

***Team Tokyo Innovation***

*for All the STARTUPs*



# Proposals for the “Innovation and Financial Hub in Asia” toward Realizing a Sustainable Society

February 2024



**Tokyo Metropolitan Government**

# “Innovation and Financial Hub in Asia” for Realizing a Sustainable Society

- The Tokyo Metropolitan Government (TMG) financially contributes to the realization of a sustainable society, including Asia, through the promotion of sustainable finance.
- Startups play a role as an engine of growth by creating innovation.

➡ **Tokyo aims to contribute to the growth of Japan and Asia as a whole as a gateway to attract global funds, talent, technology, and information**

## 1. The Leading City for Sustainable Finance

- Cluster of advanced financial functions such as asset management business
- Leadership in sustainable finance in Asia

➡ **Utilizing the power of finance is utilized to contribute to solving various social issues**



## 2. The City where global startups are born

- Cluster of startups looking for abundant funds and business opportunities
- Startups and sponsors work together to form an ecosystem

➡ **Innovation hub**

Funds



Talent



Technology



Information



## 3. The City with the Global Standard for Business in English

- Forming an advanced ecosystem to support business and daily life
- Attracting funds, talents, information, and technology beyond national borders

➡ **An attractive place where diversified talents prosper**

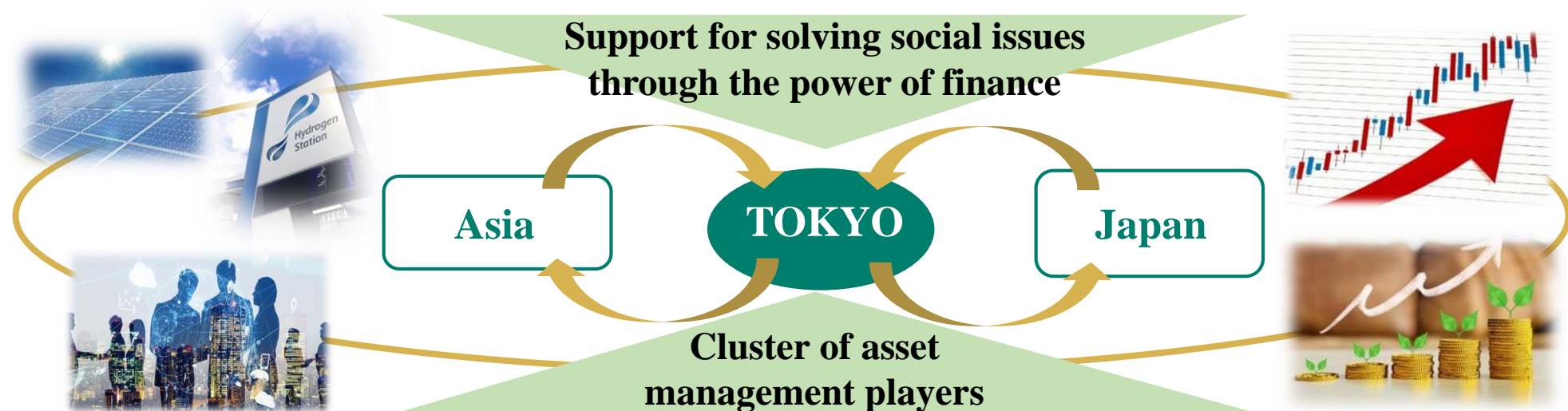
# 1. The Leading City for Sustainable Finance

## Leading the realization of decarbonization in Asia

- Promotion of transition finance (National Government/TMG)
- Promotion of a market for carbon credits (National Government/TMG)
- Establishment of a green hydrogen exchange market (TMG)

## Support for initiatives to realize sustainability

- Support for issuance of SDGs bonds (National Government/TMG)
- Support for the use of sustainable finance by SMEs (TMG)
- Tax benefit and regulatory reforms for investments in infrastructure fund (National Government)
- Formation of a private-public partnership fund (TMG)



## Cluster of domestic and foreign investments and asset management players

- Avoiding double taxation for foreign investors (National Government)
- Inviting of overseas asset management companies (TMG)
- Regulatory reforms to reduce barriers to entry (National Government)
- Financial aids in the startup phase (TMG)

## Different types of support for the growth of asset management companies

- Promoting funding from public pension plans (National Government)
- Review the upper limit of asset investment of startup asset management companies for professional investors (National Government)
- Prepare distinctive catalogs of startup asset management companies (TMG)
- Support for matching with institutional investors (TMG)

## 2. The City where global startups are born

### Promotion of funding for SU

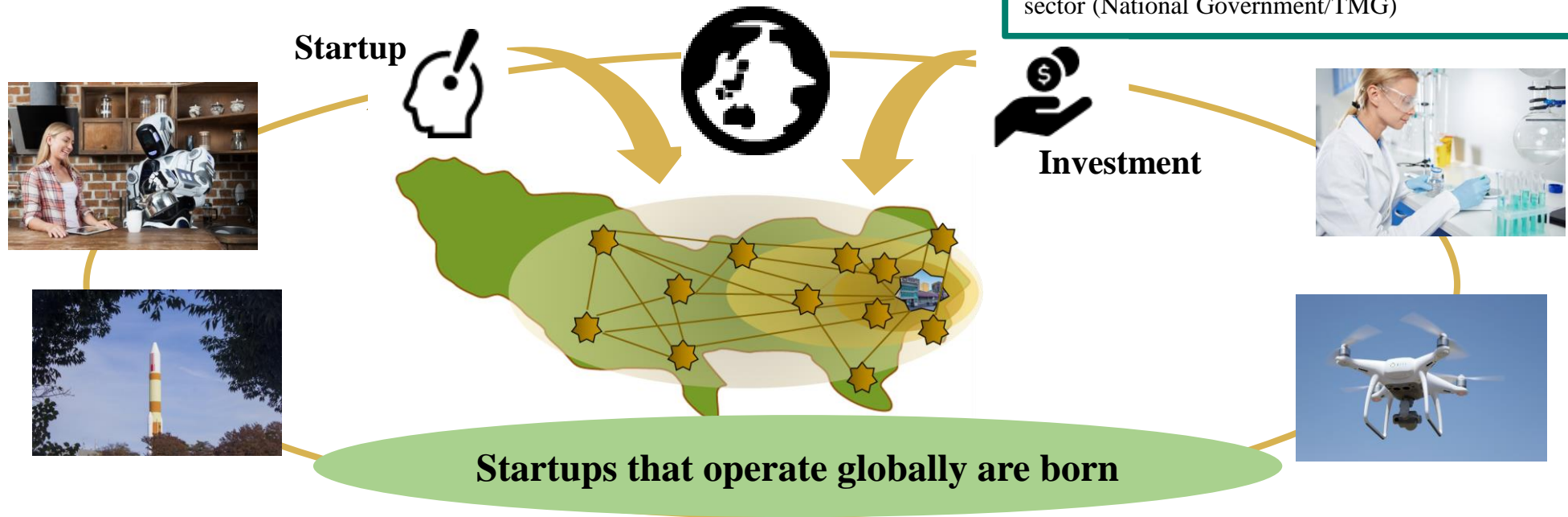
- Taxation and regulatory reforms surrounding investment conditions such as venture capital (National Government)
- Attracting funds from foreign countries (National Government/TMG)

### Enhancing hubs for support and cooperation for SU

- Development of hubs where domestic and foreign startups and parties involved in startup ecosystems come together (TMG)

### Enhancing administrative support to prop up the growth of SU

- Investment in SU in the later stage through sovereign wealth fund, etc. (National Government/TMG)
- Expanding procurement from SU by the public sector (National Government/TMG)



### Enhancing opportunities for global interchange

- International events that serve as a human exchange hub of SU and investors (TMG)

### Enhancing global promotional bases

- Enhancing global promotional bases around the world (National Government/TMG)
- Enhancing information dissemination (National Government/TMG)

### Leading the world in Web3 in business

- Establishing rules for secure business operations and development of infrastructures (laws on taxation and rights, trading market) (National Government/exchanges)



# 3. The City with the Global Standard for Business in English

## Complete administrative procedures only in English

- Startup procedures such as registration and social insurance are prepared in English (National Government/TMG)
- Increasing the number of business types eligible for applying for license in English (National Government).

## Easy access to market information in English

- Obligation to disclose information in English (National Government/exchanges)
- Support for listing on Japanese stock markets in English (National Government/exchanges)

## Full range of specialized financial personnel and services

- Develop global human resources in finance, legal, accounting, etc. (National Government/TMG)
- Establishment of a system in which foreign companies and employees can open a bank account smoothly (National Government/private sector)

## Ecosystems that support business and daily life

## Attraction of talents through open system

- Establishment of a system in which highly skilled workers and their families can enter Japan under various categories of visa (visa for investor) (National Government)

## City of Arts and Culture Attracting the World

- Establishment of an environment in which everyone can have access to art and culture (National Government/TMG)
- Promoting Tokyo's attractions such as history, culture, food, animation, etc. that have been handed down since the Edo period (TMG)

## Well-developed educational and medical environment

- Support for the attraction and expansion of international schools (National Government/TMG)
- Provide information on medical institutions that provide services in English (TMG)



# List of proposals for realizing the goals

## (1) The Leading City for Sustainable Finance

- (Regulatory reform) Proposal 1: Relaxation of requirements for entry of foreign asset management companies
- Proposal 2: Establishment of a new business registration system for fund management companies
- Proposal 3: Relaxation of regulations on investment management business for qualified investors
- Proposal 4: Relaxation of the mandated reporting on the net asset values of private placement funds for professional investors
- Proposal 5: Development of laws on issuance of digital securities by local governments
- Proposal 6: Expansion of the range of the finance and insurance industry subject to the credit-guarantee system
- (Taxation) Proposal 7: Abolish withholding tax on investment profits of foreign investors
- Proposal 8: Expansion of investment fund contributions to new asset management companies
- Proposal 9: Preferential treatment for investment in infrastructure funds

## (2) The City where Global Startups are Born

- (Regulatory reform) Proposal 10: Develop an environment of startup investment by public university cooperations
- Proposal 11: Further expansion of investment in startups by bank groups
- (Taxation) Proposal 12: Financing for startups by means of investment trust
- (Others) Proposal 13: Support for startups in the later stage through sovereign wealth funds

## (3) The City with the Global Standard for Business in English

- (Regulatory reform) Proposal 14: Enhancing procedures in English at the time of founding
- Proposal 15: Establishment of an open status of residence to attract diverse talents (5 systems)
- (Others) Proposal 16: Promotion of information disclosure in English

- ✓ Foreign asset management companies, etc. authorized by foreign authorities need to meet the business registration requirements to engage in investment management business in Japan. These requirements should be relaxed to promote their entry.

### Current situations and issues

- Even an asset management company that has a proven record overseas and a solid compliance department needs to **assign compliance personnel who “have sufficient knowledge and experience”** to engage in investment management business in Japan.
  - Although no specific requirements for personnel who have sufficient knowledge and experience are described in laws and regulations or guidelines, it is required for foreign asset management companies to **employ personnel who have work experience in Japan**. It is difficult to hire personnel familiarized with finance-related laws of Japan and the home country in Japan.
- ⇒ The requirements for entry will be relaxed to attract more foreign asset management players

	Investment management business
Form	Stock company (with board of directors)
Requirements for personnel (example)	<ul style="list-style-type: none"> <li>• 3 or more directors, 1 or more auditors</li> <li>• <b>It is required to assign independent compliance personnel who have sufficient knowledge and experience</b></li> </ul>

### Specific requests

- Revise related laws and regulations to permit a foreign asset management company, etc. authorized by foreign authorities to **outsource compliance-related business to Japanese attorneys**, etc. based on the assumption that the compliance officer of the home country serves as the Compliance Department of its Japanese subsidiary.

#### “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.”

##### VI-3-1-1(1)①

- (b) An officer who engages in day-to-day operations shall have sufficient knowledge and experience to understand and execute viewpoints of business management indicated in related regulations and guidelines for supervision such as the Financial Instruments and Exchange Act as well as sufficient knowledge and experience about compliance and risk management required to accurately and fairly execute financial instruments business.
- (d) **A Compliance Department (persons in charge) shall be established independent of an Asset Management Department**, and the persons in charge shall have **sufficient knowledge and experience**.

- ✓ A new business registration system for “fund management companies” should be established to facilitate the new entry to asset management business, because an investment management business registration is currently required.

### Current situations and issues

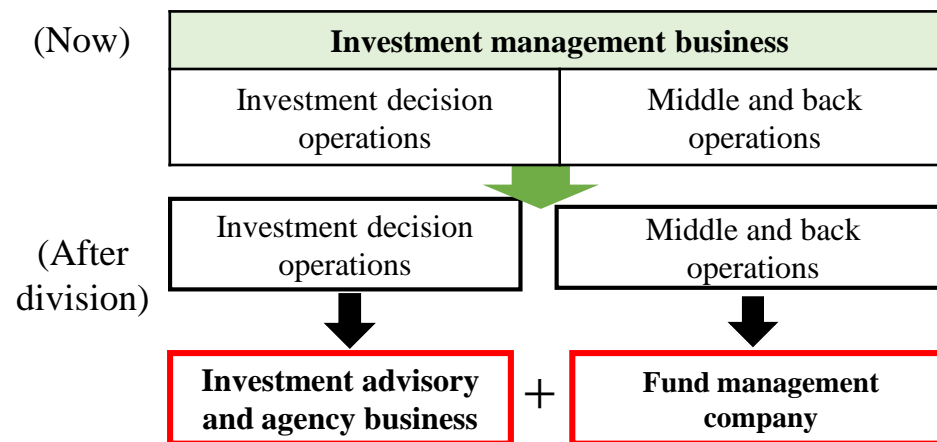
- The registration requirements for investment management business are **strict in terms of the stated capital, personnel and organizational structure**. Therefore, the number of asset management companies has increased slowly.
  - Although it is desirable that **various players can engage in asset management business by dividing works through outsourcing** in order to increase the number of asset management companies, restrictions under current laws and regulations are strict.
- ⇒ The entry of diverse asset management players will be facilitated by promoting the division of works.

	Investment advisory and agency business	Investment management business
Form	Can be individual	Stock company (with board of directors)
Stated capital	No restriction	50 million yen
Requirements for personnel (Example)	<ul style="list-style-type: none"> <li>• Corporate manager</li> <li>• Person in charge of analysis, etc.</li> <li>• Person in charge of compliance</li> <li>• Internal Control Manager</li> </ul> ※ Since these duties can be assigned to the same person, it is possible to start a business with 2 or 3 persons.	<ul style="list-style-type: none"> <li>• 3 or more directors</li> <li>• 1 or more auditors</li> <li>• Independent person in charge of compliance who has sufficient knowledge and experience</li> </ul>

### Specific requests

- A new registration system of “fund management company” should be established as a platform specialized in middle and back operations with the aim of facilitating the division of operations through outsourcing.

### Image of division of works



The entry to “investment advisory and agency business” whose hurdle for acquiring a license is high is facilitated to increase the number of “investment management” players in the future.



- ✓ To relax the upper limit of the total amount of investment properties in investment management business for qualified (professional) investors

### Current situations and issues

○ The licenses for investment management business are divided into the regular license (full license) and the professional license for qualified investors whose registration requirements are loose than the former.

○ While the registration requirements are loose, **the amount of asset investment is limited to 20 billion yen.**

○ **It is required to pay attention to a risk of exceeding the upper limit** when investment performance is well, because the upper limit is calculated at the market price including latent profits, etc.

⇒ The relaxation of regulations will facilitate the growth of new asset management companies

**【Reference】 Registration requirements for investment management business and restrictions on operations (partial excerpt)**

	Investment management business (full license)	Investment management business for qualified investors
Stated capital	50 million yen	10 million yen
Upper limit of asset investment	N/A	20 billion yen (market value)

### Specific requests

- Relevant laws and regulations should be revised to relax the upper limits for investment management business for qualified investors.

#### Order for Enforcement of the Financial Instruments and Exchange Act, Article 15-10-5

The amount specified by Cabinet Order that is provided for in Article 29-5, paragraph (1), item (ii) of the Act is **20 billion yen.**

(Suggested relaxation measures)

- ① **The upper limit of the total amount of asset investment should be raised**(around 100 billion yen).
- ② Book value should be calculated at the time funds under management are accepted. Alternatively, there should be a certain grace period (e.g., one year) before the registration of the investment management business (full license) is changed, rather than immediately making it a violation when the total amount of assets under management exceeds the limit.

- ✓ To review the obligation to send a daily report on the net asset values of private placement funds for qualified (professional) investors to the Investment Trusts Association to reduce administrative burden of asset management companies

## Current situations and issues

- It is required for an asset management company that forms investment trusts in Japan to join the Investment Trusts Association, and **to report a net asset value of each investment trust to the Association every business day.**
  - There are private placement funds formed for professional investors. Although the volume and frequency of trade is lower than public investment trusts which many investors trade, the same obligation applies.
- ⇒ To reduce the cost of forming investment trusts by **reducing administrative burden** of asset management companies

(Reference) **Percentage of domestic investment trusts (number of funds)(As of December 2023)**

**Total investment trusts: 14,430**

**Public investment  
trusts: 41 %**

**Private investment trusts: 59 %**  
(Private placement by qualified  
institutional investors, etc.: 51%)

(Source) Compiled by TMG from "Overview of Investment Trusts (as of December)" and "Overall picture of investment trusts (net asset value and number of funds)" by The Investment Trusts Association, Japan.

## Specific requests

- Self-regulatory rules set by the Investment Trusts Association should be revised to relax the obligation to report (frequency) on the net asset values of private placement funds (e.g. monthly).

### Regulation on Evaluation and Accounting of Investment Trust Property (partial excerpt)

#### Article 51

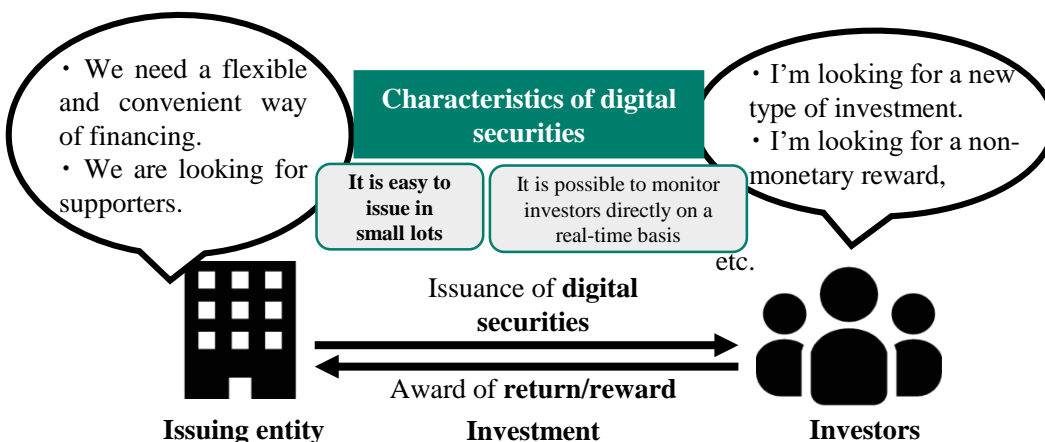
The calculation of net asset values of investment trust beneficiary certificates shall follow the Investment Trust Act, the Order for Enforcement of the Investment Trust Act, and the Regulation for Enforcement of the Investment Trust Act as well as these rules. However, any matter not specified in the above shall apply mutatis mutandis to the provisions of the "Regulation on Real-estate Investment Trusts and Real-estate Investment Corporations" and the "Regulation on Infrastructure Investment Trusts and Infrastructure Investment Corporations. Further, any matter not specified in those regulations shall follow accounting standards generally accepted as fair and appropriate.

- (2) The calculation of net asset values of investment trust beneficiary certificates shall be made, in principle, on a daily basis for each currency in which the net asset value is indicated.

- ✓ Necessary laws should be developed to allow local governments to issue digital securities with the aim of creating a new investment environment using blockchain technology.

### Current situations and issues

- Digital securities can be issued in small lots compared to traditional securities and their issuing entity and investors are connected directly. Therefore, it is expected that digital securities contribute to accelerating the transition from savings to investment.
  - The Local Finance Act and the Ordinance for Enforcement of the Local Finance Act that provide for an issuance method of local government bonds **do not foresee that local government bonds be issued without materializing them except book-entry transfer bonds** whose right is transferred through a book-entry institution.
- ⇒ The development of securities markets is promoted by approving the issuance of digital local government bonds



### Specific requests

- Related laws and regulations should be revised to allow local governments to issue digital securities.

#### < Ordinance for Enforcement of the Local Finance Act >

Article 33: In cases where a local government issues local government bond certificates by way of solicitation, the local government must create an application form for local government bond certificates and enter the following matters therein.

Article 39: The provisions from Articles 33 to 35, Article 36, paragraph (1), Article 37, and Article 38 shall apply mutandis mutandis to cases where local government bonds (hereinafter in this Article, Article 40, and Article 43, paragraph (2) referred to as "**book-entry transfer bonds**") to which the provisions of the **Act on Book-Entry Transfer of Corporate Bonds and Shares** (Act No.75 of 2001) apply are issued.

#### (Draft revision)

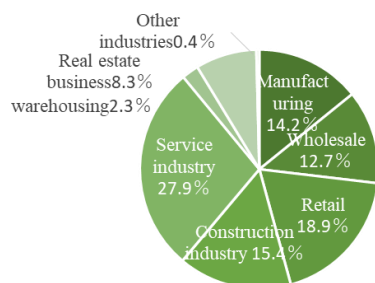
- The provision on issuance of physical local government bonds should be revised to allow local governments to issue digital securities.

- ✓ The range of the credit-guarantee system is expanded to form an ecosystem of financial institutions.

## Current situations and issues

- Only the finance and insurance industry provides a limited list (positive list) of business types subject to the credit-guarantee system and loan granted by Japan Finance Corporation.
  - Although the range was expanded to asset management companies, etc. in response to the ordinance revision in 2022, the limited listing system has been maintained. Therefor, **new business types and business types whose number of businesses is few are not included**. Since the Japan Industry Classification is referred to in the list, it is difficult to know if a new business type is included (e.g. financial service intermediary business).
  - A business operator engaged in a new business type related to finance is not eligible for the credit-guarantee system and loan from Japan Finance Corporation.
- ⇒ The start of business of diverse players is facilitated by expanding the range of business types applicable to credit and loan to promote innovation in the financial field.

### [Reference] Status of use of Tokyo Guarantee by business type (FY2022)



(Source) Compiled by TMG from Tokyo Guarantee Association System "Tokyo Credit Guarantee Association Report 2023" statistical data.

## Specific requests

- Revise the relevant laws and regulations to change the method of enumerating the industries covered by the system to **the method of enumerating the excluded industries**, and to expand the scope of the financial and insurance industries covered by the system.

(Current) Limited listing of subject business types (highlighted)

### Ordinance for Enforcement of the Small Business Credit Insurance Act (excerpt)

(Range of small and medium-sized enterprises)

Article 1: The business types specified by Cabinet Order under Article 2, paragraph (1), item (i) of the Small Business Credit Insurance Act shall be **those other than listed below**.

(iv) **Finance and insurance industry (excluding credit card industry/installment finance industry, financial instruments business (excluding auxiliary financial instruments business), commodity futures transaction business/commodity investment advisory business, auxiliary financial business/business incidental to finance (omitted), those that engage in funds transfer business and (omitted) issue prepaid payment instruments, financial agent business (limited to financial instruments intermediary business), insurance intermediary agent business, and insurance service).**

※ The same provision is found in the Ordinance for Enforcement of the Japan Finance Corporation Act.

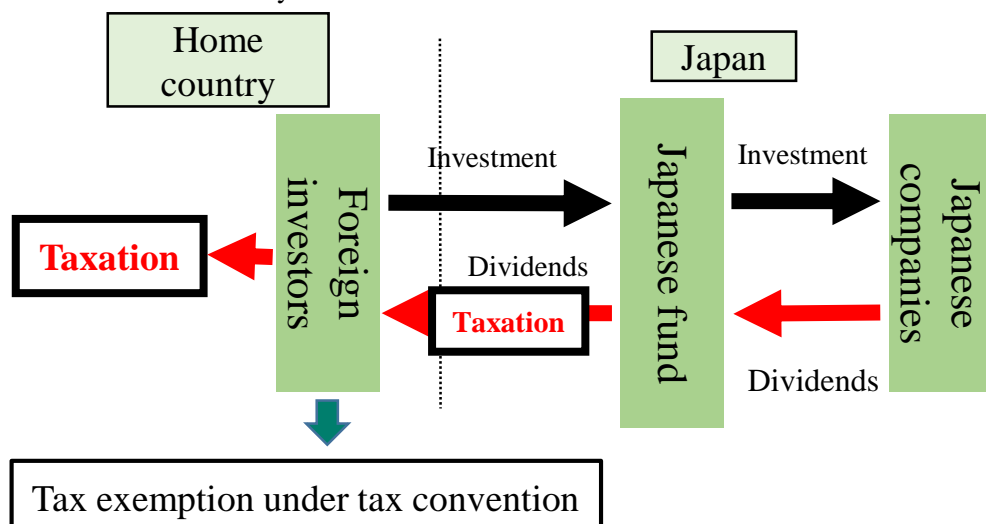
(Draft revision) Subject business types are listed in a limited manner 12

- ✓ In cases where foreign institutional investors invest in a fund created in Tokyo, tax on dividends sent to other countries should be withheld regardless at the source of whether an application for tax exemption is filed under tax convention.

## Current situations and issues

- In cases where a foreign investor invests in a fund in Japan (investment corporation, contractual-type investment trust, limited partnership for investment, etc.), **tax on investment profits are withheld at the source**.
- Although there are tax exemption measures under convention or the Act on Special Measures concerning Taxation, the requirements and procedures for application are so complicated that it is difficult for foreign investors to use. Unless tax exemption measures are applicable, **double taxation** may occur in Japan and the home country.

⇒ Investment in Japan by foreign investors is facilitated by eliminating concerns about taxation systems



## Specific requests

- Revise related laws and regulations to abolish tax withholding at the source on investment profits generated in Japan by foreign investors.

### Income Tax Act (partial excerpt)

#### Article 5

- (2) A Nonresident is liable to pay **income taxes** pursuant to this Act if;
- (i) the Nonresident has **domestic source income** as prescribed in Article 161.

#### Article 161: The term "domestic source income" as used in this Part means:

- (i) **In cases where a nonresident conducts a business through a permanent establishment** and the permanent establishment is a business operator that engages in a business independent of the nonresident, profits attributable to the permanent establishment taking into account the functions that the permanent establishment fulfills, assets used in the permanent establishment, internal transactions with a place of business of the nonresident, and other circumstances.
- (iv) Profits generated from a business conducted through the permanent establishment based on a partnership agreement provided for in Article 667, paragraph (1) of the Civil Code, which the earner is distributed based on such an agreement and which are as prescribed by Cabinet Order.
- (viii) interest and similar income as prescribed in Article 23, paragraph (1) (Interest Income), which is as follows:
- (d) a distribution of proceeds from a **Jointly Managed Trust, Bond Investment Trust, or Bond-Based Investment Trust Under Public Offering** which has been established as a trust at a business office located in Japan.
- (iv) dividends and similar income prescribed in Article 24, paragraph (1) (Dividend Income), which are as follows:
- (b) a distribution of proceeds from an **Investment Trust or a Specified Trust That Issues Beneficiary Certificates**, which has been established as a trust at a business office located in Japan.



- ✓ The regulations on public pension plan will be relaxed and tax incentives are given to institutional investors to expand the supply of funds necessary for the growth of new asset management companies (EM).

### Current situations and issues

○ It is indispensable to acquire funds for the growth of EMs in their startup phase. However, even for promising Ems, **it is difficult to receive funding from public pension plans, institutional investors, etc. due to lack of past investment performance.**

○ Particularly, public pension plans require entities to which asset investment is entrusted to have business history and investment performance. There is a high hurdle for EM to be selected.

⇒ Funding for EM from institutional investors and public pension plans is facilitated to support their growth

#### Government's policies (basic policy for reserves)

<Conditions for active management>

**Past investment  
performance is  
taken into account**

**Sufficient evidence  
to corroborate  
excess return**



**It is difficult to provide funding to new asset management companies**

### Specific requests

○ The following two points should be modified.

① The Basic Policy for Reserves should be revised to relax the requirements for public pension plans when selecting entities with which asset management is entrusted.

#### Basic Policy for Reserves

##### 11 (Basic policy for safe and efficient management and investment of reserves from a long-term perspective)

A management and investment entity should combine passive management and active management, in principle, to acquire excess return from active management. However, active management should be carried out based on the assumption that there is sufficient evidence that excess return is gained taking into account past investment performance.

② Establish new tax incentives for institutional investors to contribute funds to EM.

(Example) Deduction of a certain percentage of contributions should be permitted

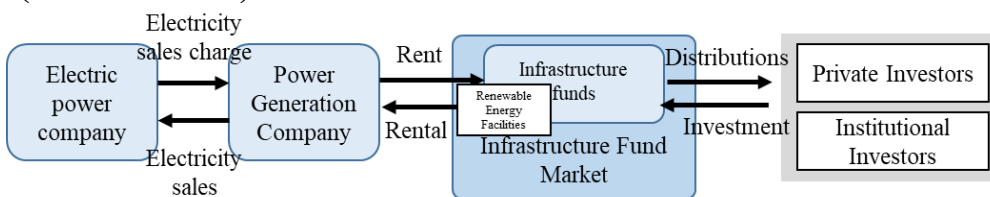
- ✓ The preferential treatment allowed for investment corporations that mainly invest in renewable energy power generation facilities should be permanent and its range expanded.

### Current situations and issues

- The preferential treatment for infrastructure funds that mainly invest in renewable energy power generation facilities (dividends from funds can be deducted) is **a temporal measure by FY2025**.
- Currently, renewable energy power generation facilities are solar power generation facilities and associated facilities. However, **facilities that contribute to the introduction of renewable energy such as grid-scale battery facilities are not included**.

⇒ It will be possible to promote the introduction of renewable energy by converting this preferential treatment into a permanent measure and expanding facilities subject thereto

#### (Fund scheme)



(Source) Financial Services Agency “FY2023 Tax Reform” (December 2022)

### Specific requests

- The following modifications should be made by revising applicable laws and regulations.
  - The temporal tax preferential treatment for investment corporations that mainly invest in renewable energy generation facilities should be permanent.
  - Renewable energy generation facilities should include grid-scale battery facilities

#### < Related laws and regulations >

- Article 67-15, paragraph (1), item (ii)-g of the Act on Special Measures Concerning Taxation
- Article 39-32-3, paragraphs (10) and (12) of the Order for Enforcement of the Act on Special Measures Concerning Taxation
- Article 3 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations
- Article 2, paragraph (2) of the Act on Special Measures Concerning Promotion of Use of Electricity from Renewable Energy Sources



- ✓ Public university corporations should be allowed to invest in university-launched startups.

### Current situations and issues

- From April 2022, it has become possible for national university cooperations to invest in private funds and university-launched startups in response to the revisions of the Act on Strengthening Industrial Competitiveness and the Act of National University Corporations.
  - On the other hand, **public university corporations cannot invest in venture capitals and university-launched startups under the Act on Regional Incorporated Administrative Agency.**
- ⇒ The regulatory relaxation will make it possible to support diverse startups

(Range of investment by national university corporations and public university cooperations)

	Business promoting the utilization of results	Technology licensing organization (approved TLO)	Business supporting the utilization of specified research results	Business utilizing research results	Designated national university business utilizing research results	Educational and research facility management business
	Businesses that conduct necessary researches on technologies owned by universities for putting their results into practical use etc. or plan and facilitate necessary researches	Organizations that transfer research results at universities to support private businesses through licensing of patent rights, etc.	Certified VC that provide consulting services, training courses, and lectures for university-launched ventures	Businesses that provide consulting services, training courses, and lectures for university-launched ventures	University-launched ventures that develop and provide products and services by receiving research results of universities	Businesses that carry out projects to manage resources such as educational and research facilities owned by universities and promote their utilization by other research institutions, etc. for the purpose of giving back those resources to society
National university corporation	Yes	Yes	Yes	Yes	Yes	Yes
Public university corporation	Yes	Yes	No	No	No	No

(Created based on “Range of investment by national university corporations, etc.”, Ministry of Education, Culture, Sports, Science and Technology)

### Specific requests

- **A framework allowing public university corporations to invest in startups** should be established by revising applicable laws and regulations so that all universities in Japan can spark a wave of innovation through startups based on their own research seeds and the power of students.
- This framework encourages universities to invest in their own students and researchers. A system in which universities can make investment should be examined and realized at an early stage

### Local Independent Administrative Agency Act

(Prohibition of other business)

Article 70: A public university corporation shall not conduct any business other than businesses listed in Article 21, item (ii) and businesses incidental thereto.

(Scope of business)

Article 21: A local independent administrative agency shall conduct a business specified in its articles of incorporation among the following businesses.

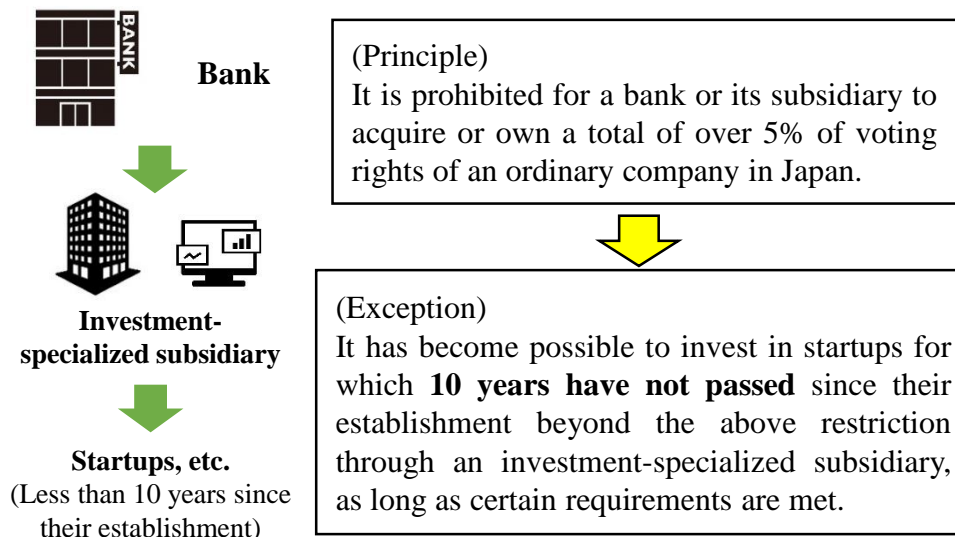
(ii) Investing in an entity engaged in establishing and managing a university or a university and a college of technology and a business specified by Cabinet Order to facilitate the utilization of results of technological researches conducted in said university or said university and college of technology.

- ✓ Investment restrictions and other regulations imposed on bank groups should be relaxed to further expand investment in startups.

### Current situations and issues

- Currently, the type of businesses which banks can conduct is restricted under the Banking Act.
- As an exception, it is allowed to invest through an investment-specialized subsidiary. However, investments can be made only in companies for which **10 years have not passed since their establishment**. **It is difficult to invest in fields that require time for commercialization such as drug discovery.**
- In addition, the consulting services of the specialized investment subsidiary are limited to investees, etc., and the investment management expertise of the specialized investment subsidiary cannot be used for investees directly invested in by the bank itself.

(Restriction of holding voting rights imposed on banks)



### Specific requests

- Promoting the growth of promising startups by revising relevant laws and regulations to expand the scope of investment and consulting services provided by banking subsidiaries.

#### Regulation for Enforcement of the Banking Act

**Article 17-2: The services specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (1), item (iii) of the Act means the following:**

5 Companies provided for in Cabinet Office Ordinance as provided for in Article 16-2 paragraph (1) item (xii) of the Act (for brevity) shall be companies for which **ten years have not passed** since the date of incorporation or the date of commencement of new business activities.

14 Those specified by a Cabinet Office Ordinance as prescribed in Article 16-2 paragraph (1) item (xii) of the Act shall be companies that exclusively engage in the following businesses and businesses incidental thereto

- (ii) Providing consultation concerning the management of other business operators, etc., introducing business operators, etc. or customers related to the business of said other business operators, etc., and providing other necessary information and advice (**limited to those pertaining to a stock company that receives or is expected to receive funds supplied by the business listed in the preceding item**).

(Draft revision)

- It should be allowed to invest in companies that are at least 10 years old from either the date of incorporation or the start of a new business.
- The consulting services of the subsidiary specializing in investment should be available to companies other than those in which the company has invested.

- ✓ Investment trusts are utilized to develop an environment where individual investors can invest in startups easily.

## Current situations and issues

○ The only means by which individuals can invest in startups in a small amount is limited to stock crowdfunding, etc. In addition, **the targets that can be included in investment funds are limited.**

○ A listed venture fund (corporate-type investment trust) is expected to be used as a scheme for small investments in startups by individual investors. The Tokyo Stock Exchange is revising the rules for listing to develop an environment for promoting its utilization.

○ In the United Kingdom, about 1 trillion yen of funds of individual investors is invested annually, because a tax preferential treatment is given under certain requirements when individual investors invest in listed venture funds.

⇒ Promote the supply of funds to startups, etc. by creating an environment where individual investors can invest in promising startups, etc. without fear through listed venture funds.

## Specific requests

○ A tax preferential treatment should be introduced for individuals who invest in listed venture funds, etc.

○ Revise the relevant laws and regulations to make emission credits and other investment targets includable.

### Act on Investment Trusts and Investment Corporations

**Article 2(1):** The term "investment trust managed under instructions from the settlor" as used in this Act means a trust whose purpose is for trust property to be invested mainly in securities, real property, and other assets that Cabinet Order specifies as those in which it is necessary to facilitate investment (hereinafter collectively referred to as "specified assets") based on the settlor's instructions (or based on the instructions of a person **provided by Cabinet Order**, if such a person is entrusted with all or part of the authority for giving instructions), which is established based on this Act, and whose purpose is for the beneficial interest to be divided and for multiple persons to acquire it.

### Order for Enforcement of the Act on Investment Trusts and Investment Corporations

**Article 3:** The assets specified by Cabinet Order as referred to in Article 2, paragraph (1) of the Act **are as follows:**

- (i) securities;
- (ii) rights pertaining to derivatives transactions; (omitted)

## Tax treatment under the VCT (Venture Capital Trust) system in the UK

At the time of investment

**30% of the amount of investment is returned from income tax** (Some restrictions such as the upper limit of investment and holding period)

At the time of holding venture fund

**Income gain (dividends) is not taxable**

At the time of selling venture fund

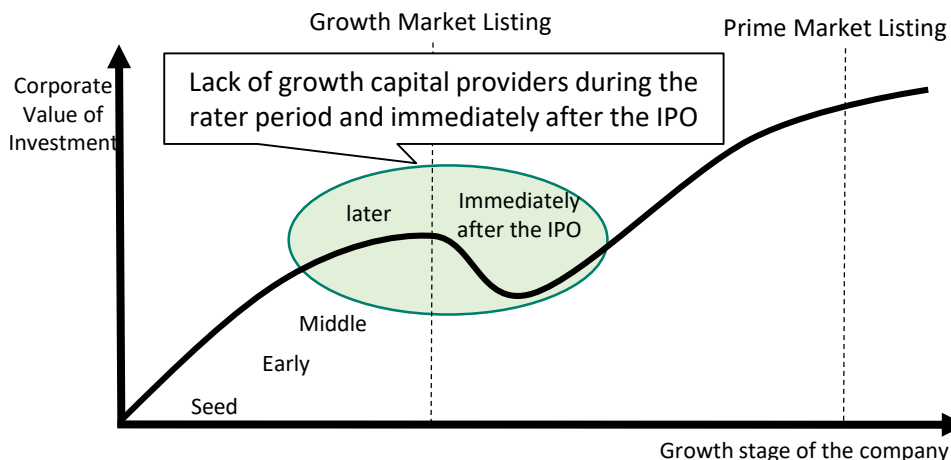
**Capital gain (profits at the time of selling) is not taxable**



- ✓ To further strengthening financing for startups in the later stage with the aim of nurturing world-class unicorns.

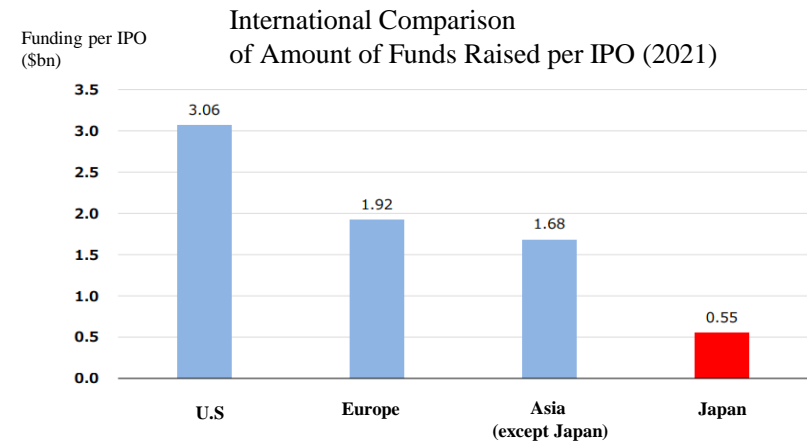
### Current situations and issues

- An environment where startups can raise sufficient funds in accordance with their growth stage is required to nurture world-class startups and solve social issues.
  - In Japan, **financing for startups in the later stage is not sufficient** so that they tend to look for an opportunity for listing (IPO) at an early stage.
  - It is also pointed out that there is insufficient investment and accompaniment support for companies immediately after their IPO.
- ⇒ The growth of startups is further accelerated by allowing appropriate financing in accordance with growth stage



### Specific requests

- Financing for startups in the later stage should be further strengthened through sovereign wealth funds such as Japan Investment Corporation.



Source: Secretariat of the Headquarters for the Realization of New Capitalism, "Data on Startups" (October 2022)

- ✓ It should be allowed to fill in forms and applications in English for procedures at the Tokyo One-Stop Business Establishment Center for certification of articles of incorporation, registration of incorporation, labor insurance, health insurance, and employees' pension insurance.

### Current situations and issues

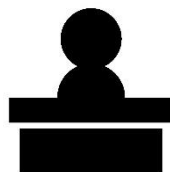
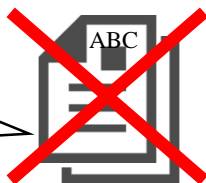
### Specific requests

- At the Tokyo One-Stop Business Establishment Center (jointly administered by the national government and the TMG under the framework of national strategic special zone), it is allowed to fill in forms and applications for payment of metropolitan and national taxes and immigration control in English. However, **it is not allowed to fill in forms and applications for other procedures such as certification of articles of incorporation, registration of incorporation, labor insurance, health insurance, and employees' pension insurance in English.**
  - It is required to prepare documents in Japanese and in English to give explanation to the headquarters in the home country.
- ⇒ The entry to Japanese markets is facilitated by reducing the burden for procedures at the time of starting business

Certification of articles of incorporation,  
registration of incorporation, etc.



Foreign  
entrepreneurs



Tokyo One-Stop Business  
Establishment Center

- It should be allowed for foreign companies such as asset management companies to fill in forms and applications for undertaking procedures at the Tokyo One-Stop Business Establishment Center mentioned on the left in English.
- Regulations, etc. should be revised where necessary to accept documents written or applied in English.

(Tokyo One-Stop Business Establishment Center)



- ✓ Resident status should be created for the purpose of nurturing world-class startups with the support of reliable foreign investors

### Current situations and issues

- In other countries, angel investors play an active role in providing funds to startups in the seed or early stage. Moreover, they nurture world-class startups by providing advice as mentors. On the other hand, it is difficult for them to engage in those activities with a status of residence granted by the government of Japan.
- ⇒ The invitation of more foreign investors who play an essential role in nurturing startups is facilitated by establishing a new status of residence



Foreign  
investors

- They are interested in potential for growth of markets for startups in Japan and desire to **stay for a longer period of time with their families to invest in and provide support to startups.**



**Foreign investors cannot stay in Japan for a long period of time for investing in or nurturing startups under the current status of residence.**

#### Existing status of residence

Business/Management highly skilled professional 1(c)

It is required to engage in establishment and management of a corporation in Japan

Short stay (up to 90 days)

The period of stay is short

### Specific requests

- Related laws and regulations should be revised to establish a status of residence approved in accordance with the following principal requirements.
  - A person has experience in helping a company grow as an investor, entrepreneur, or executive.
  - A person is capable of identifying technology or ideas owned by a startup (record in specific field, history of awards, recommendation from a trusted person, etc.)
  - A person has a certain amount of assets and nurtures a startup by making a certain amount of investment and providing advice.
- ※ The status of investment is monitored during the period of stay. In cases where the performance of investment does not satisfy the conditions, the status of residence is rescinded.

### Article 19 Immigration Control and Refugee Recognition Act

Any foreign national who is a resident under a status of residence set forth in the left-hand column of the Appended Table I must not engage in the activities set forth in the following items in accordance with the categories identified therein, except for cases in which they engage in the activities with permission prescribed in paragraph (2) of this Article:

- ✓ A special provision for the stay of same-sex partners should be established

### Current situations and issues

- Currently, spouses of same-sex marriages legally approved in other countries are allowed to stay in Japan. However, **same-sex partners who made a public registration under the partnership program are not allowed to stay.**
- It is required to establish a special provision for same-sex partners from the perspective of encouraging more foreign financial institutions to operate in Japan by accepting more highly skilled foreign professionals and realizing diversity including LGBT.

Country/region	Status of residence for same-sex partnership
US (State of New York)	△ (Temporary measure until marriage)
UK (England, Wales)	○
Germany	○
France	○
Italy	○
Canada (Quebec)	○

Created by the TMG based on the website of the Government of Japan, academic papers, and news reports, as of November 2018

### Specific requests

- Related laws and regulations should be revised to establish a special provision for treating same-sex partners registered under the partnership program in the same way as same-sex spouses for immigration and residency examinations.
- It is desirable to clearly state in an announcement instead of a notice the status of spouses of same-sex marriages.

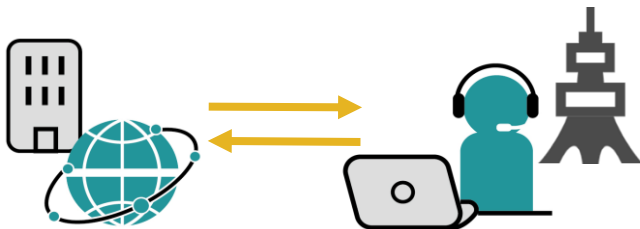
### Treatment of immigration and residency examinations for spouses of same-sex marriages (Ministry of Justice Residency Control No.5357)

It is now allowed for a spouse of same-sex marriage to enter and stay in Japan under the status of residency “specific activity”. Therefore, in cases where a spouse of same-sex marriage applies for a permission for change of his/her status of residency to “specific activity” to live with and under support of the spouse, it is necessary to ask the Ministry of Justice for advice with opinions, because there is a circumstance that requires consideration from a humanity perspective, instead of making an instant decision.

- ✓ The status of residency should be modified to allow spouses of highly skilled foreign workers to remotely work for foreign companies, etc., while living in Japan

### Current situations and issues

- In many cases, highly skilled foreign workers have double income. There is a need for a visa category that allows **their spouses to continue to work with companies in their home country as a teleworker, while staying in Japan.**
- On the other hand, it is not allowed for spouses of highly skilled foreign workers to apply for specific activity visa (No.33) without having an employment contract with a Japanese company.
- Many foreign companies accept diverse working styles such as cross-border telework. However, in cases where highly skilled professionals move to Japan, their spouses need to quit a job in their home country and find another job in Japan.



### Specific requests

- If you have a remote work-based employment contract with a public or private organization overseas while residing in Japan, treat the contract in the same way as a "contract with a public or private organization in Japan".

#### Notice of specific activity 33

Any of the activities listed in Appendix 5 in which a spouse of a highly skilled professional (limited to a person who lives together with that highly skilled foreign professional) engages in return for rewards equivalent to or higher than those Japanese citizens would receive when engaging in such activities, based on a contract with a public or private institution in Japan (hereinafter omitted)

#### (Draft) Requirement for remote work-based employment contract

※ In principle, the conditions equivalent to those at the time when a worker is employed by a private company or public institution in Japan

Employment check	<ul style="list-style-type: none"> <li>• Effective employment contract with companies in home countries which are rated as low risk in overseas company credit survey</li> <li>• Transfer of rewards to accounts in Japan</li> </ul>
Social welfare	Enrollment in the national pension plan and the national health insurance plan
Tax obligation	Rewards sent to the home country are taxed and insurance premiums are collected from and taxes are imposed on rewards sent to the home country
Others	The current system applies to other requirements



- ✓ The regulation on requirements for accompanying domestic workers of highly skilled foreign workers should be further relaxed

### Current situations and issues

- Although requirements for domestic servants to accompany their families have been relaxed in the past, there is a need for further relaxation from highly skilled foreign workers.

#### (Current situation) Requirements for accompanying domestic servants

- Entry to Japan: The employment period of accompanying domestic workers in home country is **one year or longer**
- Family circumstances: The employment period of accompanying domestic workers in home country is **less than one year and it is allowed if there is a spouse who cannot do housework due to a child under 13 years of age or sickness**
- Allowed under certain conditions (household income, salaries for domestic workers, etc.)

- **The household income** of highly skilled foreign professionals is **more than 10 million yen**
- **1** accompanying domestic worker is employed, etc.

↓ The following mitigation measures are provided for financial personnel

#### Relaxation of regulations on human resources engaged in the finance field such as investment management business (July 2021)

It is allowed for highly skilled foreign professionals engaged in **investment management business, etc.** to employ the number of domestic workers in accordance with the following household income

- **10 million yen ~ 30 million yen: 1** domestic worker
- **Over 30 million yen: 2** domestic workers

#### Regulatory relaxation on highly skilled professionals (April 2023)

“**Highly skilled professionals**” can employ up to **2** foreign domestic workers in cases where the household income is **over 30 million yen**.

### Specific requirements

- Related laws and regulations are revised to relax the regulation on domestic workers.

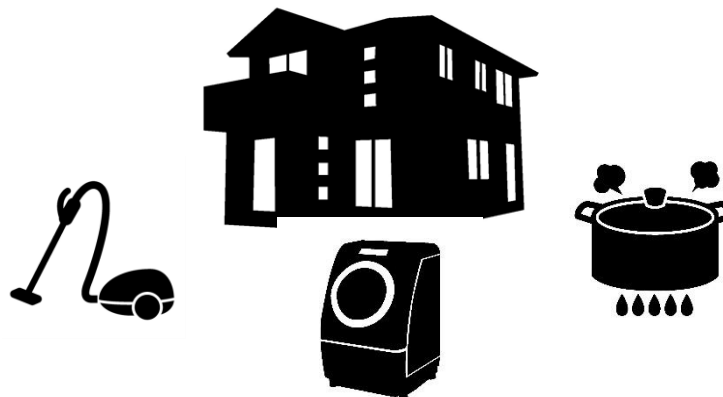
(Draft deregulation measures)

- Relaxation of the limit of domestic workers

Example) Up to 2 domestic workers can be accompanied when moving to Japan or there are family circumstances

< Related laws and regulations >

#### Notice of Specific Activities item (ii)-2, (ii)-3



- ✓ The regulation on accompanying parents of highly skilled foreign workers should be relaxed

### Current situations and issues

- There is a need from highly skilled foreign workers to allow their parents to accompany them more widely.

### Requirements for accompanying parents

- **In case of raising a child** of a highly skilled foreign professional or his/her spouse **younger than 7 years old**
- In case of **caring a pregnant spouse of a highly skilled foreign professional or a pregnant highly skilled foreign professional**  
→ Permitted under certain requirements (household annual income, living together, etc.)
  - The household annual income of the highly skilled foreign professional is **more than 8 million yen**
  - The person **lives together** with the highly skilled foreign professional, etc.



### Specific requirements

- Related laws and regulations should be revised to relax the regulations on accompanying parents of highly skilled foreign workers

#### (Draft deregulation measures)

- The condition for limits on accompanying parents (care of pregnant highly skilled employee or upbringing of children younger than 7 years old) is relaxed

(Examples) • The age of children who require care is raised to “younger than 13 years old”

- Not only pregnancy but also the case where the spouse cannot fully carry out daily housework due to pregnancy or sickness should be accepted as a reason for granting the status of residency

#### Notice of Specific Activity No.34

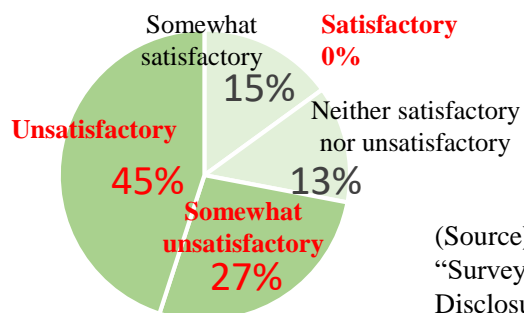
A daily activity as a father or mother of a highly skilled foreign professional (limited to those whose household income is more than 8 million yen at the time of application) who lives with that highly skilled foreign professional and nurtures a child younger than 7 years old of that highly skilled foreign professional or his/her spouse or as a father or mother of a pregnant highly skilled foreign professional who provides care, do housework, and offer other necessary assistance or a father or mother of a spouse of that highly skilled foreign professional (limited to the father or mother of that highly skilled foreign professional or his/her spouse).

- ✓ The English disclosure of information on IR should be obliged in the Tokyo Stock Exchange's prime market as early as possible and measures for supporting initiatives by companies taken.

### Current situations and issues

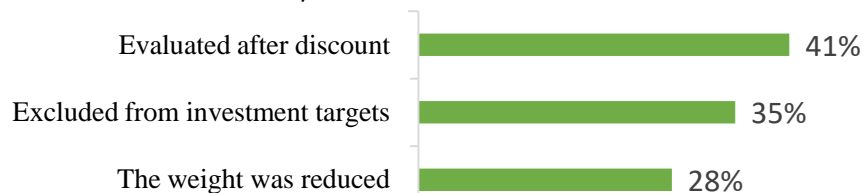
- Foreign investors have a low opinion of Japanese companies' English-language disclosure, which affects their investment decisions.

#### 〈Satisfaction level of foreign investors about English disclosure〉



(Source) Tokyo Stock Exchange, Inc.  
“Survey of Overseas Investors on English Disclosure by Japanese Companies”  
(August 2023)

#### 〈Effect on investment〉



#### Policy for enhancement of English disclosure in Tokyo Stock Exchange (Prime Market) (draft)

Documents to be disclosed in English: Earnings reports, IR event and presentation materials, timely disclosure

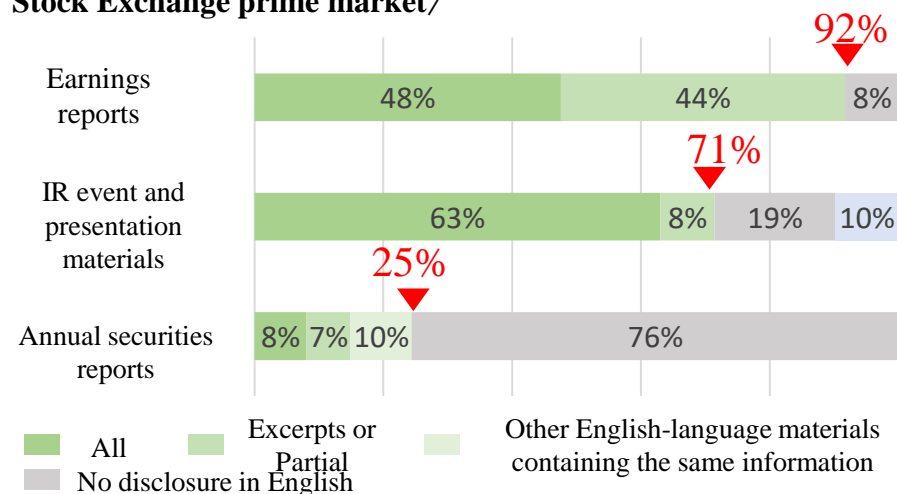
Time: After the March 2025 term

※The system outline will be announced in February 2024 or later.

### Specific requests

- The obligation to disclose information on IR in English should be expanded gradually to financial statements.
- To that end, measures for supporting companies that disclose information in English should be given such as the improved precision of AI-powered translation.

#### 〈State of English disclosure of listed companies in the Tokyo Stock Exchange prime market〉



(Source) Tokyo Stock Exchange, Inc., “Survey Summary Report for Obligation of English Disclosure in the Prime Market” (As of the end of August 2023) (October 2023)

**Initiatives of the TMG  
for an “Innovation and Finance Hub in  
Asia” toward Realizing a Sustainable  
Society”**

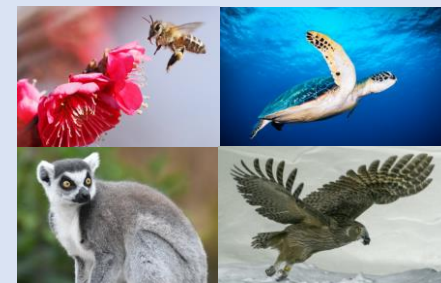
## Support for financing of companies (subsidies)

- Support for conversion of SMEs to sustainability management  
(Project to promote sustainability management in cooperation with financial institutions)  
➡ The partnership agreement has been concluded with 19 financial institutions
- Support for issuance of SDG bonds by companies  
(Project to support the issuance of SDG bonds)  
➡ Green bond, social bond, transition bond
- ➡ **Blue Finance※ will be added in FY2024**  
※ Investment and loan to facilitate sustainable economic activities by preserving the marine environments and using sustainable marine resources



## Investment to solve social issues (public-private partnership fund)

- Public-private partnership funds are formed for the purpose of promoting renewable energy and impact investment
- A new finance model is created by attracting private funds taking advantage of the investment by the TMG
- ➡ **Funds that promote the transition to circular economy and the preservation and restoration of biodiversity will be formed in FY2024**



## Provision of information that helps sustainable finance to be widely accepted and deep rooted

- Operation of portal site  
(Tokyo Sustainable Navi)  
➡ Integrated information on subsidies and examples
- Events (Tokyo Sustainable Finance Week)  
➡ Events for domestic and foreign parties concerned of finance, SMEs, and broader citizens are held



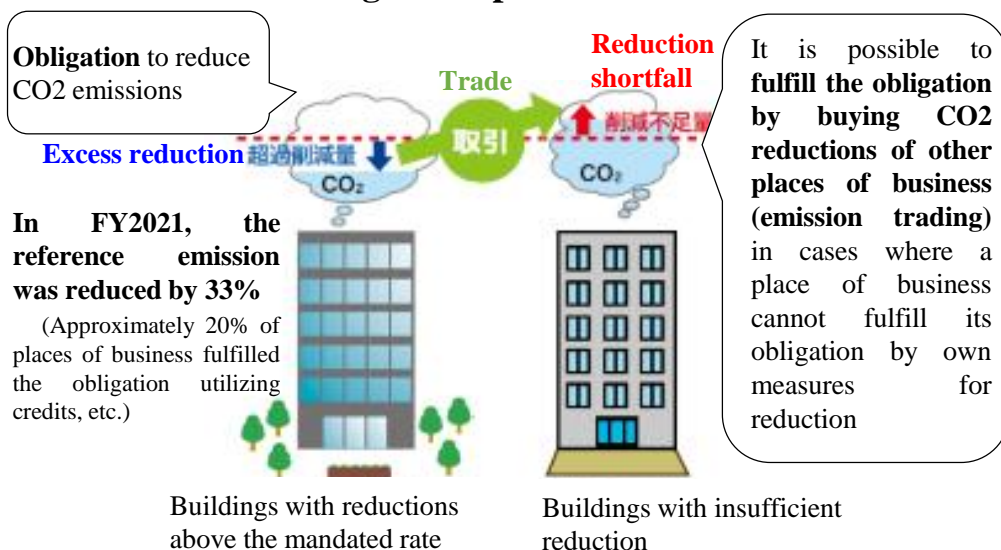


# Establishment of systems to promote initiatives for decarbonization by companies, etc. and of trading platforms

## Obligation imposed on large places of business to reduce total emissions and emission trading

- The urban cap & trading system for office buildings, the first of its kind in the world, was launched in 2010.
- Approximately 1,200 places of business in Tokyo that account for 40% of CO<sub>2</sub> emissions in Tokyo from the industry/business sector are subject to this system.

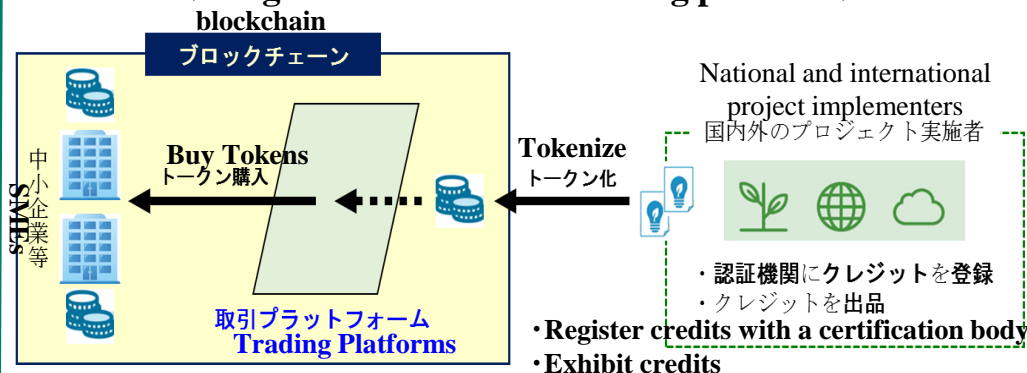
### <Image of Cap & Trade>



## Initiatives for more active carbon credit trading by SMEs

- A TMG's own platform will be built in FY2024 on which SMEs can simply trade **national and foreign carbon credits**.
- **Transparency of credits is ensured by utilizing blockchain** so that **secondary distribution** is possible.

### <Image of carbon credit trading platform>



## Initiatives for starting up a Green hydrogen exchange

- The trial trading will start in FY2024. The sales price and the purchase price are decided by bidding. The price different is subsidized by the TMG.

## Issues toward more active carbon credit market

- Enhancement of disclosure of information on traded credits
- Clarification of the characteristics, types, and legal status of diverse credits
- Diversification of traded products (futures and high-quality voluntary credits, etc.)



# Support for utilization of sustainable finance by companies

## Support for introduction of sustainability management by SMEs

Subsidies are granted to cover external evaluation costs incurred to obtain sustainable loans from financial institutions that have concluded the partnership agreement with the TMG

<List of sustainable loans subject to support>

- ◆ Sustainability link loan (SLL)
- ◆ Positive impact finance (PIF)
- ◆ Green/blue loan ※ Will expand from FY2024

### Basic Scheme (SLL・PIF)



※ 19 financial institutions that have concluded the partnership agreement with the TMG (in the order of the date of conclusion)

MIZUHO 水戸銀行 きらぼし銀行 G 群馬銀行 第四北越銀行 HISSAY 日本生命

千葉銀行 TOWA 東和銀行 八十二銀行 武蔵野銀行 明治安田

MUFG 三菱UFJ銀行 SMBC 常陽銀行 山梨中央銀行 静岡銀行

DBJ 日本政策投資銀行 Development Bank of Japan 東日本銀行 横浜銀行 SEIBU 西武信用金庫

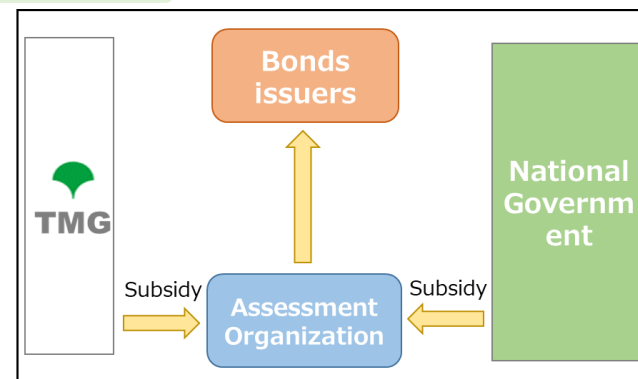
## Support for financing of companies by means of the issuance of SDG bonds

Subsidies are granted to cover external evaluation costs required to issue SDG bonds.

<Bonds subject to support>

- ◆ Green bonds/sustainability bonds (subsidies added to those granted by the Ministry of the Environment)
- ◆ Transition bonds (subsidies added to those granted by the Ministry of Economy, Trade, and Industry)
- ◆ Social bonds (granted only by the TMG)
- ◆ Blue bonds ※ Will expand from FY2024 (subsidies added to those granted by the Ministry of the Environment)

### Basic scheme



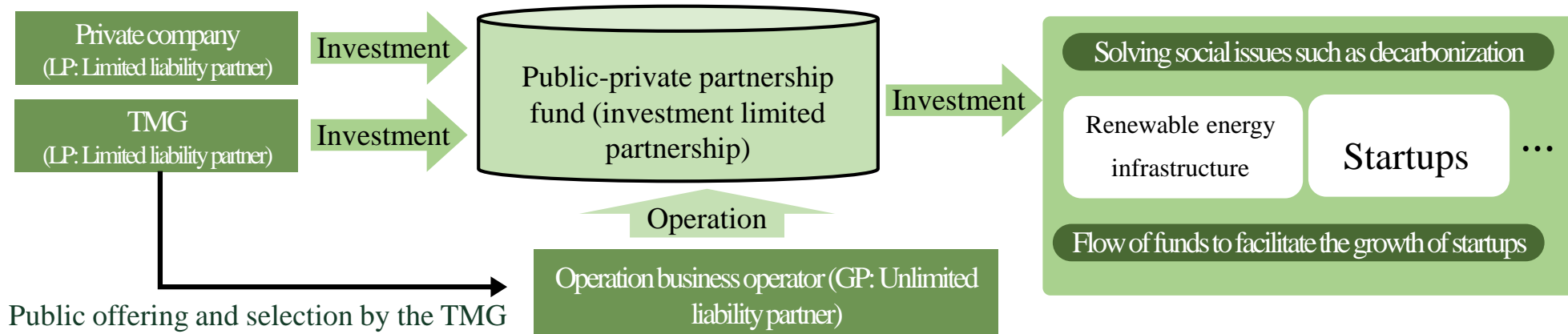
- In cases where bonds issued are for individual investors, additional subsidies are granted  
 ⇒ Issuing entities do not need to cover costs ※ Will expand in FY2024

### ▶ Performance of support for financing (By FY2022)

- Support was provided to financing over 600 billion yen in total in FY2021 and FY2022

※ Only green bonds and sustainability bonds by FY2022

# Promotion of investment through the public-private partnership fund taking advantage of investment by the TMG

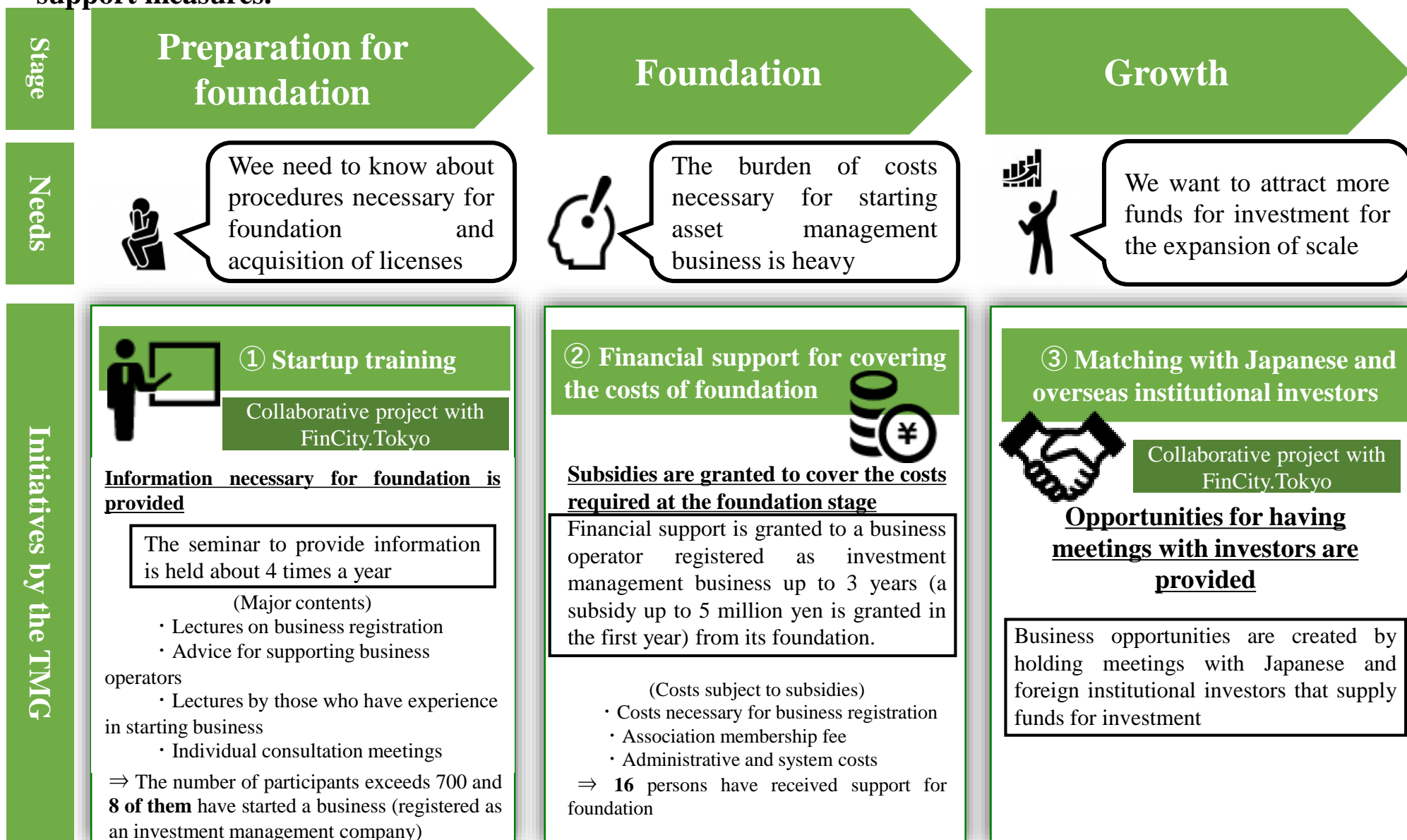


## < Major funds formed by the TMG >

Field	Name of fund	Year of establishment	Amount of investment by TMG	Major targets for investment
Infrastructure (renewable energy, etc.)	Sustainable energy fund	2021	1 billion yen	Renewable energy generation plants, etc.
	Energy creation/energy storage promotion fund	2023	2 billion yen	Grid-scale battery facilities
Startups	Fintech support fund	2021	0.2 billion yen	Fintech companies that can contribute to solving social issues by spreading innovative financial services
	Social impact investment fund	2022	1 billion yen	Startups that look for impact in the wellness field
	University-launched startup promotion fund	2023	5 billion yen	VC funds that invest in university-launched startups and deep-tech startups
	Circular economy and natural capital promotion fund (provisional name)	2024	3 billion yen	Startups in the fields of circular economy, nature positive, etc.
	Impact growth fund (provisional name)	2024	10 billion yen	Startups in the later stage that look for impact

# Support required in each stage of foundation/growth of asset management business is provided in an integrated manner

The TMG formulated the “Global Financial City: Tokyo” initiative in 2017 and has taken multi-faceted support measures.

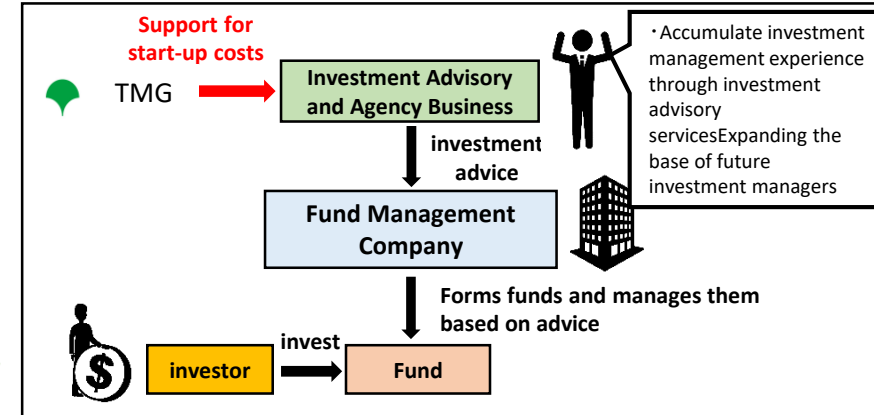
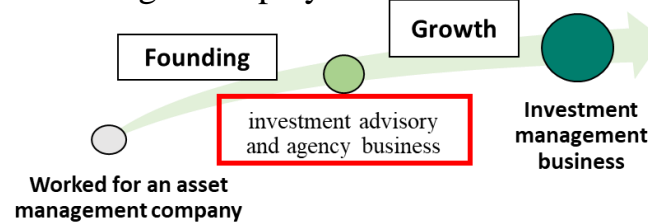


# Support for starting and nurturing asset management business is further expanded through new initiatives

## Support for starting investment advisory and agency business (FY2024~)

• Subsidies for start-up expenses for businesses that obtain investment advisory and agency business license and gain investment management experience by advising other companies, etc.

⇒ In addition to traditional investment management business, support is given to the foundation of advisory and agency business operators. The base of future investment management companies is expanded by facilitating the new entry of asset management players.



## Strengthened communication by national EMs (January 2024~)

### ① Preparation of EM catalogs

• Independent new asset management companies (EMs) that have been registered and made a notification as an investment management business are extracted to make their list.

⇒ This list is utilized to improve the recognition level of EMs among national and foreign asset owners and to match EMs with them.

### ② Announcement of distinct EMs

• Distinctive EMs are extracted from asset management companies in the list through a round-table meeting (hosted by FinCity.Tokyo) composed of national asset management companies and institutional investors

⇒ These EMs selected are announced and presented at an event hosted by the TMG and FinCity.Tokyo (TAMF (Tokyo Asset Management Forum) for the purpose of promoting EMs.





# Integrated startup support hub, Tokyo Innovation Base

## Growth

「Young generation is connected to the future」

The TMG supports challenge by students and youths and backs up their growth

【Project to promote entrepreneurship nurturing program】

A human resources bank is established to back up challenge by youths.

【Collaboration with nationwide universities】

An entrepreneurship support program jointly operated by 13 universities nationwide is carried out.

## Collaboration

「Challengers and supporters are connected」

Promoting the collaboration between the government, big companies, and universities and startups

【Open innovation promotion program】

Promoting open innovation of big companies

【Establishment of innovation networks with TIB as a hub】

Innovation is promoted in the entire prefecture in collaboration with private businesses

**TiB**  
Tokyo  
Innovation  
Base

## Connect

「Everyone is connected」

A platform that connects people is established

【Establishment of startup database】

An integrated database of Japanese startups is established in English.

【The world's best TIB】

Development of ultra-high speed and ultra-low-latency local 5G environment.

## Global

「Connected to the world」

Creation of world-class startups

【Invitation of foreign VC/accelerators】

Support for preparing business models and forming human networks in view of global operation

【Collaboration with global bases】

Training programs and mutual dispatch of SU are carried out

Initiatives of Tokyo Innovation Base are translated into SusHi Tech TOKYO 2024

September 2023  
Establishment of  
Secretariat

November 27  
**Pre-open**  
Start of event (once a week)

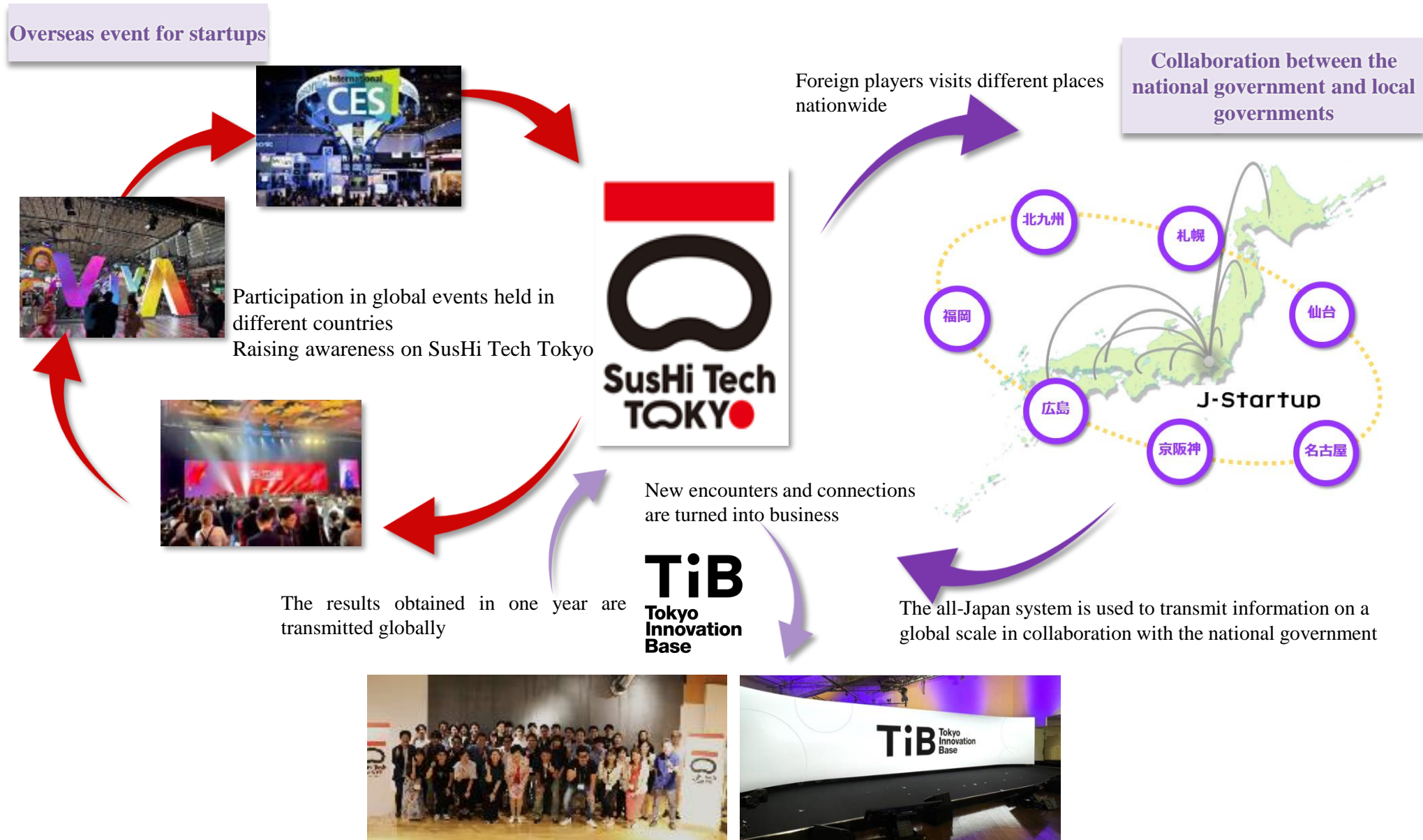
Functions are  
updated gradually

May 2024  
**Full-fledged  
opening**



May 15 and 16, 2024  
@Tokyo Big Sight

# “SusHi Tech Tokyo” should be a global trend by holding this event at least once a year



# Multi-faceted support is provided to create and nurture startups

## Support for creating and nurturing university-launched startups

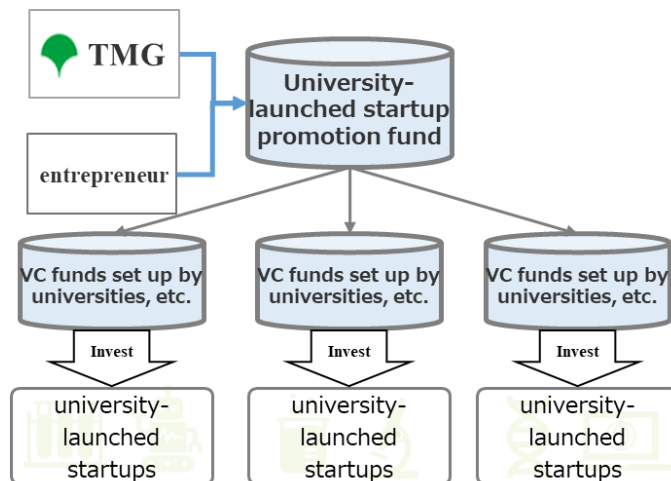
A system is established to create many startups from universities (hub of “knowledge”) and to support their continuous growth

### 【University-launched startup creation support project】

- Initiatives to translate excellent seeds and ideas of universities, etc. into commercialization are facilitated by providing accompanied support and financial support in collaboration with private support organizations
- The development of internal system is supported in accordance with each university's need

### 【University-launched startup promotion fund】

- A public-private partnership fund is formed to finance university-launched startups and R&D-type startups.
- The TMG plans to invest 5 billion yen out of the overall budget of 10 billion yen.



## The TMG becomes the first customer of startups

The TMG takes various initiatives by being the first customer of startups by procuring their products and services

### 【Interactive startup collaboration project】

- This project aims to help the staff and startups have dialogues to identify problems and visualize their cause and solve issues in the field.
- 10 topics are selected this FY to publicly seek startups.

### 【System to propose projects by startups to the TMG】

- Under this initiative, the TMG accepts proposals to utilize products and technologies of startups for solving issues faced by the TMG. They are experimentally introduced toward public procurement.
- The TMG will start to accept proposals in September 2023 and experimentally introduce them.



# Initiatives of the TMG to realize the City with the Global Standard for Business in English

Counter to transmit information overseas

【Access to Tokyo】

【e-business concierge】

Overseas office

AI-powered consultations



Comprehensive counter for foreign companies

【Business Concierge Tokyo】

Diverse support needs from business to daily life are met in English.

【Tokyo One-Stop Business Establishment Center】

Integrated counter for procedures to establish a corporation (multilingual services)



Support in English

Principal financial support/accompanied support measures

Support in English

【Project to discover and invite foreign companies】

Market research/consulting services, search of properties, introduction of staffing companies for the operation in Tokyo

【Project to provide temporal offices】

Subsidies for renting temporal offices to conduct prior market research

【Office establishment subsidy】

Subsidies are granted to cover expert consultation fees, recruitment costs, and initial office costs, and business registration fee for the operation in Tokyo

【Subsidy for infrastructural support for foreign financial firms】

Subsidy to cover the costs such as rent and accessories in the second and third years

【Project to provide localization support for GX-related foreign companies】 / 【Project to provide localization support green-finance foreign companies】  
The recruitment costs, personnel costs, rent, etc. required for the operation in Tokyo are subsidized for foreign companies engaged in green transformation and green finance. Integrated and comprehensive support is provided such as consulting services and business matching.

The procedures to apply for subsidies can be made **in English** from FY2024



Utilization of national strategic special zone



【Development of business, living, and educational environments】

- International business hubs are developed with a focus on the financial field in Otemachi, Yaesu, and Kayabacho near the Tokyo station.
- An environment in which foreigners can receive medical care in English will be established, such as by expanding the scope of care provided by foreign doctors.
- International schools for foreign students are developed (Examples: Azabudai Hills, north of the Shinagawa station, etc.)

International hubs

medical care

Education

Utilization of Special Zone for Asian Headquarters

Finance/taxation system

【Interest subsidy by the national government】

- Interest subsidy to develop medical and educational institutions for foreigners

【taxation for the promotion of capital investments (corporate tax)】

- Special depreciation or tax exemption is applied to capital investments by foreign companies for research and development in environment, medical care, and semiconductor.





- The TMG provides foreign companies and foreigners with support by meeting diverse support needs from business to daily life in English in a one-stop manner.
- The counters are established at three places in Tokyo.
  - ① Marunouchi “JP Tower”, ② Akasaka “JETRO Headquarters” (Tokyo One-Stop Business Establishment Center is also located), ③ Yurakucho “Tokyo Innovation Base” (to be open in FY2024)
- The Hong Kong office is established.

### Support for all foreigners and foreign companies

#### ◆ Support for business

- Referral of attorneys/accountants suited for needs (referral from the list of specialists)
- Business matching support (referral of companies in accordance with the needs of those who seek consultation)

#### ◆ Support for financing

- Provision of information and advice on means of procuring funds that can be used mainly in the establishment phase and accompanied visits to the counter

#### ◆ Support for daily life

- Provision of information related to administrative procedures and daily life
- Referral of multilingual hospitals and schools

### Support for foreign companies invited by the TMG

#### ◆ Support for office establishment

- Support is provided to help companies, etc. invited by the TMG establish its office.

Preparation of forms for interview and planning



Progress management and support in line with planning form



Search for candidate offices by accompanying a visit to a real-estate company or looking for properties on behalf of the company



Support for business matching



Establishment of office



Business matching for helping companies stay in Japan



### Support for foreign financial firms

#### ◆ Finance one-stop support service

- Provision of information and advice on finance-related legal systems and procedures for acquiring financial license
- Referral of financial specialist (attorneys, accountants, etc.) and contacts of related organizations in accordance with the nature of consultation
- Subsidy application support for establishment of office (costs for consultation services with specialists and recruitment)

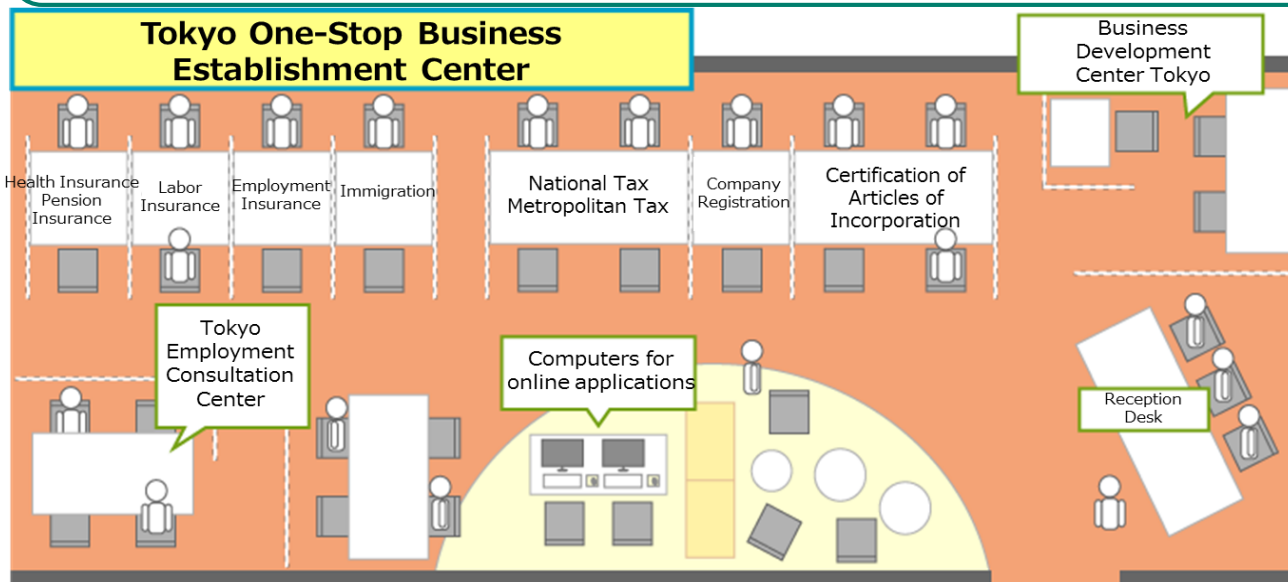


# Support for starting business in English at Tokyo One-Stop Business Establishment Center

- **The counters for procedures required to establish a corporation** such as certification of articles of incorporation, registration, tax affairs, pension/social insurance, and certification of residential qualification are **integrated in multiple languages**.
- The counters are established at three places in Tokyo.
  - ① Akasaka Counter, ② Shibuya Satellite Counter, and ③ Marunouchi Satellite Counter (It will be transferred to “Tokyo Innovation Base” and the “Yurakucho Satellite Counter” will be established)
- Specialists such as notaries, certified social insurance labor consultant, certified tax accountants, and judicial scriveners dispatched from the ministries and agencies and the TMG are assigned to the booths to provide consultation services (online consultation services are available) for starting business as well as support for creating application documents and accept those applications.

## Tokyo One-Stop Business Establishment Center

## Business Development Center Tokyo



1	Certification of Articles of Incorporation	Certification of Articles of Incorporation by a notary	定款 登録	
2	Company Registration	Consultation related to company registration	法人 登記	
3	Tax ※	National Tax	1 Notification of Incorporation 2 Application for Approval of Filing a Blue-form Tax Returns 3 Notification of Establishment/Relocation/Discontinuance of an Office Paying Salaries 4 Application for Approval of Extension of Withholding Tax Payment	税務 関係 事項
		Metropolitan Tax	1 Notification of Incorporation 2 Notification/Application for Extension of Time to File Tax Statement	
4	Immigration	Certificate of Eligibility for Status of Residence under the categories of "Business Manager," "Intra-company Transferee," and "Engineer/Specialist in Humanities/Int'l Services," when related to the establishment of a business (includes forms for family members applying at the same time)		入国 管理
5	Employment Insurance	1 Notification for Establishment of a Business Covered by Employment Insurance 2 Notification for Qualification Acquisition of Employment Insurance		雇用 保険
6	Labor Insurance	1 Notification for Establishment of Insurance Relation 2 Estimated Insurance Premiums Declaration 3 Notification of Applicable Understanding 4 Notification of Rules of Employment 5 Labor-Management Agreement for Overtime and Holiday Work		労働 保険
7	Health Insurance/ Pension Insurance	1 Notification for New Application 2 Notification for Qualification Acquisition 3 Notification for Changes of Insured Person's Dependents/Notification of Third Insured Person Qualification 4 Notification of Name in Romaji		国民 健康 保険 厚生 年金 保険

The counter of Business Concierge Tokyo\* and the counter of the Tokyo Employment Consultation Center\* are established on the same floor.

\* The counters aim to help global companies and startups accurately understand employment rules in Japan and smoothly operate. Bilingual attorneys and certified social insurance labor consultant provide consultation services.



### Collaboration with City of London

- **Tokyo has concluded MoU on exchange and cooperation in the finance field with City of London (United Kingdom)**
- The TMG and City of London **have strengthened their collaboration** through co-hosting seminars with the aim of growing as the global financial hubs.



### Tokyo-London Finance Seminar (co-hosted with City of London)

A2T\_  
London Base A2T\_Paris Base



A2T\_Bengaluru Base

Added in FY2024

A2T\_Singapore Base

The TMG collaborates and work with diverse entities to carry out strategic promotional activities in other countries

### Public-private collaborative promotion by “FinCity.Tokyo”

- In April 2019, the **first public-private collaborative finance promotion organization** in Japan called “FinCity.Tokyo” was established.
- The public and private sectors collaborate to carry out promotional activities in other countries with the aim of appealing the attractiveness of Tokyo as a global financial city.

(Activities in FY2023)

Global Forum (New York)

Singapore FinTech Festival (Singapore)

Japan Securities Summit (London) (March 2024)

- Exchange with foreign financial promotion organizations



(Seminar held in New York)

A2T\_San Francisco Base

FinCity.Tokyo Global Forum  
(New York)



### Overseas counter to attract foreign companies “Access to Tokyo (A2T)”

- “Access to Tokyo” responds to inquiries from foreign companies interested in establishing an office in Tokyo or market information in Japan **local time in their local languages** and introduces various measures for attraction.
- In addition to the existing offices (London, Paris, San Francisco, and Singapore), **Bangalore is added in FY2024 to reinforce the information transmission function in India and Middle East.**

### Participating and setting a booth in global events

- The staff visit financial and startup events held in different countries **to strengthen face-to-face networks.**
- **The attractiveness of Tokyo and its support measures as a global financial city are presented through setting a booth in events.**

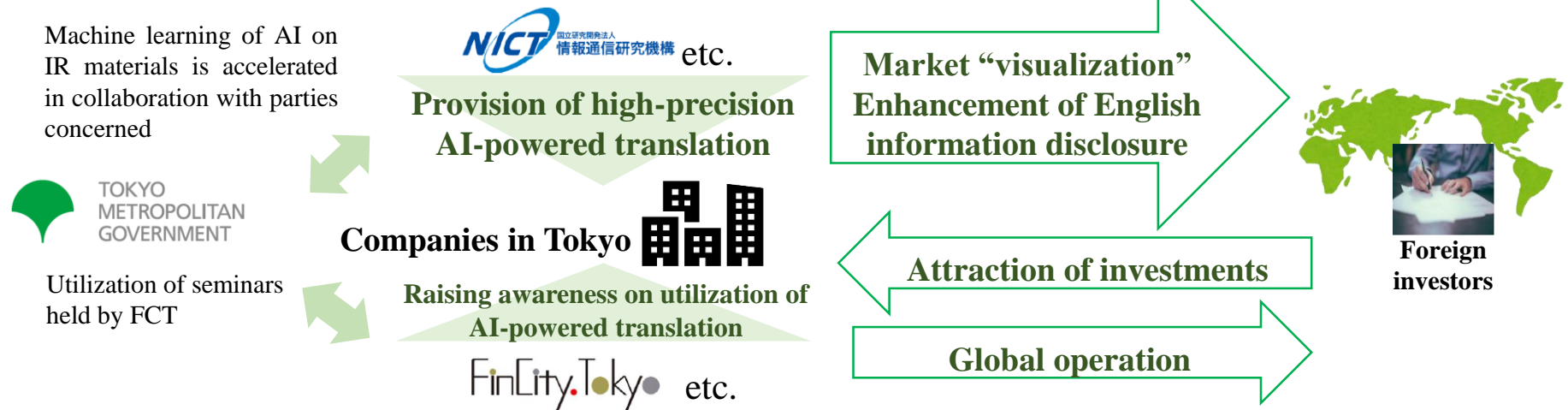


**The educational environment is enhanced by inviting and improving international schools, because highly skilled professionals give importance.**

- When foreign financial companies are invited, it is required to develop a better living environment where highly skilled professionals can work and live comfortably. There are many requests for enhancement of international schools.
  - **Current situations are identified and, based on that information, a support scheme is examined to invite and enhance international schools in Tokyo**
    - Examination of specific operational case study, support scheme

**Promotion of investments from other countries and globalization of companies by utilizing AI-powered translation systems**

- The utilization of **advanced AI-powered translation systems** (finance specialized models) is promoted with the aim of enhancing **English information disclosure that visualizes corporate activities in Japan from other countries**. The parties concerned **work together to improve the precision** of AI-powered translation and **raise awareness on its utilization** with a view to attracting more investments and promoting global expansion.



**TIB promotes initiatives to strengthen English language skills and supports global challenges**

- Developing activities to improve English language skills at the Tokyo Innovation Base (TIB) in cooperation with various private businesses involved in startup support, and creating opportunities to present in English at global events, etc.

# **Promotion System for Realization of Tokyo as an “Innovation and Financial Hub in Asia” toward Realizing a Sustainable Society**

# Diverse players working together to contribute to the realization of a sustainable society

