Business (Type 1 Small Amount Electronic Public Offering Service)

The above figure shows a model where many and unspecified investors purchase new shares in a privately-held company that is raising financing by issuing shares through an online platform. The issuing company must disclose the terms of the primary offering on the platform. Unlike the fund model, if the issuer solicits the purchase of its own shares to investors, there is no need for registration as a Financial Instruments Business. However, if soliciting the purchase of shares valued at over 100 million yen in total to 50 or more investors, the issuer will be required to submit a securities registration statement (Article 4 of FIEA). An issuer considering soliciting purchase to many and unspecified investors can attempt to reach investors through a platform operator rather than conducting the solicitation itself. However, the platform operator is handling shares, and therefore must be registered as a Type 1 Financial Instruments Business (Article 2(8)(ix), Article 28(1)(i), and Article 29 of FIEA). As with the previous example, if the total amount sought is less than 100 million yen, and the amount invested by each investor is no more than 500,000 yen, then the platform is a Type 1 Small Amount Electronic Public Offering Service, and if engaged solely in Type 1 Financial Instruments Business, the operator is subject to less regulation, similar to a Type 2 business (Article 29-4-2 of FIEA).

Only a Type 1 Small Amount Electronic Public Offering Service can handle share-type crowdfunding pursuant to the rules of the Japan Securities Dealers' Association, the self-regulatory organization that Type 1 Financial Instruments Businesses usually join (Rule 4(3) of the Rules on Share-Type Crowdfunding Services). Therefore, this is permitted for platforms like the above only when the total value of the offering is less than 100 million yen, and the investment of each investor is no more than 500,000 yen.

### (3) Registration Procedures for Major FinTech Business Types

Before beginning the registration procedures, TMG's [Financial One-Stop Support Service](#) offers free support with administrative procedures in coordination with FSA, a general consulting service including the advice of experts in company establishment and finance, and one-stop financial services for FinTech companies and similar businesses planning to establish themselves in Tokyo. In addition, any inquiries relating to the interpretation of the law or business models can be directed to the FSA's [FinTech Support Desk](#), which provides information on a broad range of topics relating to the laws and procedures related to FinTech business.

#### a. Funds Transfer Service

To operate a Funds Transfer Service, you must register with the competent LFB (Article 37 of the PSA). Only a stock company established under the Companies Act or a foreign funds transfer service provider that meets certain criteria<sup>19</sup> can register as a Funds Transfer Service (Article 40(1)(i) of PSA). A foreign funds transfer service provider must register as a Funds Transfer Service Provider under PSA in order to solicit exchange transactions to persons in Japan, unless otherwise provided for by law (Article 63 of PSA).

A foreign funds transfer service provider that wishes to register as a Funds Transfer Service Provider under PSA should do so with the LFB with jurisdiction over its principal place of business in Japan.

#### **Registration of a “Foreign Funds Transfer Service Provider” as a Funds Transfer Service Provider**

A foreign funds transfer service provider that meets the following criteria can register as a Funds Transfer Service (Article 40(1)(i) and (ii) of PSA):

- (1) has a place of business in Japan; and
- (2) has a representative in Japan (that person must have an address in Japan).

#### **Outline of registration procedures**

Submit the statutorily required application form, with the necessary documents attached, to the LFB. The application will be reviewed, and registration as a Funds Transfer Service will be granted unless there are grounds to refuse registration, or there is a material false statement or material omission in the application form or the attached documents (Article 39(1) of PSA).

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<sup>19</sup> “Foreign funds transfer service provider”: A person conducting exchange transactions as a business under the law of a foreign country equivalent to PSA, pursuant to registration equivalent to registration as a funds transfer service provider (Article 2(4) of PSA). Which foreign laws are equivalent to PSA requires confirmation on a case-by-case basis, but for example, an operator with a remittance license under the law of an EU country based on the EU Payment Services Directive is a foreign funds transfer service provider.

**Grounds for refusal of registration (Article 40(1) of PSA)**

- (1) a person other than a stock company or a Foreign Funds Transfer Service Provider (limited to a foreign company that has a business office in Japan)
- (2) in the case of a Foreign Funds Transfer Service Provider, a Foreign Funds Transfer Service Provider that is a corporation who does not have a representative person in Japan (limited to a person who is domiciled in Japan)
- (3) a corporation which is found to lack the sufficient financial foundation that is necessary for the proper and secure conduct of Funds Transfer Services
- (4) a corporation which has not established a system that is necessary for the proper and secure conduct of Funds Transfer Services
- (5) a corporation which has not established a system that is necessary for ensuring compliance with the provisions of Chapter 3 of the PSA
- (6) a corporation which intends to use a trade name or other name that is identical to the one currently used by another Funds Transfer Service Provider or that may be misidentified as another Funds Transfer Service Provider
- (7) a corporation whose registration, etc. of the Funds Transfer Service has been rescinded in the past five years, or whose registration, etc. of the same kind has been rescinded by foreign laws and regulations equivalent to the PSA and other specified Acts
- (8) a corporation that has been sentenced to a fine or a foreign punishment equivalent thereto for violating the PSA and other specified Acts or foreign laws and regulations equivalent thereto in the past five years.
- (9) a corporation whose other business is found to be against the public interest
- (10) a corporation whose directors, company auditors, or accounting advisors (including representative persons in Japan in cases of a Foreign Funds Transfer Service Provider) have received any specified administrative penalty, punishment or other sanction in the past

## b. Prepaid Payment Instrument for Third-Party Business

To operate a business issuing a prepaid payment instrument for third-party business, you must register with the competent LFB (Article 7 of PSA). Only a stock company, limited liability company (*Godo Kaisha*), or other corporation may register. A foreign corporation may register if it has a business office or business location in Japan (Article 10(1)(i) of PSA). A foreign corporation that wishes to register as an issuer of a prepaid payment instrument for third-party business under the PSA should do so with the LFB with jurisdiction over its principal place of business in Japan.

A foreign corporation may not solicit the acquisition of a prepaid payment instrument issued outside Japan to persons in Japan (Article 36 of PSA).

### Outline of registration procedures

Submit the statutorily required application form, with the necessary documents attached, to the LFB. The application will be reviewed, and registration as an issuer of a prepaid payment instrument for third-party business will be granted unless there are grounds to refuse registration, or there is a material false statement or material omission in the application form or the attached documents (Article 9(1) of PSA).

### Grounds for refusal of registration (Article 10(1) of PSA)

- (1) a person other than a corporation (including a corporation established under the laws and regulations of a foreign state who does not have a business office or office in Japan)
- (2) A corporation whose amount of net assets is less than one hundred million yen (excluding some juridical persons and exceptional cases)
- (3) a corporation which has not taken necessary measures for ensuring that goods or services that one can purchase or lease, or which one can receive the delivery or provision of by using prepaid payment instruments are not harmful to or pose any risk of being harmful to public order or morals
- (4) a corporation which has not established a system that is necessary for making payments to member shops appropriately
- (5) a corporation which has not established a system that is necessary for ensuring compliance with the provisions of Chapter 2 of PSA
- (6) a corporation which intends to use a trade name or other name that is identical to the one currently used by another Issuer of Prepaid Payment Instruments for Third-Party Business or that may be misidentified as another Issuer of Prepaid Payment Instruments for Third-Party Business
- (7) a corporation whose registration of Issuer of Prepaid Payment Instruments for Third-Party Business has been rescinded or whose registration of the same type has been rescinded pursuant to the provisions of foreign laws and regulations equivalent to PSA in the past three years.
- (8) a corporation that has been sentenced to a fine or a foreign punishment equivalent thereto for violating PSA or foreign laws and regulations equivalent thereto in the past three years.
- (9) a corporation whose officers have received any specified administrative penalty, punishment or other sanction in the past.



### c. Prepaid Payment Instrument for Own Business

There are no restrictions on who can issue a prepaid payment instrument for own business. However, as with a prepaid payment instrument for third-party business, a foreign corporation may not solicit the acquisition of a prepaid payment instrument issued outside Japan to persons in Japan.

#### **Notifications to LFB**

As long as you continue to issue a prepaid payment instrument for own business, you will be required to submit a notification to LFB if the unused balance as of the record date (March 31 and September 30 each year) is over a certain amount (10 million yen) (Article 5 of PSA). Unlike a prepaid payment instrument for third-party business, there is no application review process, but if there is anything inappropriate about the content or manner of the issuing business, you may be requested to make changes. Therefore, it is still necessary to confirm that you are in compliance with the requirements under PSA.

A foreign corporation that wishes to submit a notification must have a business office or business location in Japan (and should submit the notification to the LFB with jurisdiction over its principal place of business in Japan).

#### d. Electronic Payment Service

To operate an Electronic Payment Service, you must register with the competent LFB under the Banking Act (Article 52-61-2 of the Banking Act). There are no restrictions on who can register, and both corporations and individuals can apply. A foreign corporation may register if it has a business office or business location in Japan by applying to the LFB with jurisdiction over its principle place of business in Japan (or to the Kanto Local Finance Bureau if it has no place of business in Japan).

##### **Outline of registration procedures**

Submit the statutorily required application form, with the necessary documents attached, to the LFB. The application will be reviewed, and registration as an Electronic Payment Service will be granted unless there are grounds to refuse registration, or there is a material false statement or material omission in the application form or the attached documents (Article 52-16-4 of the Banking Act).

##### **Grounds for refusal of registration (e.g. for a corporation, Article 52-61-5 of the Banking Act)**

- (1) a corporation whose net assets are negative
- (2) a corporation that has not developed a system for performing electronic payment services appropriately and reliably
- (3) a corporation whose registration of the Electronic Payment Services Provider has been cancelled in the past five years
- (4) a corporation that have been ordered in the past five years to discontinue the Electronic Payment Services
- (5) a corporation on who has been sentenced to a fine for violation of laws and regulations such as the Banking Act in the past five years.
- (6) a corporation who has not appointed a representative in Japan
- (7) a corporation whose officers have received any specified administrative penalty, punishment or other sanction in the past.

## e. Money Lending Business

Pursuant to the Money Lending Business Act, in order to operate a Money Lending Business with business offices or business locations in multiple prefectures, you must register with LFB, and in order to operate a Money Lending Business with business offices or business locations in just one prefecture, you must register with the prefectural governor (Article 3 of the Money Lending Business Act). There are no restrictions on who can register, and both corporations and individuals can apply.

### Outline of registration procedures

Submit the statutorily required application form, with the necessary documents attached. The application will be reviewed, and registration as a Money Lending Business will be granted unless there are grounds to refuse registration, or there is a material false statement or material omission in the application form or the attached documents. A Money Lending Business Operator must review its registration every three years or the registration will lapse after the expiration of the effective period. Thus, registration must be renewed at least two months before the expiration of the effective period.

### Grounds for refusal of registration (e.g. for a corporation, Article 6 of the Money Lending Business Act)

- (1) a corporation whose registration of Money Lender has been cancelled in the past five years
- (2) a corporation who has violated the Money Lending Business Act and prescribed acts or who has been sentenced to a fine for committing a crime prescribed in the Penal Code or other prescribed laws in concluding a loan contract or collecting claims based on said contract in the past five years.
- (3) a corporation who is a member of an organized crime group or for whom five years have not elapsed from the date on which he/she ceased to be an organized crime group member (an organized crime group member, etc.)
- (4) a person specified by Regulation for Enforcement of the Money Lending Business Act as a person for whom there are reasonable grounds to find that the specified person is likely to commit a wrongful or untrustworthy act in relation to the Money Lending Business;
- (5) a corporation whose officers have received any specified administrative penalty, punishment or other sanction in the past.
- (6) a corporation whose business activities are controlled by an organized crime group member.
- (7) a corporation who is likely to engage an Organized Crime Group Member, etc. in his/her business operations or to use an Organized Crime Group Member, etc. as an assistant in those operations;
- (8) a corporation who has not appointed a Chief of Money Lending Operations with regard to his/her business office or office
- (9) a corporation whose amount of net assets is less than 50 million yen
- (10) a corporation who has not developed a system necessary for the proper performance of Money Lending Business.
- (11) a corporation whose other business is contrary to the public interest

### 3. Procedures Prior to Starting Business

#### (1) Outline of Procedures after Licensing and Prior to Starting Business

##### Flow of procedure until commencement of operation



(The above shows the case of a corporation. In the case of an individual, procedures such as the deposit of a business security deposit may also be required.)

After applying to the competent LFB and receiving registration, and prior to actually starting business, it may be necessary to join a self-regulatory organization and comply with the financial ADR system, depending on the type of business.

##### Self-regulatory organizations

There are self-regulatory organizations for Financial Instruments Business Operators, Money Lending Business Operators, Funds Transfer Service Providers, prepaid payment instrument issuers, crypto-assets exchanges, and Electronic Payment Service Providers. See **(2) Status of the Rules of Self-Regulatory Organizations** below regarding whether it is necessary to join a self-regulatory organization or not. For Financial Instruments Business Operators, Money Lending Business Operators, Funds Transfer Service Providers, and crypto-assets exchanges, it is also necessary to implement user complaint processing and dispute resolution measures before starting business.

##### Designated dispute resolution organizations

A Type 1 Financial Instruments Business must make use of the designated dispute resolution organization [Financial Instruments Mediation Assistance Center \(FINMAC\)](#), and a Money Lending Business must make use of the designated dispute resolution organization [Japan Financial Services Association](#); an agreement must be executed with the relevant organization before starting business. Other Financial Instruments Businesses may also use FINMAC by joining the relevant self-regulatory organization. There is no designated dispute resolution organization for Funds Transfer Services or crypto-assets exchanges<sup>20</sup>, so these businesses must use a bar association, the [National Consumer Affairs Center of Japan](#), or another dispute resolution organization.

<sup>20</sup> As of February 2021

## (2) Status of the Rules of Self-Regulatory Organizations

There are self-regulatory organizations for Financial Instruments Business Operators, Money Lending Business Operators, Funds Transfer Service Providers, prepaid payment instrument issuers, crypto-assets exchanges, and Electronic Payment Service Providers. Legally, joining these self-regulatory organizations is optional. However, with a small number of exceptions, Type 1 Financial Instruments Businesses and Financial Instruments Business Operators engaged in Investment Management Business are basically required to join the relevant self-regulatory organization. Joining a self-regulatory organization takes place after completing registration as the relevant business type, but because the process of joining takes some time, it is advisable to begin the process of joining a self-regulatory organization while consulting with LFB, in order to be able to start business soon after registration.

### **For Financial Instruments Businesses**

A Financial Instruments Business that does not join a self-regulatory organization is required, as a criterion for registration, to prepare and implement internal rules and systems based on the articles of incorporation and other rules of the self-regulatory organization (Article 29-4(1)(iv)(2) of FIEA) unless it is solely conducting Investment Advisory and Agency Business. Explanations and materials relating to those rules and systems will be requested during the registration process.

### **For crypto-assets exchanges**

A crypto-assets exchange that does not join a self-regulatory organization is required, as a criterion for registration, to prepare and implement internal rules and systems based on the articles of incorporation and other rules of the self-regulatory organization (Article 63-5(1)(vi) of PSA).

### **For Money Lending Businesses**

A Money Lending Business that does not join the self-regulatory organization Japan Financial Services Organization may be ordered to prepare or amend its internal rules with consideration for the articles of incorporation, rules of business, and other rules of the Japan Financial Services Organization (Article 24-6-12 of the Money Lending Business Act).

## III. Useful links

### URLs of the relevant organizations

Information & support service:		
TMG	<a href="http://www.metro.tokyo.jp/ENGLISH/index.htm">Tokyo Metropolitan Government</a>	<a href="http://www.metro.tokyo.jp/ENGLISH/index.htm">http://www.metro.tokyo.jp/ENGLISH/index.htm</a>
	<a href="https://www.startup-support.metro.tokyo.lg.jp/for_foreign/financial_support/en/">Financial One-Stop Support Service</a>	<a href="https://www.startup-support.metro.tokyo.lg.jp/for_foreign/financial_support/en/">https://www.startup-support.metro.tokyo.lg.jp/for_foreign/financial_support/en/</a>
FSA	<a href="http://www.fsa.go.jp/en/index.html">Financial Services Agency</a>	<a href="http://www.fsa.go.jp/en/index.html">http://www.fsa.go.jp/en/index.html</a>
	<a href="https://www.fsa.go.jp/en/policy/marketentry/index.html">Financial Market Entry Office</a>	<a href="https://www.fsa.go.jp/en/policy/marketentry/index.html">https://www.fsa.go.jp/en/policy/marketentry/index.html</a>
	<a href="https://www.fsa.go.jp/en/news/2018/20180717.html">FinTech Support Desk</a>	<a href="https://www.fsa.go.jp/en/news/2018/20180717.html">https://www.fsa.go.jp/en/news/2018/20180717.html</a>
	<a href="https://www.fsa.go.jp/en/policy/marketentry/guidebook.html">Guidebook for Registration of Investment Management Business and Other Financial Instruments Businesses (FSA Guidebook)</a>	<a href="https://www.fsa.go.jp/en/policy/marketentry/guidebook.html">https://www.fsa.go.jp/en/policy/marketentry/guidebook.html</a>
<a href="https://fincity.tokyo/en/">FinCity.Tokyo (FCT)</a>		<a href="https://fincity.tokyo/en/">https://fincity.tokyo/en/</a>
<a href="https://www.jetro.go.jp/en/">Japan External Trade Organization (JETRO)</a>		<a href="https://www.jetro.go.jp/en/">https://www.jetro.go.jp/en/</a>
Business and industry associations:		
<a href="https://fintechjapan.org/en/">Fintech Association of Japan</a>		<a href="https://fintechjapan.org/en/">https://fintechjapan.org/en/</a>
<a href="http://www.toushin.or.jp/english/">The Investment Trust Association, Japan (JITA)</a>		<a href="http://www.toushin.or.jp/english/">http://www.toushin.or.jp/english/</a>
<a href="http://www.jiaa.or.jp/index_e.html">Japan Investment Advisers Association (JIAA)</a>		<a href="http://www.jiaa.or.jp/index_e.html">http://www.jiaa.or.jp/index_e.html</a>
<a href="http://www.zenginkyo.or.jp/en/">Japanese Bankers Association</a>		<a href="http://www.zenginkyo.or.jp/en/">http://www.zenginkyo.or.jp/en/</a>
<a href="http://www.jsda.or.jp/en/index.html">Japan Securities Dealers Association</a>		<a href="http://www.jsda.or.jp/en/index.html">http://www.jsda.or.jp/en/index.html</a>
<a href="https://www.t2fifa.or.jp/index.html">Type II Financial Instruments Firms Association*</a>		<a href="https://www.t2fifa.or.jp/index.html">https://www.t2fifa.or.jp/index.html*</a>
<a href="https://www.j-fsa.or.jp/">Japan Financial Services Association*</a>		<a href="https://www.j-fsa.or.jp/">https://www.j-fsa.or.jp/</a> *
Public pensions:		
<a href="http://www.gpif.go.jp/en/">Government Pension Investment Fund, Japan</a>		<a href="http://www.gpif.go.jp/en/">http://www.gpif.go.jp/en/</a>
<a href="https://www.pfa.or.jp/english/index.html">Pension Fund Association</a>		<a href="https://www.pfa.or.jp/english/index.html">https://www.pfa.or.jp/english/index.html</a>
Dispute resolution organizations:		
<a href="http://www.finmac.or.jp/english/">Financial Instruments Mediation Assistance Center (FINMAC)</a>		<a href="http://www.finmac.or.jp/english/">http://www.finmac.or.jp/english/</a>
<a href="http://www.kokusen.go.jp/ncac_index_e.html">National Consumer Affairs Center of Japan</a>		<a href="http://www.kokusen.go.jp/ncac_index_e.html">http://www.kokusen.go.jp/ncac_index_e.html</a>
Others:		
<a href="http://www.boj.or.jp/en/index.htm">Bank of Japan</a>		<a href="http://www.boj.or.jp/en/index.htm">http://www.boj.or.jp/en/index.htm</a>
<a href="http://www.jpx.co.jp/english/">Japan Exchange Group</a>		<a href="http://www.jpx.co.jp/english/">http://www.jpx.co.jp/english/</a>

\* Available in Japanese only

## URLs of the links in the Guidebook

Page	Link	URL
1	<a href="#">"Global Financial City: Tokyo" Vision</a>	<a href="https://www.seisakukikaku.metro.tokyo.lg.jp/en/pgs/vision/">https://www.seisakukikaku.metro.tokyo.lg.jp/en/pgs/vision/</a>
1, 3 12	<a href="#">FinCity.Tokyo , TOKYO'S STRENGTH</a>	<a href="https://fincity.tokyo/en/">https://fincity.tokyo/en/</a>
3	<a href="#">CITY VIEW TOKYO</a>	<a href="https://www.toshiseibi.metro.tokyo.lg.jp/topics/h28/topi002_02.html">https://www.toshiseibi.metro.tokyo.lg.jp/topics/h28/topi002_02.html</a>
3	<a href="#">Invest Tokyo</a>	<a href="https://www.investtokyo.metro.tokyo.lg.jp/en/">https://www.investtokyo.metro.tokyo.lg.jp/en/</a>
7	<a href="#">PRI</a>	<a href="https://www.unpri.org/">https://www.unpri.org/</a>
7	<a href="#">Responsible Investing</a>	<a href="https://www.toushin.or.jp/english/19244/">https://www.toushin.or.jp/english/19244/</a>
10, 27	<a href="#">Financial Market Entry Office</a>	<a href="https://www.fsa.go.jp/en/policy/marketentry/index.html">https://www.fsa.go.jp/en/policy/marketentry/index.html</a>
10, 42	<a href="#">FinTech Support Desk</a>	<a href="https://www.fsa.go.jp/en/news/2018/20180717.html">https://www.fsa.go.jp/en/news/2018/20180717.html</a>
11, 24 26, 29	<a href="#">Guidebook for Registration of Investment Management Business and Other Financial Instruments Businesses (FSA Guidebook)</a>	<a href="https://www.fsa.go.jp/en/policy/marketentry/guidebook.html">https://www.fsa.go.jp/en/policy/marketentry/guidebook.html</a>
11	<a href="#">FIN/SUM</a>	<a href="https://finsum.jp/en_index.html">https://finsum.jp/en_index.html</a>
11	<a href="#">Emergency Registration Exemption for Foreign Financial Institutions / Asset Managers (Temporary relief to address overseas business disruptions due to disaster or other reasons)</a>	<a href="https://www.fsa.go.jp/en/news/2020/20200924/20200831.html">https://www.fsa.go.jp/en/news/2020/20200924/20200831.html</a>
12	<a href="#">Tokyo Financial Award</a>	<a href="http://finaward.metro.tokyo.jp/en/">http://finaward.metro.tokyo.jp/en/</a>
13	<a href="#">Tokyo Sustainable Finance Week</a>	<a href="https://www.sustainablefina.metro.tokyo.lg.jp/english">https://www.sustainablefina.metro.tokyo.lg.jp/english</a>
13	<a href="#">FC4S</a>	<a href="https://www.fc4s.org/">https://www.fc4s.org/</a>
13	<a href="#">Tokyo ESG Fund</a>	<a href="https://www.seisakukikaku.metro.tokyo.lg.jp/en/pgs/gfct/contributing-solving-socialissues/esg-fund.html">https://www.seisakukikaku.metro.tokyo.lg.jp/en/pgs/gfct/contributing-solving-socialissues/esg-fund.html</a>
14, 27 42	<a href="#">Financial One-Stop Support Service</a>	<a href="https://www.startup-support.metro.tokyo.lg.jp/for_foreign/financial_support/en/">https://www.startup-support.metro.tokyo.lg.jp/for_foreign/financial_support/en/</a>
14	<a href="#">Overseas Financial Corporation Business Establishment Subsidy</a>	<a href="https://www.seisakukikaku.metro.tokyo.lg.jp/en/pgs/gfct/nurturing-players/establishment-subsidy.html">https://www.seisakukikaku.metro.tokyo.lg.jp/en/pgs/gfct/nurturing-players/establishment-subsidy.html</a>
14	<a href="#">Subsidy to Support Base of Operations of Overseas Financial Corporations</a>	<a href="https://www.seisakukikaku.metro.tokyo.lg.jp/en/pgs/gfct/nurturing-players/assist.html">https://www.seisakukikaku.metro.tokyo.lg.jp/en/pgs/gfct/nurturing-players/assist.html</a>
14	<a href="#">"Financial One-Stop Support Service" Hong Kong Office</a>	<a href="https://www.startup-support.metro.tokyo.lg.jp/for_foreign/bdct_hongkong/en/">https://www.startup-support.metro.tokyo.lg.jp/for_foreign/bdct_hongkong/en/</a>
16	<a href="#">Japan External Trade Organization (JETRO)</a>	<a href="https://www.jetro.go.jp/en/">https://www.jetro.go.jp/en/</a>
16	<a href="#">The Investment Trusts Association, Japan (JITA)</a>	<a href="https://www.toushin.or.jp/english/">https://www.toushin.or.jp/english/</a>
16	<a href="#">Japan Investment Advisers Association (JIAA)</a>	<a href="https://www.jiaa.or.jp/index_e.html">https://www.jiaa.or.jp/index_e.html</a>
17	<a href="#">Fintech Association of Japan</a>	<a href="https://fintechjapan.org/en/">https://fintechjapan.org/en/</a>
39	<a href="#">Sample Clauses for API Use Agreements pursuant to the Banking Act</a>	<a href="https://www.zenginkyo.or.jp/fileadmin/res/en/news/news181227.pdf">https://www.zenginkyo.or.jp/fileadmin/res/en/news/news181227.pdf</a>
48	<a href="#">Financial Instruments Mediation Assistance Center (FINMAC)</a>	<a href="http://www.finmac.or.jp/english/">http://www.finmac.or.jp/english/</a>
48	<a href="#">Japan Financial Services Association*</a>	<a href="https://www.j-fsa.or.jp/">https://www.j-fsa.or.jp/</a> *
48	<a href="#">National Consumer Affairs Center of Japan</a>	<a href="http://www.kokusen.go.jp/ncac_index_e.html">http://www.kokusen.go.jp/ncac_index_e.html</a>

\* Available in Japanese only

# About this Guidebook

The information in relation to Asset Managers and FinTech Companies Registration Guidebook is based on industry data obtained from publicly available sources and industry publications. Based on analysis of this data, industry trends were identified and their potential implications on the investment management and FinTech industries assessed. We draft the sections of the Guidebook relating to legal procedures before commencement of business considering the professional practice and regulatory requirements. All information regarding applicable laws and regulations are as of October 2020.

Nevertheless, the trends and industry implications identified in this Guidebook represent subjective opinions of the authors and no representation or warranty is given as to the accuracy or completeness of the information. Additionally, any information contained in this Guidebook including contents as to necessary legal procedures and regulatory matters shall not be construed as constituting any legal, tax, accounting, financial, investment or other advice. The parties specifically deny liability for loss arising from reliance on any information contained in this Guidebook and any use is at the reader's sole discretion.

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