



FinCity.Tokyo

FinCity.Tokyo Attraction U Program

---

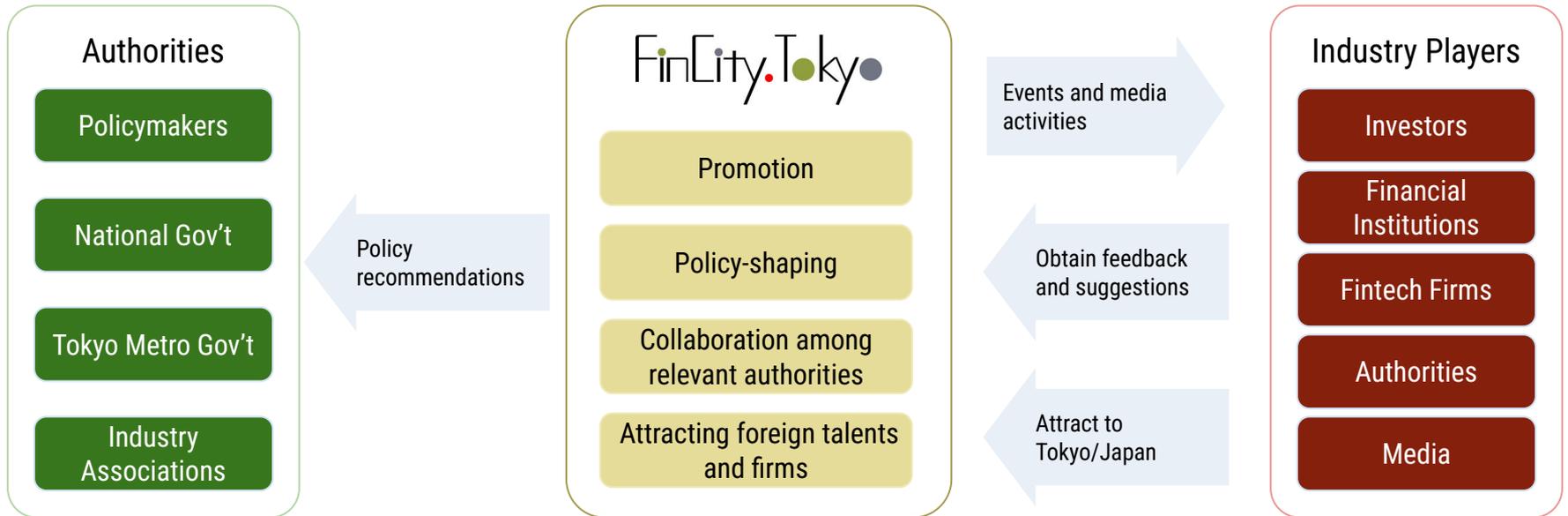
# Accelerate Market Entry to Japan

OCT 2024

# About FinCity.Tokyo

## The Organization of Global Financial City Tokyo

Fincity.Tokyo is a public-private partnership, founded in April 2019, to promote Tokyo as an international financial center, established under the Tokyo Metropolitan Government initiative. We are sponsored by over 50 member organizations, including financial institutions and institutional investors.



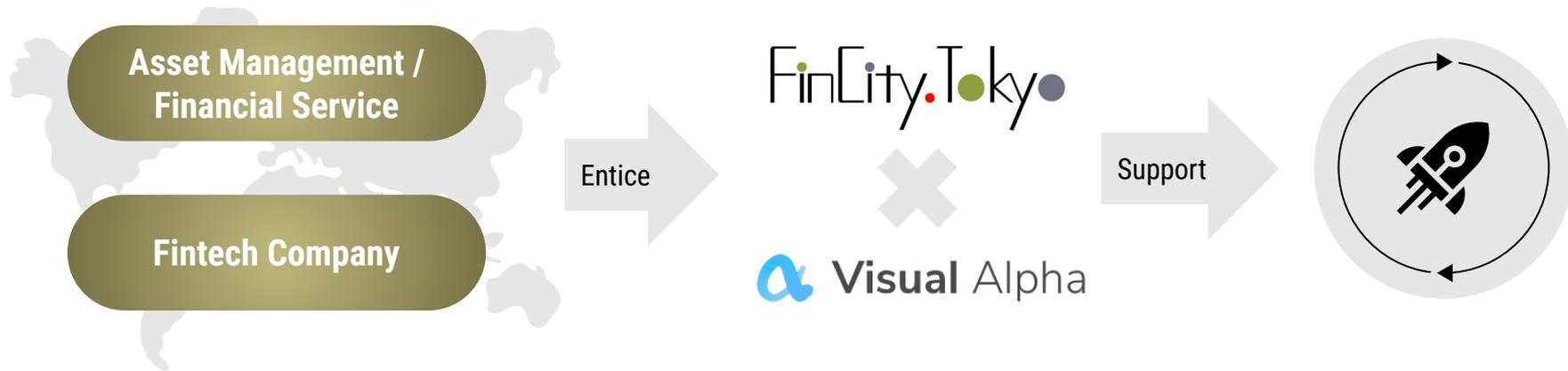
# FinCity.Tokyo Members

50+ Financial Institutions, Fintech Companies and Government Agencies



# Accelerate Market Entry of Financial Services

End-to-End Support for Business Launch in Tokyo



Entice overseas asset management companies and fintechs interested in Japan market, and plan to launch in Tokyo.

Support the business launch and keep close relationships with the company for future success.

# Free Support Package with a Value up to USD 400K

JPY 60M Support Package for Overseas Financial Companies

## JPY 60M (USD 400K) Support Package

**FinCity.Tokyo:** Business Launch Support Program

**JPY ~30M**

(value of support program)



**Metro Gov't of Tokyo:** Business Establishment and Expansion Subsidy

**JPY ~30M**

(over 3 years)

## FinCity.Tokyo Support Program

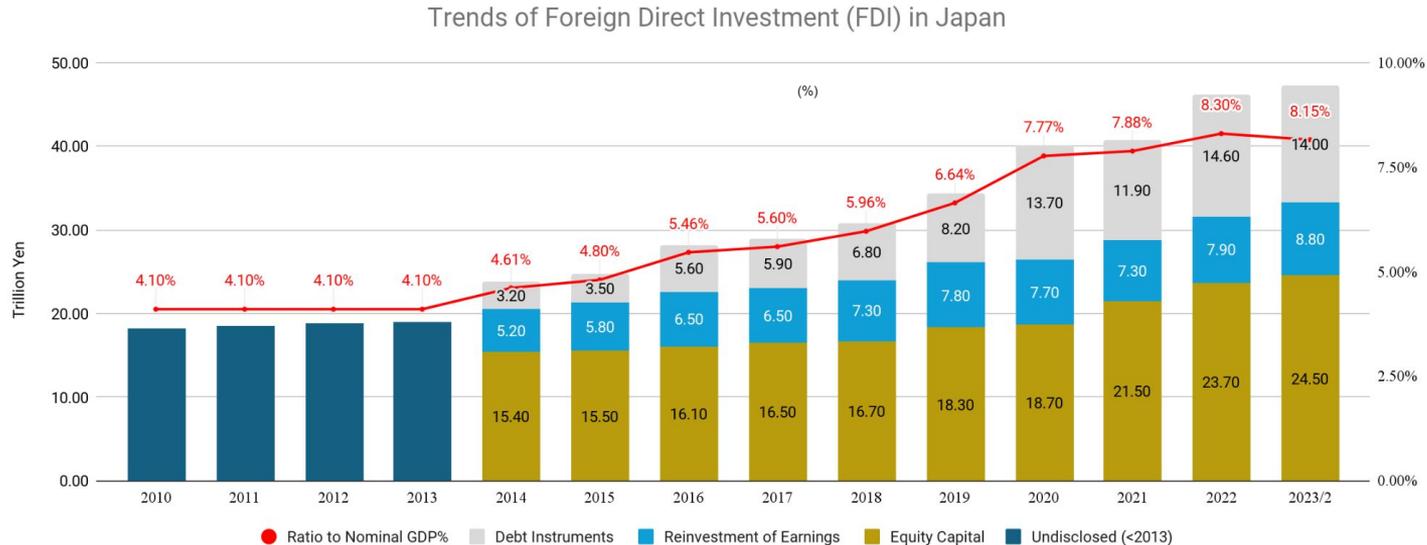
- Support Market Entry
  - Business Matching
  - Networking Event
  - Market Insight
- Support Incorporation
  - Subsidies Guidance
  - Service Provider Introduction
  - Incorporation Concierge
- Support Licensing
  - Licensing Consultation
  - Law Firm Introduction

# Japan Market Update

## Market Trend and Policy Changes

# Foreign Direct Investment (FDI) Growth

Japan has become more attractive to International Investors



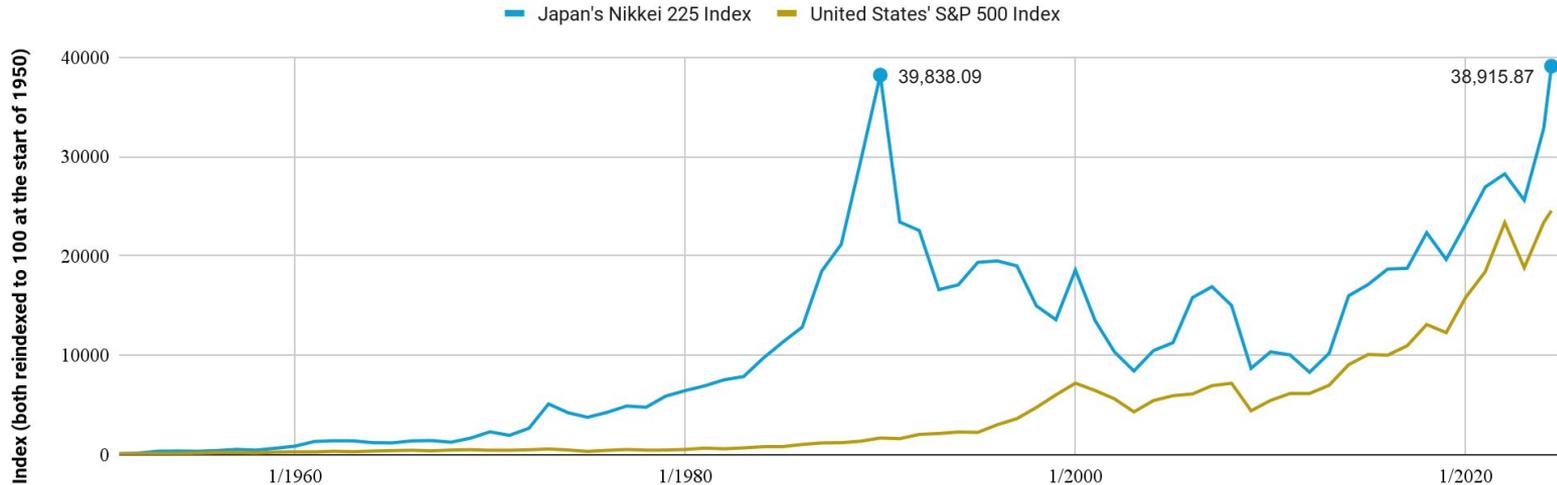
Source: "International Investment Position of Japan" (MOF, BOJ), "National Accounts of Japan" (Japan Cabinet Office)

- Japan had 46.2 trillion yen in foreign direct investment (FDI) by the end of 2022, which was up 13.5% from the previous year, and this equated to 8.30% in relation to the nominal GDP.

# Nikkei 225 Index Recorded a All-Time High in 2024

Japanese Companies Have Become More Profitable

Japan's stock market climbs above prior high set in December 1989



Source: "Japan's Long Comeback" (Charles Schwab), Macrobond data

- Japan's stocks are up 17% (10% when taking into account the weakened yen to the dollar) in 2024, making it the best-performing market in the world. It continues to outperform the S&P 500.

# The Reform of Asset Management Industry in Japan

Creating a virtuous cycle to connect dividends and growth - JFSA

## I. Doubling Asset-based Income Plan

- ✓ Expanded and permanent NISA
- ✓ Improved financial literacy

## II. Action Program for Accelerating Corporate Governance Reform

- ✓ Sustainable corporate growth
- ✓ Improved market functioning

## III. Reform of Asset Management Sector and Asset Ownership

- ✓ Asset Management sector reform
- ✓ Improved capabilities of asset owners



Financial Service Agency

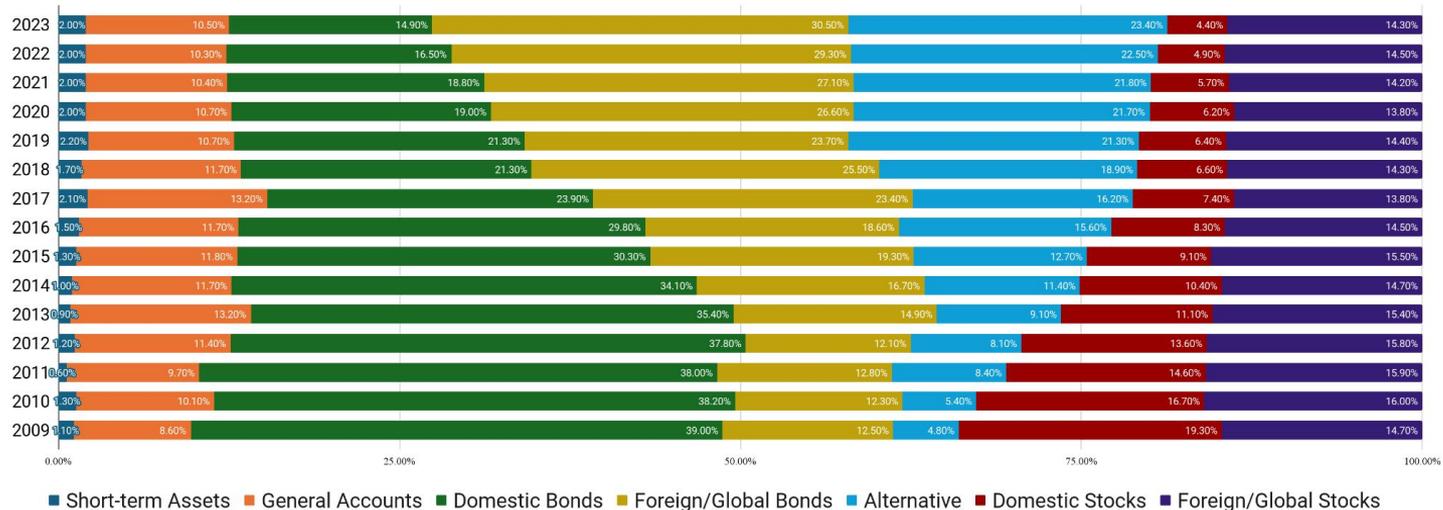
**Ensuring customer-oriented business conduct by distributors (banks and securities companies) and advisors**

Source: Japan Financial Service Agency

# Institutional Investment becomes more Diversified

## Increased Allocation into Foreign Assets

Japanese Institutional Asset Owner Asset Policy Mix Allocation from 2009 to 2023

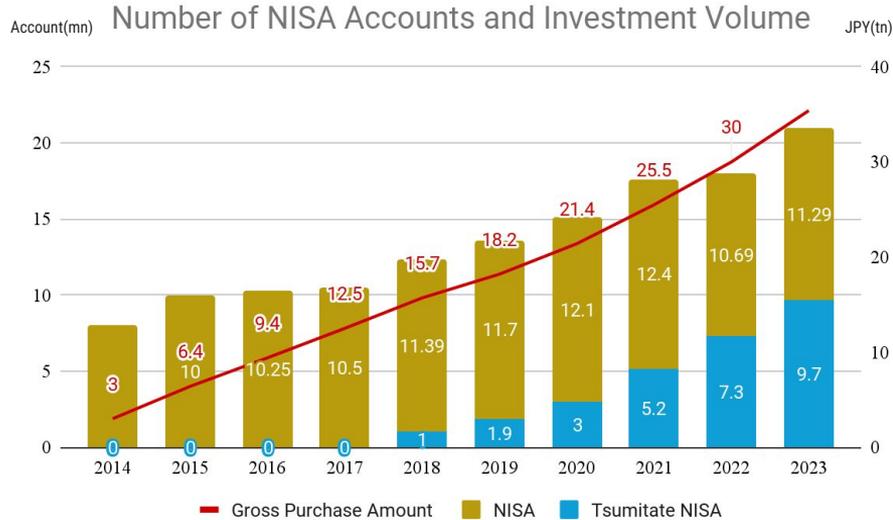


Source: "2023 Asset Management Portfolio Insight Pension Survey" (JP Morgan Asset Management)

- From 2009 to 2023, foreign/global bonds increased by 18% and alternative investments increased by 18.6%, indicating diversification by Japanese institutional asset owners.

# Individual Investment is Growing

## New NISA is Boosting Individual Investment



Source: Japan Financial Service Agency

## What is NISA?

Nippon Individual Savings Account (NISA) is a tax-exempt investment account system started from 2014, for encouraging individual investment, mostly in Japanese stocks and mutual funds, tax-free for five year periods.

## What is the New NISA?

Starting in January 2024, the New NISA is an expansion upon the pre-existing NISA, and includes significantly increased investment limits per account, tax-free investment durations are completely lifted, and no limit imposed on tax-free period.

## NISA Market

As of 2023, NISA & Tsumitate NISA have a combined 20.99 million accounts registered. In 2023, the number of NISA accounts grew by 32.87% from 2022, and Tsumitate NISA grew by 5.61%.

# Optimised Regulation and Enhanced Support

## Creation of Financial Market Entry Office (FMEO) by FSA

### Financial Market Entry Office

FSA opened an office that is dedicated to receiving and processing license applications in the English language by overseas asset manager companies in January 2021.



### Office Features

The office can handle pre-application consultation, registration of license and post-registration supervision in English.

### Application Processing

The office has processed 42 applications to date. (interviews of some of the past applicants can be seen [here](#))



### Comprehensive English Resources

English language [materials](#) describing the different licenses are available.

### Financial Start-up Support Program

The FMEO also offers a "Financial Start-up Support Program," which includes service provider instruction and cost rebate.

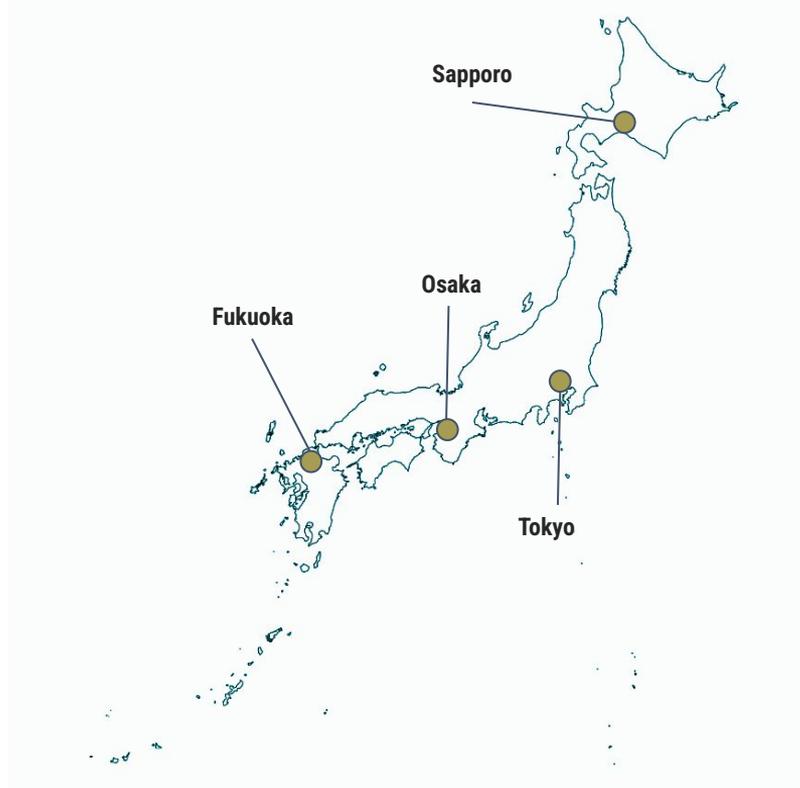
# TAX Reform for Asset Management Firms

## Reduce Tax Burden for Higher Profitability

	Issues	Responses by JFSA
Corporate Tax (for asset managers)	30% Performance bonus of directors Listed companies : deductible Unlisted companies : not deductible	<ul style="list-style-type: none"><li>2021 Nov. 22 asset management businesses can deduct performance-based compensation. The methods for calculating this compensation must be detailed in business reports filed under the Financial Instruments and Exchange Act.</li></ul>
Inheritance Tax (For heirs of foreign residents in Japan)	0~55% > 10 years in Japan: tax on worldwide assets < 10 years in Japan: tax on only assets in Japan	<ul style="list-style-type: none"><li>2021 Apr. 1 Foreign nationals are exempt from Japanese inheritance tax on assets located outside Japan. This applies regardless of how long they have resided in Japan, but the heir receiving the assets is a non-resident.</li></ul>
Income Tax (For fund managers)	0~55% Carried interest	<ul style="list-style-type: none"><li>2021 Apr. 1 When a profit distribution of a carried interest has an economic rationality, that profit should be taxed as a capital gain tax (20%)</li></ul>

# Japan's Special Financial Business Zones

Tokyo, Osaka, Fukuoka, Sapporo



## Creation of Special Financial Business Zones

The creation of the special zones was included in a plan, set out by the government at the end of 2023, to turn the country into an "asset management nation" through deregulation in order to attract foreign financial institutions and investments.

## Benefit of the Special Zones

The Japanese government will then decide in June 2024, on the details of the zones and support measures for them.

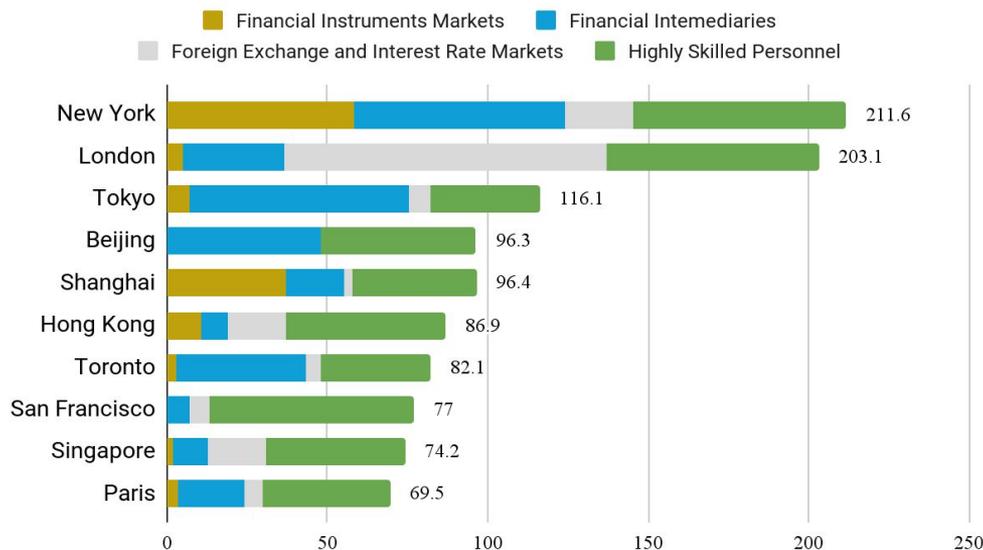
It is expected that the zones will allow for administrative procedures to be completed purely in English, and simplify some of the procedures for foreign investors to apply for visas.

FinCity.Tokyo Attraction U Program  
**Support Business Expansion to Tokyo**

# Why Tokyo?

## Tokyo is becoming a Larger Global Financial City

### GPCI Global Financial Centers Ranking 2023



Source: The Mori Memorial Foundation -  
Global Power City Index - Financial Centers (GPCI-Financial Centers) 2023

### Tokyo as a Major Global Financial Center

Tokyo, in third place, boasts strong “Financial Intermediaries”, particularly securing the top position in two indicators: “World's Top Insurance Company Headquarters” and “World's Top Pension Funds.” To narrow the gap with the top two cities in the financial sector, it is necessary to enhance evaluations beyond the “Financial Intermediaries.”

### Business Expansion Support Initiatives

Initiatives include working with FinCity Tokyo (FCT) to attract talent, funds, information, and technology from around the world, a strong focus on asset management and fintech, well-developed subsidy programs, and comprehensive support for international firms.

# Why Tokyo?

Tokyo has the 3rd most Millionaires in the World



Source: "World's Wealthiest Cities Report 2024" (New World Wealth)

- The total household asset in Japan totaled up to USD 14 trillion as of the end of 2023. More than half (around 53%) is still cash deposit, waiting to be unlocked to the investment market.

# The Experience of Tokyo

## Bridging Art & Finance

Tokyo provides many opportunities for people from the art and financial worlds to connect.



### Japan International Asset Management Consortium (JIAM)

JIAM hosted a series of events with speakers including Japanese traditional art designers, and art investors from financial institutions. The ecosystem is expanding in Kabutocho area, the Tokyo financial district centered around Tokyo Stock Exchange.



### Jazz Emerging Manager Program (Jazz EMP)

Jazz EMP has been showcasing young, created and talented musicians at the TSE trading floor. The event is sponsored by financial firms and endorsed by the Tokyo. The century old financial district has regain its attractiveness.



MUFG  
KOGEI  
PROJECT



### Art Initiatives by Financial Institutions

SMBC Trust Bank has launched the Art Branch Next project. MUFG Financial Group has launched the KOGEI project. And Tokai Tokyo Securities has created a fine art showroom Orque d'Or.

# FinCity.Tokyo Attraction U Activities

Roadshows, Round Tables and Events



FinCity Global Forum (FGF) & Tokyo Asset Management Forum (TAMF) are two annual flagship events of FinCity.Tokyo.

# Tokyo Expansion Cases - Asset Management

## Foreign Asset Management Firms Registered in Tokyo between 2021 to 2023

Name	Registration Date	Licenses	From
Schonfeld Strategic Advisors	May 2021	IM/ IAA	USA
Columbia Threadneedle Investments	Aug 2021	IAA	USA
Dymon Asia Capital Japan	Aug 2021	Pro-IM	SGP
EQT Partners	Dec 2021, Sep 2022	IAA, Type II	SWE
Federated Hermes	Apr 2022	IAA	USA/UK
BMO Japan Securities	Jun 2022	Type I	CAN
Columbia Threadneedle Investments	Aug 2022	Type II	USA
Citadel Securities	Aug 2022	Type I	USA
HS Group Japan Cayman	Nov 2022	IAA	HKG
Newton Investment Management Japan Ltd	Dec 2022, Jan 2024	IM, IAA	UK
ALLSPRING GLOBAL INVESTMENTS JAPAN LIMITED	Jan 2023	IAA	USA
Macquarie Asset Management	Apr 2023	Type II	AUS
Sanford Bernstein	Jun 2023	IAA	USA
Blue Owl Capital	Jul 2023	-	USA
Impax Asset Management	Dec 2023	IAA	UK

# Tokyo Expansion Cases - Fintech

Foreign Fintech Companies Incorporated in Tokyo between 2021 to 2024

Name	Sector	Incorporation Date	From
Klarna	Payments	May 2021	Sweden
Coupang	Payments	Jun 2021	South Korea
RepRisk	ESG data	Jun 2022	Switzerland
Cogo	WealthTech	Mar 2022	New Zealand
SESAMm	RegTech	Feb 2022	France
FNZ	WealthTech	Jan 2022	New Zealand
M-Daq Global	Payments	Sep 2022	Singapore
Habitto	WealthTech	Oct 2022	Singapore
CRIF	RegTech	Dec 2022	Italy
Akur8	InsurTech	Jan 2023	France
Nium	Payments	Feb 2024	Singapore
Graphen	Cybersecurity	Oct 2023	USA
Lydia.AI	InsurTech	Mar 2024	Canada

The background of the slide is a photograph of a city street at night, likely in Tokyo, with the Tokyo Tower visible in the distance. The image is overlaid with a semi-transparent yellow filter. The logo 'FinCity.Tokyo' is centered in the middle of the image. The text 'FinCity' is in a white, sans-serif font, and '.Tokyo' is in a white, sans-serif font. The dots in the logo are colored: a yellow dot above the 'i' in 'FinCity', a blue dot above the 'y', a red dot above the first 'o' in '.Tokyo', a yellow dot above the second 'o', and a blue dot above the final 'o'.

# FinCity.Tokyo

The information contained in this document is proprietary information of FinCity.Tokyo. ("FCT"), and constitutes or otherwise embodies intellectual property of FinCity.Tokyo. FinCity.Tokyo claims ownership of any intellectual property rights contained in or derived in any way from such information, and prohibits any unauthorized use or exploitation of such information to obtain any intellectual property rights. If any such rights are to be granted to any party receiving or possessing this information, such grant shall be expressly set forth in a separate written agreement between FinCity.Tokyo and that party. No warranties of any kind are given with respect to the information disclosed herein, or with any use thereof.