



Monthly Newsletter: July Edition

This newsletter aims to share the latest updates from Tokyo as a global financial hub and FinCity.Tokyo

Updates from Tokyo – Global Financial Hub

<Recent news>

- **Household financial assets reach record JPY 2,199 trillion** – According to the [preliminary flow of funds statistics](#) from January – March 2024 released by the BOJ on July 27, Japan's household financial assets at the end of March increased by 7.1% YoY to JPY 2,199 trillion, which is the largest growth rate since the end of March 2021 (8.2%) and the amount of outstanding assets reached a record high for the fifth consecutive quarter. The asset breakdown showed that 50.9% are comprised of savings deposits, 24.6% insurances, annuities and fixed guarantees, 14.2% stocks and other securities, and 5.4% investment trusts.
- **Shareholder proposals reach record high for third consecutive year**- Driven by regulatory reforms and changes in corporate governance, shareholder activism is booming in Japan. Shareholder proposals have hit a record high for the third consecutive year, and according to data compiled by Bloomberg, recent campaigns have outperformed the Topix index by 4.6 percentage points. Activists have invested in 100 Japanese firms with a combined market value of USD 318 billion, compared to 102 firms worth around half that amount in 2023.
- **Ares Management enters Japan market** - Ares Management, a major U.S. investment fund, will open an office in Tokyo and begin full-scale operations in Japan. In addition to selling investment products to investors in Japan, the company will begin investing in Japanese private equity and real estate. Due to the reforms that the Japanese government is undertaking to make Japan an asset management nation, the company sees that there are significant commercial opportunities in the Japanese market and decided to position the Tokyo office as the core of Ares' investment in Asia.
- **FSA to revise guidelines to promote M&A for business succession** – Japan's Financial Services Agency (FSA) will revise its supervisory guidelines for financial institutions this autumn to enhance support for M&A aiming to facilitate smooth business succession, particularly for regional banks facing a severe shortage of successors. The updated guidelines will require banks to handle various aspects of M&A, from introducing potential acquisition targets to providing post-acquisition integration support. Additionally, the FSA will promote the removal of management guarantees that can hinder M&A transactions.
- **Business births and closures on the rise accelerates corporate metabolism** – Japan is experiencing a notable transformation in its corporate landscape, with both new business formations and closures on the rise. In 2023, over 140,000 companies were established, nearly a 10% increase from the previous year, while closures also surged due to the phaseout of COVID-19 support. The number of companies that exited the market is also on the rise, with 43,187 businesses being deregistered. This is a 14.5%

increase from the previous year, which is another sign that Japan's corporate metabolism is accelerating.

- **TSE bridges mid-cap companies and investors to help improve PBR** - The Tokyo Stock Exchange (TSE) is working to bridge the gap between mid-sized and smaller listed companies and institutional investors. Recognizing that companies with small market capitalizations are often overlooked by large investors, the TSE is facilitating dialogue through regular meetings. For the Growth Market, the TSE will upload short videos to attract investor interest, with nearly 100 companies participating initially.
- **TSE to launch study group on small-size investments** - The TSE has announced that it will establish a "Study Group on Small-Size Investments" to discuss measures to reduce the minimum investment amount for listed shares. The study group plans to mainly discuss amending the TSE's rules, which currently set 100 shares as the minimum unit of trading. This will make it easier for individuals to trade stocks with smaller amounts and encourage asset building through investment. For more information, please see [here](#).

<Upcoming events>

- **Japan Weeks** – From September 25 to October 6, the government of Japan will hold its second annual [Japan Weeks](#). During this period, both public and private entities with host various events focused on sustainable finance, promoting a shift from savings to investment, and promoting Japan as a leading international center of asset management. Government officials will actively participate in the event to promote dialogue with global investors. Japan Weeks will coincide with Tokyo Sustainable Finance Week (September 30 – October 6) and Green Transformation Week (September 25 – October 6).

FinCity.Tokyo updates

<Recent activities>

- **Online Media Roundtable on the Japan market look** - FinCity.Tokyo held its online media roundtable on July 3rd, under the theme Japan Market Outlook: Impact of this year's "Basic Policy on Economic and Fiscal Management and Reform". During this discussion, our panel of experts, Hiroyuki Otsuka (Representative Director and CEO, Japan Activation Capital), and Jesper Koll (Expert Director, Monex Group, and Ambassador of FinCity.Tokyo) presented their views on the Basic Policy and discussed its implication on the economy of Japan.

ABOUT FINCITY.TOKYO

FinCity.Tokyo is dedicated to raising Tokyo's profile as a global financial hub, with a focus on building a world-leading ecosystem for asset management and fintech. We work with the Government of Japan and the Tokyo Metropolitan Government, as well as 52 industry associations, major financial institutions, global investors, and service providers. You can find more information on [our homepage](#).

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If you have any questions or interview/briefing requests, please do not hesitate to contact us. We also welcome any requests for comments or quotes.

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