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Outline for Grant of Subsidy to Support Base of Operations of Overseas Financial Corporations

31 March 2020

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(Objectives)

Section 1. Base of operations are unstable during the seed stage just after the business establishment, due to burden of costs and amid competition with domestic companies, etc., when Overseas Financial Corporations that have newly established their bases in Tokyo operate their business in Tokyo. The objective of this Outline is to support expansion of Overseas Financial Corporations that contribute to the achievement of “Global Financial City: Tokyo”, by enhancing growth of business establishment in Tokyo by granting the subsidy to cover such as office rents, consulting fees for experts, etc. for developing business enterprise system, etc., and purchase costs of equipment and fixtures as well as by providing support for them to stably conduct their business in Tokyo.

(Definition of Terms)

Section 2. In this Outline, the meanings of the terms listed in the following items shall be prescribed respectively in those items.

(1) Overseas Financial Corporations

Corporations established based on foreign laws that operate asset management businesses or FinTech businesses

(2) Japanese Corporations, etc.

Japanese corporations or branch offices that were established by Overseas Financial Corporations

(3) Establishment of Operations

The act of establishing a Japanese corporation or branch office by an Overseas Financial Corporation that satisfies all the following criteria.

- a. A facility to be used as the place of exclusive business operations was secured.
- b. The establishment of an incorporated company or office of an overseas company was registered in accordance with the Commercial Registration Act .

- c. Secure the necessary employees who will work full-time
 - d. Operation of the main business has started. In cases where it is necessary to register the license for a financial instrument business, etc. before starting operation of the main business, the license in question was registered.
- (4) Base of Asset Management Operations
 - A site where management, etc. of funds entrusted by investors are conducted
- (5) Sales and Marketing Base
 - A site where marketing and sales activities related to products and services offered by the company, etc. are conducted
- (6) Research and Development Base
 - A site equipped with the necessary functions for conducting research and development activities such as industrialization through activities ranging from research on industrial technology to the development of applications, manufacturing of prototypes, and product testing
- (7) Full-Time Employees
 - Employees for whom one of the following two criteria are applicable.
 - a. Persons who are employed for an indefinite period.
 - b. Persons who have been continuously employed for a year or more in the past, or persons who have worked continuously for a year or more since their hiring (persons who are employed for a fixed period of time, or are employed daily, and their employment contract period is repeatedly renewed are recognized as equivalent to item a.).
 - Employees shall be covered by employment insurance.
- (8) Business Development Center TOKYO
 - Institute established by the Tokyo Metropolitan Government to provide support for the business of foreign corporations, etc. and their expansion into Tokyo
- (9) Business Support Services Application Form
 - Document submitted to Business Development Center TOKYO by Overseas Financial Corporations to request business support services
- (10) Fiscal Year
 - Period from 1 April of a year to 31 March of the following year

(Parties Eligible for Subsidy)

Section 3. Parties eligible for the subsidy are Japanese Corporations, etc. that established bases in Tokyo by Overseas Financial Corporations in the previous or the second preceding Fiscal Year of the Fiscal Year when the application for the subsidy is submitted.

- 2) The parties eligible for the subsidy must fulfill all the following criteria.
 - (1) During the period separately subscribed in application guidelines, Japanese Corporations, etc. shall submit Advance Consultation Sheet (Form 1) and Business Plan (Form 2) to the Tokyo Metropolitan Government, and engage in advance consultation to provide an explanation of the business plans, etc. The advance consultation with the Tokyo Metropolitan Government

shall be carried out after consultation with Business Development Center TOKYO about the business plans, etc. after submission of Business Support Services Application Form.

- (2) The Overseas Financial Corporation has not established any business operations in Japan prior to the Establishment of Operations relevant to the subsidy.
 - (3) The parties' main business carries one or more of the following functions.
 - a. Asset manager
Functions such as Base of Asset Management Operations or Sales and Marketing Base, that are recognized by the Tokyo Metropolitan Government as having the potential to contribute significantly to the revitalization of Tokyo's economy
 - b. FinTech corporation
Functions such as Research and Development Base or Sales and Marketing Base related to provision of innovative financial services using IT technology, that are recognized by the Tokyo Metropolitan Government as having the potential to contribute significantly to the revitalization of Tokyo's economy
 - (4) Employ at least one full-time employee at the Japanese Corporation, etc.
 - (5) In case of Japanese Corporation, investment ratio of the Overseas Financial Corporation is no less than 1/3.
- 3) 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 (an Organized Crime Group as stipulated in item (ii) of Article 2 of the Tokyo Metropolitan Ordinance for Eliminating Organized Crime Groups (Tokyo Metropolitan Government Ordinance No. 54 of 2011; hereinafter referred to as "Organized Crime Elimination Ordinance")), and do not have an Organized Crime Group Member, etc. (a member of an Organized Crime Group as stipulated in item (iii) of Article 2 of the Organized Crime Elimination Ordinance, or someone related to an Organized Crime Group as stipulated in item (iv) of the same Article) 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.

(Expenses Eligible for Subsidy)

Section 4. Of the following expenses necessary for development and stabilization of base of operations of the parties eligible for the subsidy (hereinafter referred to as "Expenses Eligible for Subsidy"), subsidy is granted to cover expenses that are deemed as necessary and appropriate by the Governor of Tokyo (hereinafter referred to as "the Governor"), within the limits of the budget.

Provided, however, that this excludes fees equivalent to consumption tax and local 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) Office rents

Rents of office located in Tokyo that are necessary for operation of main business. The office must have an exclusively owned area, and continuity of the leasing must be expected.

(2) Consulting fees for experts, etc.

Fees and expenses paid when parties obtain advice or receive guidance from external experts, etc. through consultation regarding knowledge or coping methods necessary for their growth or problem solution in the course of operation of the main business. Consulting fees, etc. that are paid regularly are non-eligible.

(3) Purchase costs of equipment and fixtures, etc.

Purchase costs of equipment and fixtures such as desks, chairs, personal computers, office equipment and software that function by itself, are installed and used at the office in Tokyo, and are necessary to carry out main business. Unit price (including tax) shall be no less than 10,000 yen and less than 300,000 yen. Expenses that may be accounted together as purchase costs such as delivery expenses and assembly costs are also eligible.

- 2) The expenses in the preceding paragraph are eligible for the subsidy when Japanese Corporations, etc. purchased goods or received services and the expenses were paid between 1 April of the Fiscal Year when the application for the subsidy is submitted, and the date of subsidy application.

(Amount of Subsidy)

Section 5. The amount of subsidy for one party in the Fiscal Year when the application is submitted shall be no more than 1/2 of the Expenses Eligible for Subsidy, and be capped at a maximum amount of 10,000,000 yen.

- 2) The calculated amount of subsidy is rounded off to the nearest 1,000 yen.

(Subsidy Application)

Section 6. Japanese Corporations, etc. wishing to receive the subsidy (hereinafter "Applicant") shall confirm the contents of this Outline and other provisions including application period set forth in the Application Guidelines, and shall submit Application Form (Form 3) and Pledge (Form 4), together with the following attachments, to the Governor.

Application may be made only once in each Fiscal Year.

[Common]

- (1) Documents that can confirm the name of the representative of Applicant (representative in Japan in the case of a branch office) (e.g. certified copy of commercial registration)
- (2) Documents that can confirm the address of Applicant (e.g. certified copy of commercial registration)
- (3) Documents that can confirm the shareholder composition of Applicant (e.g. registry of main shareholders)

- (4) Documents that enable the authentication of the seal, etc. used by Applicant (e.g. certificate of seal impression)
- (5) In cases where the party settled its account in the past, Documents that can confirm that Applicant has no delinquent taxes (e.g. Certification of Tax Payment No.3-3)
- (6) Documents that can confirm the past business performance of Applicant (e.g. financial statements)
- (7) Documents that can confirm applicant employs one or more one full-time Employees, and such Employees are covered under employment insurance (e.g. employment contracts, employment insurance-applicable business register, employment insurance insured qualification acquisition notification)
- (8) Documents that can confirm expenses filed for the application and the fact that such amounts were paid (e.g. invoices and receipts)
- (9) Documents that can confirm that the requirements for Establishment of Operations are fulfilled (e.g. certified copy of commercial registration at the time of incorporation, leasing contract, employment contracts, certificate of registration of license)
- (10) Other documents deemed necessary by the Tokyo Metropolitan Government
[Office rents]
- (11) Documents that can confirm details of property, lease term, rents, terms of payment, etc. (e.g. leasing contract)
[Consulting fees for experts, etc.]
- (12) Documents that can confirm details, number of times, period, outcomes, etc. of the consultations (e.g. service agreements, minutes, reports)
[Purchase costs of equipment and fixtures, etc.]
- (13) Documents that can confirm functions, unit prices, etc. of purchased equipment and fixtures (e.g. purchase orders, delivery slips, product manuals)

(Decision to Grant Subsidy)

Section 7. The Governor shall decide to grant the subsidy if it is deemed that the application has been properly filed in accordance with Section 6., and it is appropriate to grant the subsidy.

- 2) Once the decision has been made to grant the subsidy in accordance with the provision of the preceding paragraph, Applicant shall be notified promptly on the amount of subsidy and other necessary matters through Notification on Decision to Grant Subsidy (Form 5).
- 3) Upon granting of the subsidy, necessary conditions may be placed on Applicant.
- 4) If a decision is made not to grant the subsidy, Applicant shall be notified through Notification on Decision Not to Grant Subsidy (Form 6).

(Delivery of Subsidy)

Section 8. The subsidy shall be paid out in Japanese yen.

In cases where the Expenses Eligible for Subsidy are paid for in a foreign currency, 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 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).

- 2) Any costs such as remittance fees in relation to delivery of the subsidy shall be borne by the recipient.

(Conditions for Subsidization)

Section 9. The subsidized party shall not sublease to any third party the office that the party rented by using the subsidy.

- 2) The subsidized party shall not use contrary to the purpose of granting of the subsidy, transfer, exchange, loan, offer as collateral or dispose of the equipment and fixtures acquired by using the subsidy without approval of the Governor until the end of the following two Fiscal Years after the end of the Fiscal Year when the decision to grant subsidy was made.

(Duty to Continue Business Operations)

Section 10. The subsidized party must continue business operations in Tokyo until the end of the following two Fiscal Years after the end of the Fiscal Year when the decision to grant subsidy was made. Provided, however, that this shall not apply in a case where the Governor deems to be unavoidable.

(Duty to Report)

Section 11. The subsidized party must report its business activities conducted in each Fiscal Year (the Fiscal Year when the decision to grant subsidy was made, and the following two Fiscal Years) to the Governor through Business Activity Report (Form 7) by 30 June of the Fiscal Year following each Fiscal Year.

(Notification of Changes)

Section 12. In the event that changes are made to any of the items listed below by the end of the following two Fiscal Years after the end of the Fiscal Year when the decision to grant subsidy was made, the subsidized party shall submit Notification of Changes (Form 8) to the Governor promptly 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)
- 2) In addition to the preceding paragraph, in the event that any event arises that results in failure to fulfill the grant criteria set forth in Section 3. 2) by the end of the following two Fiscal Years after the end of the Fiscal Year when the decision to grant subsidy was made, the details must be provided in Notification of Changes (Form 8) and submitted.

(Rescission of Decision to Grant Subsidy)

Section 13. In the event that any of the following apply to the subsidized party, the Governor may rescind all or part of the decision to grant 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 set forth in Section 3. by the end of the following two Fiscal Years after the end of the Fiscal Year when the decision to grant subsidy was made.
 - (4) When the duty to continue business operations set forth in Section 10. is violated.
 - (5) When other instructions set forth based on this Outline are violated.
- 2) When the decision to grant a subsidy is rescinded based on the preceding paragraph, the subsidized party shall be notified through Notification on Rescission of Decision to Grant Subsidy (Form 9).

(Return of Subsidy)

Section 14. When the decision to grant a subsidy is rescinded in accordance with the provisions of Section 13., the subsidized party must return the amount determined in Section 15. to the Tokyo Metropolitan Government. Provided, however, that this shall not apply in a case where the Governor deems to be unavoidable.

- 2) The Governor shall notify the subsidized party of matters concerning the return of the subsidy through Request for Return of Subsidy (Form 10).

(Calculation of Amount of Subsidy Rescinded)

Section 15. Calculation of the amount of subsidy rescinded is determined as follows.

- (1) When the decision to grant the subsidy is fully rescinded by the Governor
The full amount of subsidy granted
- (2) When the decision to grant the subsidy is partially rescinded by the Governor
The difference between the amount of subsidy received by the subsidized party, and the amount obtained by multiplying the amount of subsidy received, by the percentage of the number of days from the date of receipt of subsidy to the day before the date of the event leading to the rescission (if the date of the event leading to the rescission is unknown, use the date when the Tokyo Metropolitan Government was informed of the event leading to the rescission) (including the date of receipt of subsidy), in the number of days from the date of receipt of subsidy to the last day of two Fiscal Years following the Fiscal Year when the decision to grant subsidy was made (the final amount is rounded off to the nearest yen).

(Additional Charge for Breach and Delinquency Charge)

Section 16. If the Governor orders the return of the subsidy as prescribed in Section 14., the subsidized party shall pay an additional charge for breach (excluding charges below 100 yen) at the rate of 10.95% per annum (the annual rate shall be daily prorated per 365 days even with respect to a

period that includes a leap year) on the amount of the subsidy ordered to be returned (for the period following partial repayment, the partially repaid amount shall be deducted from the amount subject to interest), corresponding to the number of days from the date of receipt of the subsidy pertaining to the order to the date of repayment. Provided, however, that the Governor may exempt from the payment of the additional charge for breach in cases where the circumstances leading to the rescission are deemed unavoidable.

- 2) If the party ordered to return the subsidy under the provisions of Section 14. fails to do so by the due date, the subsidized party shall pay a delinquency charge (excluding delinquency charges below 100 yen) at the rate of 10.95% per annum (the annual rate shall be daily prorated per 365 days even with respect to a period that includes a leap year) on the unrepaid amount, corresponding to the number of days from the day following the due date to the date of repayment.

(Calculation of Additional Charge for Breach and Delinquency Charge)

Section 17. In the event that the Governor orders the payment of additional charge for breach in accordance with Section 16. 1), until the amount of subsidy returned by the party ordered to return the subsidy reaches the amount that was ordered to be returned, the partial repayment shall first be allocated to the amount of subsidy that was ordered to be returned.

- 2) In the event that the Governor orders the payment of delinquency charge in accordance with Section 16. 2), if partial repayment of the subsidy has been made with respect to the subsidy that was ordered to be returned, the calculation of delinquency charge for the period from the day following the said repayment date shall be based on the outstanding amount following the deduction of such partial repayment.

(Site Investigations, etc.)

Section 18. The Governor may instruct his staff or staff from the Business Development Center TOKYO (hereinafter, "Staff, etc.") to enter the base of business operations to conduct the necessary investigations or inquiries toward the Japanese Corporation, etc. with respect to its business activities, etc., within the scope necessary for the enforcement of this Outline.

- 2) The Staff, etc. conducting the site investigations or inquiries in accordance with the provision of the preceding paragraph shall carry proof of their identification, and must present this proof when requested to do so by the Japanese Corporation, etc.

(Disclosure of Details of Subsidy, etc.)

Section 19. The Governor may disclose name of the party, name of representative, details of the subsidy and other information concerning the subsidized party.

(Other)

Section 20. Matters necessary for granting the subsidy, other than what is provided in this Outline, are as provided under the Tokyo Metropolitan Government Regulations for Subsidy Grants, etc. (Tokyo Metropolitan Government Regulation No. 141 of 1962) and Implementation of Tokyo Metropolitan

Government Regulations for Subsidy Grants, etc. (Zaishuchouhatsu No. 20 of 11 December 1962).

Supplementary Provision

This Outline shall apply from 1 April 2020.

Supplementary Provision

This Outline shall apply from 1 April 2021.