

Application Guidelines for the Overseas Financial Corporation Business Operations Establishment Subsidy Program

1. Purpose

The Tokyo Metropolitan Government is promoting initiatives with the aim of revitalizing Tokyo as a global financial hub that brings together capital, human resources, and information from around the world. To achieve that end, it is vital to encourage asset management businesses that fulfill the roles of helping the people achieve stable asset formation and supplying assets on behalf of existing financial systems, as well as FinTech corporations that provide new methods of conducting business mainly in the financial sector, to enter Tokyo, and to revitalize Tokyo's financial and economic sectors.

Hence, with the purpose of actively attracting such overseas financial corporations to Tokyo, the Tokyo Metropolitan Government grants subsidies to overseas financial corporations to cover a part of the costs incurred in establishing business operations (Japanese corporation, etc. (*)) in Tokyo.

(*) Japanese corporations, etc.

Refers to Japanese corporations or Japanese branch offices established by overseas financial corporations.

2. Parties Eligible for Subsidies

- (1) Japanese corporations, etc. established in Tokyo in the same fiscal year when the overseas financial corporation (asset management businesses and FinTech corporations) submits the application for the subsidy are eligible for subsidies under this Subsidy Program.
- (2) Japanese corporations, etc. that are eligible for subsidies are required to fulfill all the following criteria.
 1. The overseas financial corporation must consult with the Tokyo Metropolitan Government before finalizing plans to establish business operations.
 2. The overseas financial corporation must not have established business operations in Japan before establishing the business operations that this Subsidy Program is applicable to.
 3. The main businesses conducted by the Japanese corporation, etc. must carry the following functions.
 - a. Asset management business operator
Base of asset management operations or sales and marketing base, etc. that is recognized by the Tokyo Metropolitan Government as having the potential to contribute significantly to the revitalization of Tokyo's economy .
 - b. FinTech corporation
A research and development base or sales and marketing base, etc. that is related to the provision of innovative financial services using IT technology, and that is recognized by the Tokyo Metropolitan Government as having the potential to contribute significantly to the revitalization of Tokyo's economy.
 4. To have one or more employees (personnel who is covered by employment insurance) in full-time employment at the Japanese corporation, etc.
 5. To have an investment amount ratio of 1/3 or more from an overseas financial corporation.
- (3) In addition to the aforementioned items, the overseas financial corporation and Japanese corporation, etc. must fulfill all the following criteria.

1. Are not in violation of any laws or ordinances, etc.
2. Have no delinquent taxes.
3. Are not in violation of the terms of any contracts made with public offices, etc.
4. Are not corporations that have the possibility of threatening public safety or well-being.
5. Are not corporations whose business objectives include political, religious, or election campaign-related activities.
6. Are not organized crime groups, and do not have an organized crime group member, etc. among the representatives, executives, employees, or other members of the corporation.
7. Do not have past businesses or other concerns that the Tokyo Metropolitan Government deems unsuitable as a company eligible for subsidy.

3. Expenses Eligible for Subsidy

- (1) The two expenses listed below, related to the establishment of business operations, are eligible for subsidy. Expenses eligible for subsidy are after the date of advance consultation with the Tokyo Metropolitan Government, from April 1 of the fiscal year for which the subsidy was applied for, until the subsidy grant application date and shall apply to payments by Overseas Financial Corporations and Japanese Corporations, etc. However, this excludes fees equivalent to consumption tax, payments to governmental offices, and other fees that do not come under provision of services, as well as expenses that are eligible for other public subsidies or grants.

1. Fees incurred in consultation with experts

Fees paid to experts (lawyers, administrative scriveners, tax accountants, licensed social insurance consultants, etc.) for services such as consultation on acquisition of registration and license for engaging in the financial instruments business and legal/tax matters, and drafting and submission of materials.

2. Personnel recruitment costs

Fees paid to a fee-charging employment placement business provider for the introduction and employment of personnel during the establishment of business operations. Payments made to the following fee-charging employment placement businesses are eligible for subsidy coverage.

a. Use of a fee-charging employment placement business provider in Japan

A fee-charging employment placement business provider as defined in Paragraph 1, Article 30 of the Employment Security Act.

b. Use of a fee-charging employment placement business provider overseas

A fee-charging employment placement business provider for which notification/permission/declaration, etc. have been accepted by the national/local government, etc. of the business provider in question.

*The personnel introduced by the fee-charging employment placement business provider must work full-time for one year or more at the place of business in question.

3. Office initial costs

When securing offices in Tokyo that are necessary for executing the primary business, key money, admission fees, and other moving-in, non-refundable costs that must be paid will be paid.

- (2) Source of payment of expenses

The expenses eligible for subsidy described in items 1. and 2. above are assumed to be paid by either the

overseas financial corporation or the Japanese corporation, etc. at the point in time when the Japanese corporation, etc. is established. This subsidy covers the expenses eligible for subsidy regardless of whether it is paid by the overseas financial corporation or the Japanese corporation, etc.. Even for expenses paid by the overseas financial corporation, the application for subsidy must be submitted by the Japanese corporation, etc. that is eligible for the subsidy.

(3) Currency that the subsidy will be granted in

The subsidy shall be paid out in Japanese yen.

In cases where the expenses that are eligible for subsidy are paid in a foreign currency, please convert the amount to Japanese yen before submitting an application for the subsidy. In such cases, the exchange rate applied shall be the middle price of the telegraphic transfer rate (foreign exchange posted rates) of a designated financial institution of Tokyo (Mizuho Bank) on the date of payment of the expenses eligible for subsidy, or a date deemed suitable by the Tokyo Metropolitan Government (figures below 1 yen are rounded off to the nearest whole number).

4. Subsidy Rate and Maximum Subsidy

(1) Subsidy rate

No more than ½ of the total expenses recognized as expenses eligible for subsidy

*Figures less than 1,000 yen are rounded off to the nearest 1,000 yen.

(2) Maximum subsidy

Up to 7,500,000 yen per company

5. Flow of Processes Leading Up to the Granting of Subsidy

The following is the flow of procedures, etc. leading up to the granting of subsidy.

- (1) Consultation with Business Development Center TOKYO, and advanced consultation with the Tokyo Metropolitan Government
- (2) Establishment of business operations
- (3) Submission of application (in the same fiscal year after the establishment of business operations)
- (4) Payment of subsidy after a decision has been made to grant the subsidy

6. Advance Consultation

- (1) For new business operations that are scheduled to be established in Tokyo, overseas financial corporations that intend to make use of the Subsidy Program must consult with the Tokyo Metropolitan Government before determining the plans for establishing the business operations in question, and provide an explanation about the outline of the business and other details.
- (2) Flow of processes for the advance consultation
 1. Before the advance consultation with the Tokyo Metropolitan Government, please consult with Business Development Center TOKYO first concerning the application procedures for the subsidy, the business contents of the overseas financial corporation in question, and the plans for the business operations that are scheduled to be established, then complete Company Overview (For Advanced Consultation) (Form 1).
 2. Submit Company Overview (For Advanced Consultation) (Form 1) to the Tokyo Metropolitan Government, and arrange for the date and time of the advance consultation. (The consultation will

take place in the conference room, etc. of the Tokyo Metropolitan Government Building.)

3. During the advance consultation, provide an explanation about the business contents of the overseas financial corporation in question and the plans for the business operations that are scheduled to be established, etc. to the Tokyo Metropolitan Government. Consultants from Business Development Center TOKYO will also be present during this advance consultation. Please also prepare materials that provide information about the business contents and other details.

7. Subsidy Application

- (1) The Japanese corporation, etc. of the overseas financial corporation, which is the party eligible for subsidy, is required to submit the subsidy application after the establishment of business operations. Subsidy application is accepted at any time.
- (2) An application for the subsidy may be submitted only during the fiscal year of the establishment of business operations.

The establishment of business operations under this Subsidy Program must fulfill all the following four criteria.

1. Secure a facility to be used as the place of exclusive business operations
 2. Register the establishment of an incorporated company or office of an overseas company in accordance with the Commercial Registration Act
 3. Secure the employees who will be engaged in full-time employment for the operation of the business
 4. Start the operation of the main business. In cases where it is necessary to register the license for a financial instrument business, etc. before starting operation of the main business, register and acquire the license in question.
- (3) When submitting a subsidy application, please submit the application documents listed in List of Documents to be Submitted to the Tokyo Metropolitan Government (Attachment) to the following office.

If the documents submitted have been drawn up in a language other than Japanese or English, please attach a translation in Japanese or English.

[Office for submission]

Staff Member for Global Financial City Tokyo

Strategic Projects Division

Office of the Governor for Policy Planning

TMG No. 1 Building,

2-8-1 Nishishinjuku, Tokyo 163-8001, Japan

- (4) Subsidy application is restricted to one application for each overseas financial corporation.
- (5) At the point when the subsidy application is submitted, the overseas financial corporation is deemed to have understood and accepted these Guidelines and the Grant Outline for the Overseas Financial Corporation Business Operations Establishment Subsidy Program (28 Seichoushou No. 793, dated 29 March 2017).
- (6) Application documents and other materials submitted will not be returned.

8. Decision to Grant Subsidy

- (1) The subsidy will be granted, and the application shall be notified accordingly, if it is deemed that the application has been properly filed, and it is appropriate to grant the subsidy.

- (2) Upon granting of the subsidy, necessary conditions may be placed on the applicant.
- (3) The subsidy will be paid out after the decision has been made to grant the subsidy.

9. Responsibilities After the Subsidy is Paid Out

The following responsibilities shall be placed on the recipient of the subsidy by the end of the following two fiscal years after the end of the fiscal year of the establishment of business operations (until the last day of the second fiscal year after the fiscal year of establishment).

- (1) Duty to ensure continuation of business operations

During the abovementioned period, the subsidized party must ensure continuation of business operations in Tokyo.

- (2) Duty to report on business activities

Business reports concerning each fiscal year within the abovementioned period shall be submitted in the form of the Business Activity Report (Form 7) by 30 June of the fiscal year following each fiscal year.

- (3) Notification of Changes

In the event that changes are made to any of the items listed below during the abovementioned period, the subsidized party shall submit the Notification of Changes (Form 8) immediately after the change has been effected.

1. A change to the name of the subsidized party
2. A change to the address of the subsidized party
3. A change to the representative of the subsidized party (representative in Japan in the case of a branch office)
4. An event arises that results in failure to fulfill other criteria for the granting of the subsidy

10. Rescission of Decision to Grant Subsidy, and Return of the Subsidy

- (1) Rescission of the decision to grant subsidy

Should any of the following apply to a subsidized party, all or part of the decision to grant the subsidy can be rescinded.

When the decision to grant a subsidy is rescinded, in principle, the subsidized party is required to return the subsidy.

1. When fraudulent information was given or other improper means were taken to receive the subsidy.
2. When conditions attached to the granting of the subsidy, or any laws or ordinances are violated.
3. When it becomes impossible to fulfill the grant criteria by the end of the following two fiscal years after the fiscal year of establishment (by the last day of the second fiscal year after the fiscal year of establishment).
4. When the duty to ensure continuation of business operations has been violated.
5. When other instructions set forth based on these Guidelines have been violated.

- (2) Return of the subsidy

When all or part of the decision to grant a subsidy has been rescinded, the subsidized party must return the subsidy that has already been paid out, corresponding to the range of subsidy that has been rescinded. In such cases, in principle, a penalty for violation of the agreement shall be added to the amount that must be returned.

11. Other

- (1) Tokyo Metropolitan Government or Business Development Center TOKYO may conduct a site investigation to check on the status of the business and other matters, before and after the decision to grant the subsidy.
- (2) The company name, name of representative, contents and amount of subsidy, and other information concerning the subsidized party may be disclosed.

List of Documents to be Submitted to the Tokyo Metropolitan Government

1. During advance consultation

	Category	Remarks
	Company Overview (For Advance Consultation) (Form 1)	Attach materials that provide details information about the contents of the business, etc.

2. Upon submission of subsidy application

[Subsidy application documents]

	Category	Remarks
<input type="checkbox"/>	Company Overview (Form 2)	Attach materials that provide details information about the contents of the business, etc.
<input type="checkbox"/>	Subsidy Application Form (Form 3)	
<input type="checkbox"/>	Pledge (Form 4)	

[Attachments]

	Category	Remarks
Universal		
<input type="checkbox"/>	Documents that can confirm the name of the representative of the applicant (representative in Japan in the case of a branch office)	Certified copy of commercial registration, etc.
<input type="checkbox"/>	Documents that can confirm the address of the applicant	Certified copy of commercial registration, etc.
<input type="checkbox"/>	Documents that can confirm the shareholder composition of the applicant	Registry of main shareholders, etc.
<input type="checkbox"/>	Documents that enable the authentication of the seal, etc. used by the applicant	Certificate of seal impression, etc.
<input type="checkbox"/>	Documents that can confirm the business performance of the overseas financial corporation in the past two years	Financial statements, etc.
<input type="checkbox"/>	Documents that can confirm the business plans for the applicant concerning each fiscal year, in the fiscal year of establishment and the following two fiscal years	
<input type="checkbox"/>	Documents that can confirm the employment of one or more employees by the business	Employment contracts, etc.
<input type="checkbox"/>	Documents that serve as grounds for the sum of money filed for the application	Receipts, etc.
<input type="checkbox"/>	Other documents deemed necessary by the Tokyo Metropolitan Government	
Expenses incurred in consultation with experts		
<input type="checkbox"/>	Documents that can confirm the contents, frequency, period, etc. of the consultations	
Expenses incurred in personnel recruitment		
<input type="checkbox"/>	Documents that can confirm the employment or employees, in relation to the subsidy, for one year or more	Employment contracts, etc.
<input type="checkbox"/>	(In cases where a fee-charging employment placement business provider overseas is used) Documents that can confirm that notification/permission/declaration by the business operator in question have been accepted by the national/local government of the business in question	
Office initial costs		
<input type="checkbox"/>	Documents that can confirm securing offices, in relation to the subsidy	Lease agreement, etc.

* If the documents have been prepared in a language other than Japanese or English, please attach a translation in Japanese or English.

* Certificates, etc. issued by public offices must be documents issued within three months from the date of receipt of the subsidy application.