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## Financial Instruments Business Operator registration supported by Financial Market Entry Office

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### 1. Introduction

On January 12, 2021, the Financial Services Agency of Japan (“**JFSA**”) and the Local Finance Bureau established the “Financial Market Entry Office” (“**FMEO**”) to provide a one-stop, fully-English services for pre-application consultation, registration procedures, and post-registration supervision for foreign financial business operators, such as asset management firms newly entering the Japanese market. Since the establishment of the FMEO, approximately 40 business operators have been registered as Financial Instruments Business Operators (“**FIBOs**”) through the FMEO.

This newsletter provides an outline of the procedures that prospective FIBO applicants have to undergo through the FEMO, based on our experience in assisting clients with the registration procedures through the FMEO as well as through the lens of Mr. Komaki (co-author of this newsletter), who served at the FMEO for approximately two years as a fixed-term government officer until March 2024.

## **2. Governmental support program – Availability of financial support**

### **2.1. JFSA support program**

Under the auspices of the Japanese government, the FMEO was established to provide free, one-stop English-language support to foreign financial business operators wishing to establish a business base in Japan. The FMEO provides foreign financial business operators with support on incorporation of Japanese subsidiaries, and preparation of application documents for registration as a FIBO, amongst other matters.

Moreover, foreign financial business operators who meet certain conditions may be eligible to receive rebates of up to a pre-determined amount of the costs required to establish a business base in Japan (i.e., 70% of actual costs incurred, subject to the limit of 20 million yen in actual costs) including legal fees payable to law firms as part of the application process for registration as a FIBO.

### **2.2. Tokyo Metropolitan Government's support program**

To encourage of the growth of asset management or FinTech firms in Tokyo, the Tokyo Metropolitan Government has launched a support program under which firms that are intending to establish a business base in Tokyo will receive subsidies for a portion of their expenses (including initial costs for renting an office, professional fees (including legal fees), and fees for hiring personnel) in establishing such business base.

Foreign financial business operators are entitled to apply for both such subsidies as well as the rebates available under the aforementioned JFSA support program.

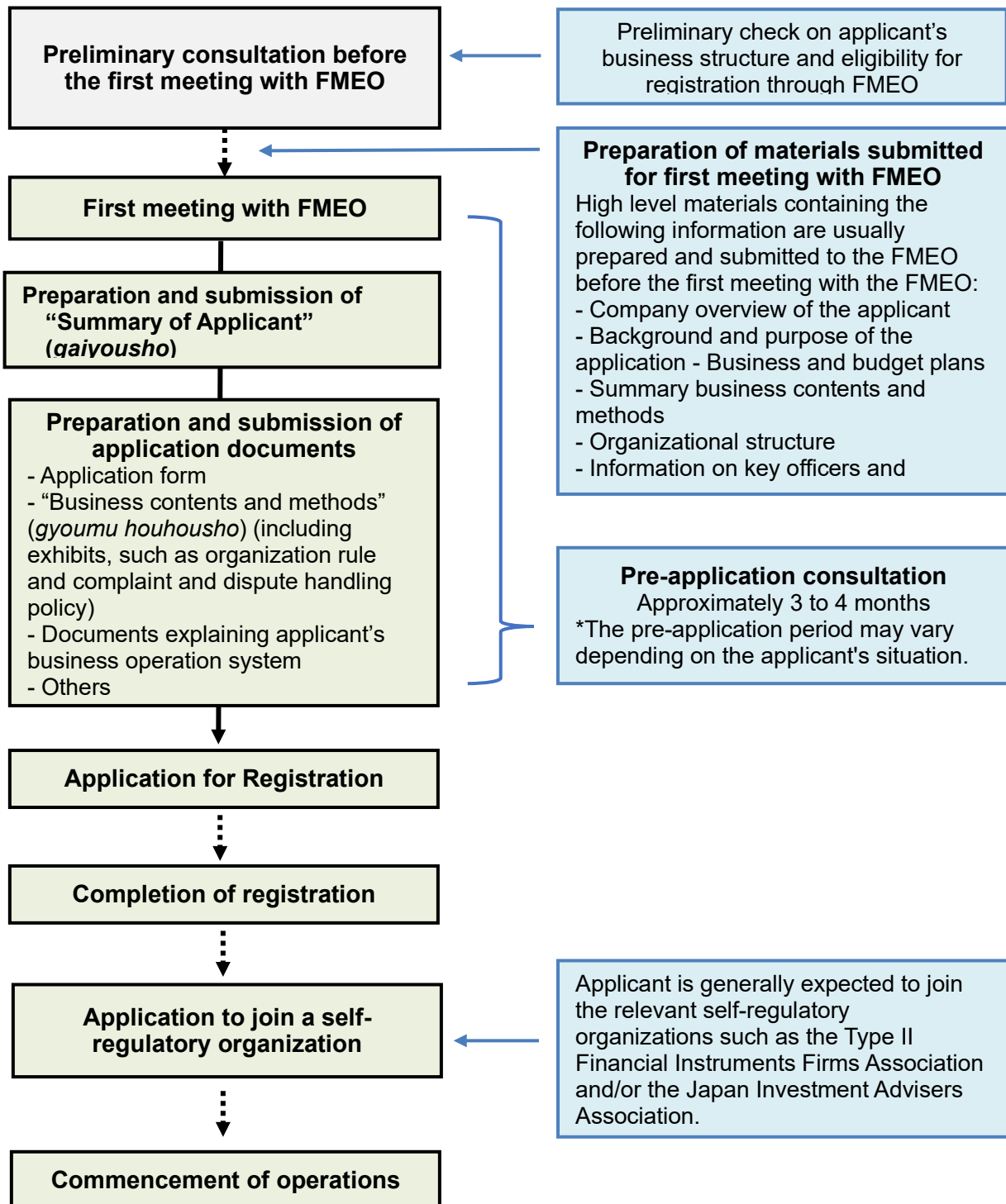
## **3. Conditions for registration in English through FMEO**

Applicants may apply for registration in English through the FMEO if they meet both the conditions relating to: (i) applicant qualifications and (ii) business requirements, which are discussed in more detail in the [Appendix](#).

## **4. Registration Procedure through FMEO**

The registration process through the FMEO would vary depending on types of registrations to be applied for and factors specific to each applicant, but can be generally divided into the pre-application consultation stage and the post-application registration stage, as illustrated in the following flow chart:

**(Flow chart of registration process through FMEO)**



(Note) This flow chart is based on information in the “Guidebook for Registration of Investment Management Business and Other Financial Instruments Businesses” published on the JFSA website<sup>1</sup> as well as our recent experiences in matters involving registration through the FMEO.

<sup>1</sup> <https://www.fsa.go.jp/en/policy/marketentry/guidebook/E01.pdf>

## 5. Future prospects

As part of the Kishida administration's "New Form of Capitalism" initiative, the "Policy Plan for Promoting Japan as a Leading Asset Management Center" (the "**Policy Plan**") was announced on December 13, 2023. As part of the Policy Plan, the FMEO was positioned as an important point of contact for foreign financial business operators wishing to enter the Japanese market and take advantage of the benefits available under the Policy Plan.

Furthermore, on June 4, 2024, the JFSA announced the "Policy Package of Special Zones for Financial and Asset Management Businesses" (the "**Package**") as part of the Policy Plan. The Package will involve, amongst other things, concentration of financial and asset management businesses through improvements to business and living environments, attracting domestic and foreign investment funds and creation of an environment for a sufficient supply of investment funds into growing areas/industries of the region. These measures will also be fused with leading initiatives that have been introduced in the selected regions of Sapporo City, Tokyo Metropolis, Osaka City, and Fukuoka City to provide foreign investors with a wholesome package of incentives. Going forward, the Package is anticipated to further increase the number of foreign financial business operators seeking to enter the Japanese market.

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Should you need any clarification regarding this newsletter or have any other questions, please do not hesitate to reach out to us.

## Appendix – Conditions for registration in English through FMEO

### (i) Applicant qualifications

- (a)** An applicant engages in the business described in item (A) or (B) below in a foreign country.
- (A)** For an applicant wishing to register as a Type I FIBO: The applicant must engage in the same kind of business as a Type I FIBO in a foreign country; and
- (B)** For an applicant wishing to register as a FIBO that engages in the businesses listed in any of items (ii) (b) to (d) below: The applicant must engage in the same kind of business as the Investment Advisory and Agency Business or Discretionary Investment Management Business in a foreign country.
- (b)** A parent company, subsidiary, or affiliate of the applicant described in item (i) (a) above.
- (c)** An applicant who has worked for an entity engaging in the business described in item (i) (a) above as a senior officer or employee (i.e., where the relevant individual is indicated as a senior officer or a key employee in the application documents).

### (ii) Business requirements

- (a)** Type I Financial Instruments Business that is conducted for professional investors only and in which the securities handled are limited to securities of certain kinds, such as beneficiary certificates in foreign investment trusts and shares or bonds issued by foreign corporations.
- (b)** Discretionary Investment Management Business.
- (c)** Investment Advisory and Agency Business.
- (d)** Any of the following Type II Financial Instruments Business relating to asset management:
- sale of beneficial certificates in investment trusts or funds established by the applicant itself.
  - sale to professional investors of interests in partnership-type funds (i.e., interests in collective investment schemes) that are managed by an affiliate of the applicant; and
  - conducting a so-called Deemed Type II Financial Instruments Business operated by the applicant to be registered as either an Asset Management Company of an Investment Corporation or a Discretionary Investment Management Business Operator for Qualified Investors

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