

“Global Financial City: Tokyo” Vision

Toward the Tokyo Financial Big Bang

November 2017

Tokyo Metropolitan Government

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I. Introduction

Finance is said to be the lifeblood of economy, and we need not refer to global financial centers such as London and New York to see that a strong financial sector is essential for a city to maintain its attractiveness and competitiveness. Revitalizing the financial sector is thus crucial for Tokyo to emerge victorious in the competition against the world's cities and continue to grow.

Studies and initiatives have been conducted on various levels up to now concerning revitalization of Tokyo's financial sector, but meanwhile, the globally competitive environment around Tokyo has become even harsher, partially due to the growing presence of Hong Kong and Singapore, which are also located in Asia.

Tokyo was once a global financial center on a par with London and New York. For Tokyo to reassume its position as one of the world's top global financial cities, we must tackle structural and intrinsic issues with a sense of urgency that this is our last opportunity to do so, and arrive at thoroughgoing solutions. Given that similar studies have been conducted over and over again up to now, this time around we must not simply stop at the discussion stage, but link our words to specific actions.

To that end, in November 2016, the Tokyo Metropolitan Government (TMG) set up the Advisory Panel for Global Financial City Tokyo*, consisting of corporate executives and experts from Japan and abroad. Over a period of one year, the panel discussed a wide range of matters, including challenges that exist in revitalizing the financial sector and that present obstacles to overseas financial businesses trying to enter the Japanese market, and ways to overcome these problems, and compiled its "Advisory Panel for Global Financial City Tokyo Final Review" in October 2017.

While giving consideration to the final review of the advisory panel, the measures that must be taken for Tokyo to shine as the world's leading global financial city have been compiled in this "Global Financial City: Tokyo" Vision.

II Tokyo's vision for a global financial city

(1) Tokyo as a financial center: Current state and growth strategy

First, let us take a look at Tokyo's current state by referring to a leading index for global rankings as a financial center, the Global Financial Centres Index (GFCI) released biannually (March and September) by UK think tank Z/Yen Group.

The GFCI calculates indices by using key quantitative data related to finances and the results of surveys conducted on those concerned with the financial market, and ranks centers by overall rating and by factor. Tokyo has been ranking five in recent years, following London, New York, Hong Kong, and Singapore. (Charts 1 & 2)

Viewing the past 10 scores of the five key cities, although New York's score dropped significantly in the latest survey, the overall trend shows clear differences among London/New York, Hong Kong/Singapore, and Tokyo. (Chart 3)

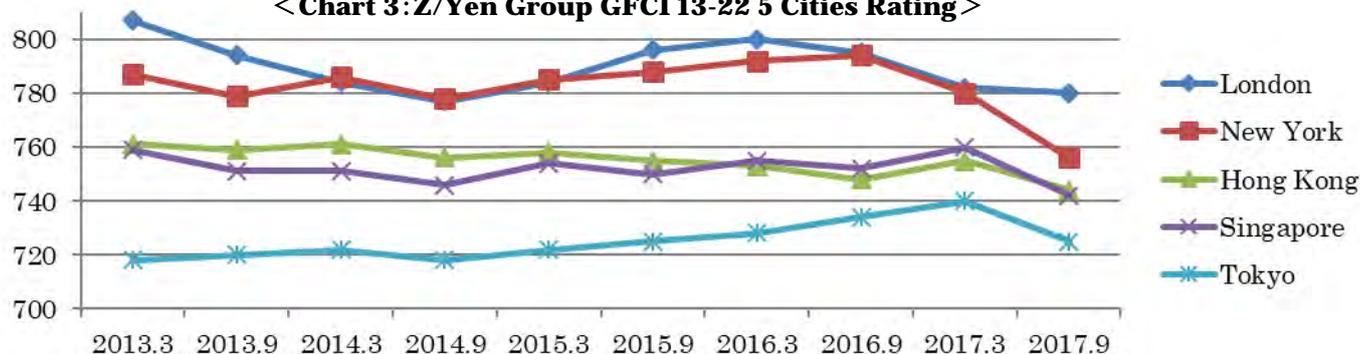
< Chart 1 : Z/Yen Group GFCI 22 Overall >

Rank	City	Rating
1	London	780
2	New York	756
3	Hong Kong	744
4	Singapore	742
5	Tokyo	725
6	Shanghai	711
7	Toronto	710
8	Sydney	707
9	Zurich	704
10	Beijing	703

< Chart 2 : Z/Yen Group GFCI 13-22 Tokyo's Rank >

Index Number (Y/M)	Rank	
GFCI 13 (2013.3)	6	*5th: Zurich
GFCI 14 (2013.9)	5	
GFCI 15 (2014.3)	6	*5th: Zurich
GFCI 16 (2014.9)	6	*5th: San Francisco
GFCI 17 (2015.3)	5	
GFCI 18 (2015.9)	5	
GFCI 19 (2016.3)	5	
GFCI 20 (2016.9)	5	
GFCI 21 (2017.3)	5	
GFCI 22 (2017.9)	5	

< Chart 3 : Z/Yen Group GFCI 13-22 5 Cities Rating >



Analyzing the background to this situation from several perspectives, when Tokyo was a global financial center on a par with London and New York, Japanese banks played a significant role in the development of the Japanese economy by using individual deposits and other funds to finance various projects at home and

abroad. However, the loan-to-deposit ratio at Japanese banks has been declining annually, and a significant portion of Japan's 1,800 trillion yen personal financial assets is still held in cash or bank deposits.

Meanwhile, Japan's population is graying, and Tokyo is no exception to this. With the population about to start shrinking in earnest, in order for Tokyo to emerge victorious in the competition among cities, it is indispensable to revitalize the flow of funds in the market by realizing sustainable economic growth and encouraging Tokyo citizens to utilize their personal financial assets effectively.

Specifically, from the perspective of realizing sustainable economic growth, the development of growth industries that support the future of Tokyo's economy is indispensable. That makes it crucial to revitalize the financial industry which supplies the funds for their growth and development, and consequently supports the economy as a whole.

In addition, from the perspective of encouraging Tokyo citizens to effectively use their personal financial assets, revitalization of the finance industry as the manager of these assets, and the growth of FinTech*, the cutting-edge field bringing innovation to financial services, are believed essential.

Moreover, when this is considered from the aspect of macroeconomics, if the ratio of the GDP accounted for by Japan's finance and insurance industries, which currently stands at less than 5 percent, is doubled to 10 percent—close to the UK level—Japan's GDP is estimated to rise by 30 trillion yen. Various financial service companies, both Japanese and foreign, are concentrated in Tokyo. Along with revitalizing these financial industries, cutting-edge fields with future growth potential, such as IoT*, AI, and FinTech, will also be stimulated through the active supply of risk capital*. Energizing these industries forms the core of Tokyo's growth strategy.

From such perspectives, the realization of Global Financial City Tokyo is positioned as the "F" (Finance) in the "FIRST Strategy: 5 strategies for growth" *, which is Tokyo's growth strategy.

(2) Challenges to realizing the world-leading Global Financial City: Tokyo

Among the specific challenges facing Tokyo in financial matters are the following.

- i. Tokyo's status as a global financial center in the Asian region is dropping due to the growth of other cities, namely Hong Kong and Singapore.** Viewing the number of foreign banks in the city, for example, although Hong Kong and Singapore have more than 100 foreign banks, Tokyo has less than 60. (Figures for Hong Kong and Tokyo, as of 2015; for Singapore, as of 2016)
- ii. Lower status as a global financial center means that Tokyo becomes less appealing to excellent financial professionals from within and outside the country and the financial institutions with such talent.** Consequently, it will become more difficult for financial institutions in Tokyo to gain funds as well as the latest information and technology concerning finances from abroad. Financial institutions in Tokyo will

become unable to deliver financial products that are appealing to customers. **This could have negative impacts on asset formation by the citizens of Tokyo and the rest of Japan.**

iii. As stated earlier in this section, **while the loan-to-deposit ratio at Japanese banks has been declining annually, a significant portion of personal financial assets in Japan is accumulating in bank deposits and savings.** In order to revitalize Japan's economy, it would be necessary **to build a situation where the funds in deposits and savings are shifted to investment in growth areas.**

iv. For the mature city of Tokyo to become a world-leading global financial city, it must not only have attractive business aspects such as having a large concentration of financial institutions, but must also be a **city that advances practices that serve as a role model for the world in the area of finances.**

(3) The global financial city Tokyo aims to become

The following are the four images of Global Financial City: Tokyo which Tokyo will pursue by overcoming those situations and challenges the city faces. Going forward, the Tokyo Metropolitan Government, in close collaboration with the national government and relevant private businesses, will take concrete actions and realize these four images for a global financial city.

i. A global financial city that serves as Asia's financial hub

- Tokyo will become a hub supplying Japan's abundant personal financial assets as funds for the growth of Japan and the rest of Asia.

ii. A global financial city that attracts financial talent, funds, information, and technologies

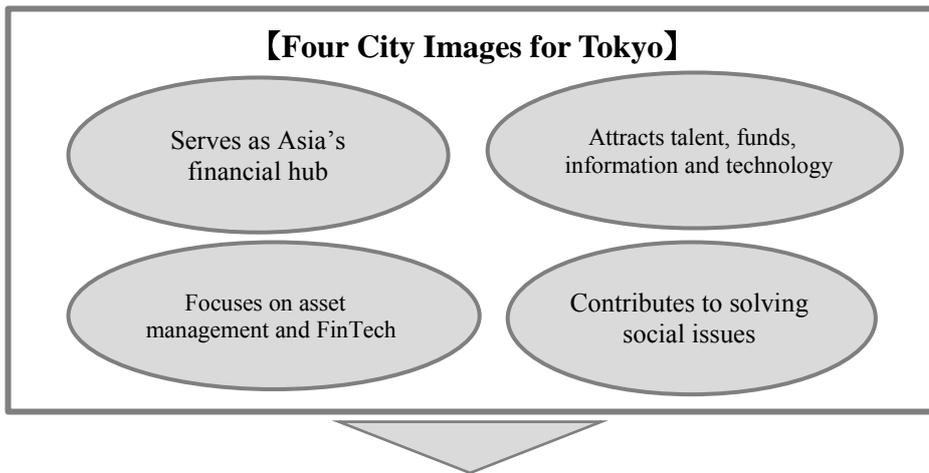
- Tokyo will become a city that attracts excellent financial professionals, funds and information from around the world, and financial companies with sophisticated financial technologies.

iii. A global financial city that focuses on the growth of asset management companies and FinTech firms

- The growth of asset management companies and FinTech firms will revitalize Tokyo's financial industry.

iv. A global financial city that contributes to solving social issues

- Tokyo will become a city that contributes to solving social issues by adopting ESG investment* and global codes of conduct for financial businesses where the interests of investors/customers come first.



Going forward, the TMG, in collaboration with the national government and relevant private-sector entities, will take concrete actions and realize these four images for a global financial city.

III. Specific measures

In the “Advisory Panel for Global Financial City Tokyo Final Review”, along with proposing various measures to realize Global Financial City Tokyo, the following three proposals were raised as ways to promote these measures.

- i. Taking seriously the fact that no outcomes were achieved despite the numerous times examinations were conducted, **swift actions should now be taken regardless of how small their outcomes may be, and achievements built step by step.** (Start small, think big)

- ii. **Continue to work to clarify concrete actions that should be taken by sorting through points at issue** that were recognized by the Advisory Panel as requiring study but were not sufficiently examined.

- iii. The realization of this “Global Financial City: Tokyo” Vision requires efforts not only by the TMG but through partnership with the central government and the private sector, and needs to be a mid- to long-term effort to prevent it from becoming a transient measure. The Vision is not the goal. **Through private-public collaboration, the measures in this Vision should be advanced and studies conducted on issues that remain.**

Based on the above three proposals, actions must be taken with the following three points in mind.

i. Speed

- With a primary focus on specific actions, swiftly make changes.

ii. Challenge

- Also indicate a prescription for essential and drastic issues that were not addressed up to now, and proactively and courageously take up the challenge.

iii. Collaboration

- Collaborate with parties within and outside Japan, regardless of whether they are public or private, and build an effective structure to promote the Vision.

The measures that should be taken and their aims, and moreover, the structure to promote these measures, will be clarified in this section III and the following section IV.

In this section, the diverse measures needed to realize Global Financial City Tokyo are arranged and organized systematically as three key points: “Creating an attractive business and living environment”; “Nurturing players for participation in the Tokyo market”; and “Contributing to solving social issues.” Along with this, each measure’s issues, swift actions that have been taken up to now, and the contents of challenges that will be addressed are clarified.

Concrete Measures for Realization of Global Financial City Tokyo

Key Points Are “Speed,” “Challenge,” and “Public-Private Collaboration”

Tokyo’s challenges as seen from the views expressed by the Advisory Panel

For Tokyo to become Asia’s financial hub and attract financial professionals, funds, information and technology, it is crucial to **build a business and living environment that can compete with Hong Kong and Singapore, where English is an official language.**

An urgent task will be to attract talent, funds, information and technologies **especially in the fields of asset management, which supplies risk capital, and in FinTech, a growth industry in the limelight in recent years.** Tokyo must boost efforts to **attract them from overseas as well as to nurture them domestically.**

For the Tokyo market to **grow and develop soundly** amid the intercity competition for global finances, Tokyo must ensure that financial firms **thoroughly uphold the interests of their investors and customers** in their business operations, and **create an environment for active contribution to solving social issues.**



Concrete measures in the “Global Financial City: Tokyo” Vision

[Creating an attractive business and living environment]

- Reduction of tax burdens
- Enhance convenience in administrative procedures, etc.
- Build a comfortable living environment for international residents

[Nurturing players for participation in the Tokyo market]

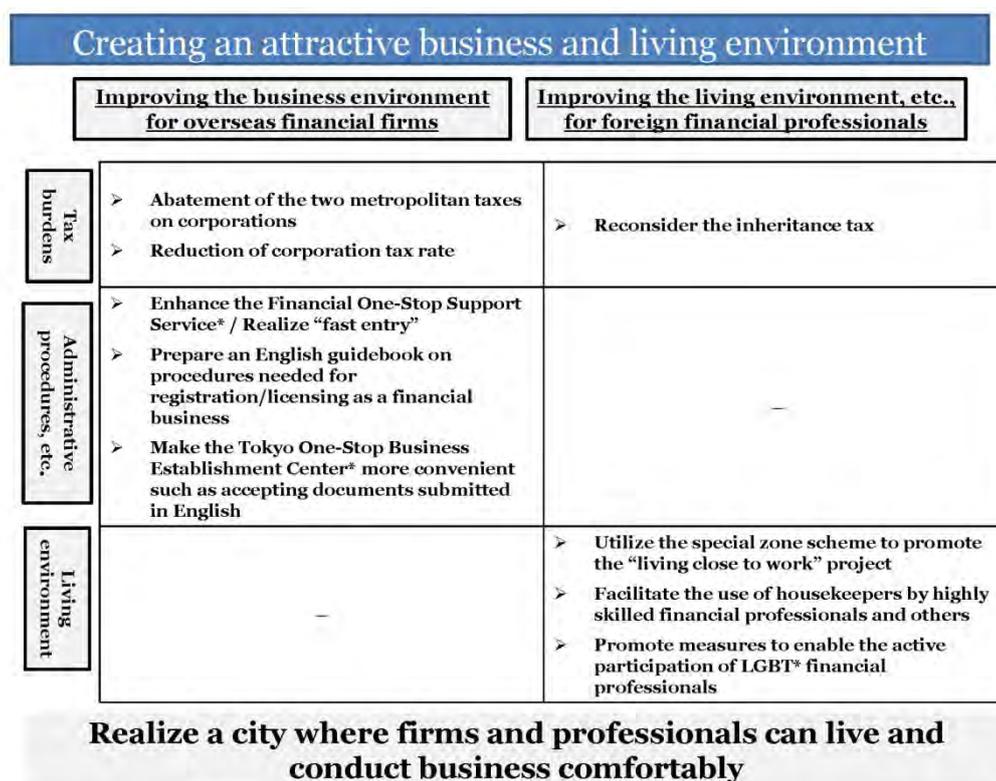
- Attract overseas financial firms
- Nurture asset managers
- Cultivate the FinTech industry

[Contributing to solving social issues]

- Promote the thorough implementation of business in the Tokyo market that places “investors and customers first,” and promote the spread of ESG investment

1. Creating an attractive business and living environment

- Among the needs raised by overseas financial companies for the Tokyo market, as compared to those from financial centers of other cities, are preferential tax measures, convenient administrative procedures, including assistance in English, and development of a comfortable living environment such as health care and education. In Doing Business 2018: Equal Opportunity for All¹, the World Bank’s annual ease of doing business ranking, it cannot be said that Japan’s business environment is doing well compared to other developed countries.
- Last year, the TMG, along with the Financial Services Agency (FSA), experts and private businesses, established the “Meeting to Discuss the Attraction of Foreign Financial Companies to Tokyo*”. Following discussions to solve the abovementioned issues, in December 2016, the “Immediate Measures for Attracting Foreign Financial Companies*”, which focuses on short-term measures, was compiled.
- Accordingly, implementation of some of the proposed measures began from FY 2017, but these are not issues that can be solved overnight. It would be imperative to advance continuous efforts and address new measures, to change the image of the Tokyo market, attract overseas financial companies and the talent working for such businesses, and encourage them to stay.



1 <http://www.doing-business.org/reports/global-reports/doing-business-2018>

An ease of doing business ranking of the world’s 190 economies released by the World Bank on October 31, 2017. Japan’s ranking has not changed from last year’s No. 34.

(1) Review reduction of tax burden

Key Initiatives		
Tax incentive for the two metropolitan taxes on corporations	Issue	Tokyo's effective corporate tax rate is 30.86% (as of November 2017), which is higher than that of Singapore, Hong Kong, and other major cities of Asia. Notably, it is a significant cost factor for overseas financial companies setting up business in Tokyo.
	Initiative	<ul style="list-style-type: none"> ➤ Start designing a specific system for tax incentives that could encourage asset managers and FinTech companies to newly enter into Tokyo, with the aim for early implementation.
Reduction of corporate tax	Issue	Tokyo's effective corporate tax rate is 30.86% (as of November 2017), which is higher than that of Singapore, Hong Kong, and other major cities of Asia. Notably, it is a significant cost factor for overseas financial companies setting up business in Tokyo.
	Initiative	<ul style="list-style-type: none"> ➤ Regarding tax amendments in FY 2018, the TMG approached the Cabinet Office about adding asset management and FinTech companies to the list of businesses eligible for tax deductions in the National Strategic Special Zone. The Cabinet Office submitted a request for amendment in FY 2018 to make certain financial businesses eligible. ➤ Including the early realization of this request, the TMG will continue requesting reduction of the corporate tax, taking opportunities such as "proposals and requests concerning national measures and budgets."
Review the inheritance tax	Issue	With amendment of the tax system in 2017, if long-term foreign residents (lived in Japan over 10 years within the last 15 years) or their relatives pass away within a maximum of five years after leaving Japan, not only are their assets located in Japan liable for inheritance taxes, but their assets abroad as well. Foreign professionals and their relatives may leave Japan to avoid paying tax.
	Initiative	<ul style="list-style-type: none"> ➤ Since the TMG proposed that this regulation be reconsidered and shared information with the relevant authorities, the FSA submitted a request for amendment of this tax to the Ministry of Finance in their FY 2018 tax system amendment request. ➤ The TMG will keep working with relevant authorities, using opportunities such as "proposals and requests concerning national measures and budgets," for its early realization.

(2) Strengthen the consultation system and English services for financial business-related administrative procedures

Key Initiatives	
Strengthen the Financial One-Stop Support Service /Realize “fast entry”	Issue When overseas financial companies seek to set up business in Tokyo, they often have worries or issues regarding language, administrative procedures, and the living environment, among others. Seamless support to resolve these fears is necessary.
	Initiative <ul style="list-style-type: none"> ➤ In April 2017, the TMG launched the Financial One-Stop Support Service in Marunouchi. It works closely with the FSA’s Financial Market Entry Consultation Desk* to provide centralized support to overseas financial companies seeking to expand to Japan, assisting them in resolving various worries on setting up a business, such as administrative procedures. ➤ Publicize this service using events where foreign financial companies gather and Access to Tokyo desks (see p. 14). ➤ The TMG will also collaborate with the FSA for the realization of a fast-entry system, which expedites administrative procedures for financial companies viewed sure to establish a business base in Tokyo, such as companies granted incentives under the TMG’s program.
Guidance to the Asset Management Industry in Japan	Issue Many overseas financial companies state that Japan’s financial laws and regulations and procedures for registration are difficult to understand and implement.
	Initiative <ul style="list-style-type: none"> ➤ In September 2017, the TMG, under the supervision of the FSA, compiled for the first time an English guidebook giving easy-to-understand explanation of Japanese financial laws and regulations, how to apply for registration as a financial business, and other matters, while also citing past data and examples. ➤ While receiving the cooperation of the national government and private businesses, this English guide will be distributed at finance-related events to overseas financial firms interested in setting up business in Tokyo.

Key Initiatives		
<p>Improve the Tokyo One-Stop Business Establishment Center</p> <p>E.g., Accept documents in English</p>	Issue	<p>Many overseas companies, including financial companies, state that the system is complex and difficult to understand since they have to visit various government offices for the procedures, and on top of that, is cumbersome as English cannot be used for any of the procedures, requiring processing to be done in Japanese.</p>
	Initiative	<ul style="list-style-type: none"> ➤ From the perspective of enhancing the convenience of the Tokyo One-Stop Business Establishment Center, in addition to the center in Akasaka, satellite centers were newly established in Shibuya in April and Marunouchi in July 2017. ➤ Efforts will be taken to promote this center through the preparation of PR videos for use within and outside Japan, as well as such activities as promoting it to incubators and educational institutes for entrepreneurs, and disseminating information through SNS and events held by the TMG. ➤ The submission of documents in English at the Tokyo One-Stop Business Establishment Center will be introduced to make it easier for foreign nationals to start a business. To this end, the acceptance of English documents at the national and metropolitan tax booths in the Center will be started within 2017 as a demonstration test, and studies will be conducted on the possibility of introducing this to the other desks.

(3) Create a living environment where foreign financial professionals can live and work comfortably

Key Initiatives		
<p>Utilize the special zone scheme to promote “living close to work” projects etc.</p>	Issue	<p>The improvement of healthcare, education, and other such environments for international residents is often raised as essential for foreign financial professionals to live in Tokyo without being inconvenienced by language barriers and to fully demonstrate their capabilities at work.</p>
	Initiative	<ul style="list-style-type: none"> ➤ In September 2017, urban renewal projects to develop international schools, serviced apartments, and others in the areas around Tokyo station and Toranomon, etc., received authorization as special provisions to the City Planning Act and other laws. ➤ In September 2016, St. Luke’s International Hospital and its clinic, St. Luke’s MediLocus, and in October 2017, the Tokyo Medical and Surgical Clinic, began providing consultations to foreign patients by foreign doctors, employing the special provisions under the special zone scheme. ➤ Initiatives to build the living environment for foreign financial professionals will be promoted by employing the National Strategic Special Zone and other schemes.
<p>Facilitate the use of housekeepers by highly skilled financial professionals and other professionals</p>	Issue	<p>There are high needs among overseas financial professionals to bring their foreign housekeeper or parents with them to Tokyo. An environment for housekeeping support is crucial to realize Global Financial City Tokyo.</p>
	Initiative	<ul style="list-style-type: none"> ➤ To expand businesses providing housekeeping services, in August 2017, a seminar was held for businesses on the TMG program for accepting foreign housekeepers. ➤ During 2017, seminars will be held for users to broadly spread use of services. ➤ To further ease regulations on housekeepers and accompanying parents through the special zone scheme, the TMG will continue to approach the national government for the early realization of this proposal.

Key Initiatives	
<p>Promote measures to enable the active participation of LGBT financial professionals</p>	<p>Issue</p> <p>With regard to LGBT, in principle, status of residence in Japan is given to spouses of legally established same sex marriages abroad, but not for same-sex partners who were officially registered under a partnership system. Since this restriction will prevent partners from being granted status of residence, it could prevent LGBT professionals from coming here and make it difficult for Tokyo to achieve its goal of attracting talented professionals.</p>
	<p>Initiative</p> <ul style="list-style-type: none"> ➤ In September 2017, the establishment of a special provision on status of residence for same-sex partners was proposed from the perspective of accelerating the entry of foreign financial companies to Japan by promoting the acceptance of foreign professionals, and realizing an inclusive society that facilitates active participation by LGBT professionals as well. ➤ The TMG will continue to approach the national government for the early realization of this proposal.

2. Nurturing players for participation in the Tokyo market

- In addition to nurturing financial professionals in Japan, we also need to promote the entry of new financial players, both Japanese and foreign, to the Tokyo market to ensure that, through innovation in the market and competition among business, low-cost yet high quality financial services and products will be provided to the Tokyo residents.
- In particular, the asset management business holds an important role in building stable assets for the people and supplying risk capital to growth industries, but it is said to be smaller than that of western countries. And, FinTech firms provide new business models for more sophisticated financial services and for the development of growth industries. Since these two industries play a crucial role, measures will be taken to promote their entry to the Tokyo market to achieve the goal of attracting 40 foreign asset management and FinTech firms to Tokyo over the four years from FY 2017 through FY 2020.

Nurturing players for participation in the Tokyo market			
	<u>Attract overseas financial companies</u>	<u>Nurture domestic and overseas financial firms</u>	<u>Nurture financial professionals</u>
Asset management businesses	<ul style="list-style-type: none"> ➤ Measures such as offering incentives and easing regulations to attract firms ➤ Collaborative efforts by the public and private sectors for overseas promotion ➤ Establish the Tokyo Financial Award (name TBD) 	<ul style="list-style-type: none"> ➤ Introduce the Emerging Managers Program (EMP)* and other programs ➤ Support the building of a system for asset management businesses ➤ Create opportunities for matchups between asset managers and domestic institutional investors 	<ul style="list-style-type: none"> ➤ Nurture financial professionals ➤ Systematically nurture global financial talent in the TMG ➤ Enhance financial education, etc.
FinTech firms		<ul style="list-style-type: none"> ➤ Develop innovative businesses through implementation of accelerator programs* ➤ Create an environment for boosting innovation in FinTech and other areas 	

Realize a city that gathers financial firms and financial professionals from around Japan and the world

(1) Attract overseas financial companies

i. Measures such as offering incentives and easing regulations to attract firms

Key Initiatives		
Grant incentives to companies drawn to Tokyo	Issue	Setting up business in Tokyo involves costs such as market surveys and Japanese language localization. Attractive incentives are needed to draw financial companies with a certain level of achievements abroad to Tokyo amid the global competition among cities.
	Initiative	<ul style="list-style-type: none"> ➤ Since FY 2017, free consultation services for formulation of business plans and market surveys have been provided to companies drawn to Tokyo. ➤ Along with this, a subsidy system was newly established concerning fees incurred in consulting with lawyers, accountants and other specialists, and in the hiring of personnel.
Establish a special additional point system for advanced financial professionals of the attracted companies / Establish a special status of residence for the business establishment activities of participants of Tokyo's accelerator programs	Issue	To attract overseas financial companies, it is necessary to build an environment where foreign nationals working for the company can be transferred to Japan more smoothly and work with a more advantageous status of residence.
	Initiative	<ul style="list-style-type: none"> ➤ In April 2017, in order to draw companies such as advanced FinTech firms to Tokyo and accept more financial professionals, the TMG proposed that a special status of residence be established for participants of the accelerator programs launched by the TMG this fiscal year and that the professional point system be improved for financial professionals. ➤ The TMG will continue to approach the national government for the early realization of this proposal.

Key Initiatives		
Use Access to Tokyo offices to swiftly implement activities to draw companies to Tokyo	Issue	In order to draw foreign financial companies to Tokyo, it is indispensable to deepen collaboration with Japanese embassies and consulates, local chambers of commerce and other organizations, and regularly collect information on promising companies.
	Initiative	<ul style="list-style-type: none"> ➤ In May 2017, Access to Tokyo desks were opened in London, Paris, and San Francisco to liaise with overseas centers such as the Japanese embassies/consulates and local chambers of commerce. The staff at these offices collect information and respond to inquiries from the overseas hub organizations and local companies, and disseminate information. ➤ In FY 2018, the liaison desks will be expanded to collect even more information on promising companies via various routes for swift implementation of activities to draw companies to Tokyo. ➤ Utilizing the functions of these desks, seminars for participation by FinTech firms, etc., will be held in overseas cities, and information on the appeal of Tokyo as an investment destination will be proactively disseminated.

ii. Collaborative efforts by the public and private sectors for overseas promotion

Key Initiatives		
Implement overseas promotional activities and establish a PR organization	Issue	Major financial centers overseas such as London and Singapore have an overseas PR organization for finances, and undertake various measures contributing to invigorating finances. Japan (Tokyo) does not have that kind of PR organization, and its overall transmission and exchange of information as a global financial center is insufficient.
	Initiative	<ul style="list-style-type: none"> ➤ Starting from the Governor’s visit to Singapore in November 2017, PR activities to convey the appeal of Global Financial City Tokyo and encourage financial companies to come to Tokyo will be conducted as a public-private collaborative effort. ➤ For establishment of a PR organization, in FY 2018, working-level personnel from the public and private sectors will study matters such as the organization’s structure, the range of operations and their targets, and budget and financial sources, while referring to the examples of major overseas cities, with the aim to reach some specific agreement.

iii. Establish the Tokyo Financial Award (name TBD)

Key Initiatives		
Establish the Tokyo Financial Award (name TBD) and conduct an award program	Issue	<p>Singapore, Tokyo’s rival in Asia, has a program to award solutions using financial tools for issues raised by the citizens. Tokyo does not have a financial award that is highly noted overseas.</p> <p>In order for the revitalization of the financial industry to lead to the solving of social issues, which are the goals of government, perspectives of citizens and sustainable urban development must be sufficiently incorporated.</p>
	Initiative	<ul style="list-style-type: none"> ➤ The Tokyo Financial Award (name TBD) will be established during FY 2018 as a symbol of Global Financial City Tokyo. Financial businesses that develop and provide innovative financial products and services that contribute to solving the needs of the Tokyo citizens, etc., as well as financial businesses working to spread ESG investment will be awarded. This will raise the presence of Tokyo as a global financial center. ➤ By having companies both from Japan and abroad eligible for this award, we will be able to attract winners to Tokyo.

(2) Cultivate asset management businesses

Key Initiatives		
Introduce the Emerging Managers Program (EMP) and other programs	Issue	Japan has a fewer number of asset management businesses compared to other global financial centers. It also lacks a sufficient environment, such as that noted in western countries and Singapore, for institutional investors and others to have new asset managers handle their funds in order to cultivate them.
	Initiative	<ul style="list-style-type: none"> ➤ To cultivate emerging asset managers, during FY 2017, the TMG will host a seminar to enhance awareness of EMP and encourage domestic institutional investors to adopt EMP. ➤ Furthermore, in FY 2018, a framework that provides institutional investors with incentive to let emerging managers handle their funds will be created. With the aim of creating a Tokyo EMP, the TMG will collaborate with domestic institutional investors and other relevant parties.
Support for organization building of asset management businesses	Issue	Many asset management businesses in Japan and overseas say that they find middle and back office operations* to be a heavy burden in their nascent stage of business. Measures to reduce this burden are necessary to further attract and cultivate asset management businesses.
	Initiative	<ul style="list-style-type: none"> ➤ So that newly established asset management businesses, can concentrate their limited resources in their main business, the TMG will conduct studies to alleviate burdens related to middle and back office operations.
Create opportunities for matchups between asset managers and domestic institutional investors	Issue	Overseas asset managers interested in starting business in Tokyo who have a sufficient track record abroad, though not in Japan, do not have enough opportunities to match up with domestic institutional investors and are unable to carry out sufficient activities before coming to Japan.
	Initiative	<ul style="list-style-type: none"> ➤ In addition to current support provided to overseas asset managers who are thinking about setting up business in Japan, in FY 2018 opportunities will be generated for matchups between overseas asset managers and domestic institutional investors.

(3) Nurture FinTech businesses

Key Initiatives		
Develop innovative businesses through accelerator programs	Issue	To effectively attract overseas companies involved in innovative areas such as FinTech, it will be necessary to attract not only companies with a track record overseas, but startups as well, and have them establish roots here.
	Initiative	<ul style="list-style-type: none"> ➤ In FY 2017, the TMG launched new accelerator programs for the three areas of FinTech, IT and blockchain in order to create innovation, enhance convenience for the citizens, and revitalize Tokyo's economy. ➤ In the area of FinTech, in August, 8 companies from 7 countries were selected from among the 52 startups from 16 countries that applied. With the cooperation of financial institutions and others, a short-term, intensive program is conducted for the selected companies.
Create an environment for boosting innovation in FinTech and other areas	Issue	While a budding FinTech ecosystem is appearing in Tokyo with FinTech startup facilities established by the private sector, there is still little industry-government-academia collaboration.
	Initiative	<ul style="list-style-type: none"> ➤ For the swift formation of a FinTech ecosystem (Tokyo FinTech Center), which gathers and connects various players such as entrepreneurs, major companies, investors, and research institutions, along with approaching relevant parties, measures that will promote its formation and growth will be formulated. ➤ Based on the national government's studies on a regulatory sandbox*, which is utilized in foreign countries to cultivate FinTech, the TMG will study initiatives that it could take for this.

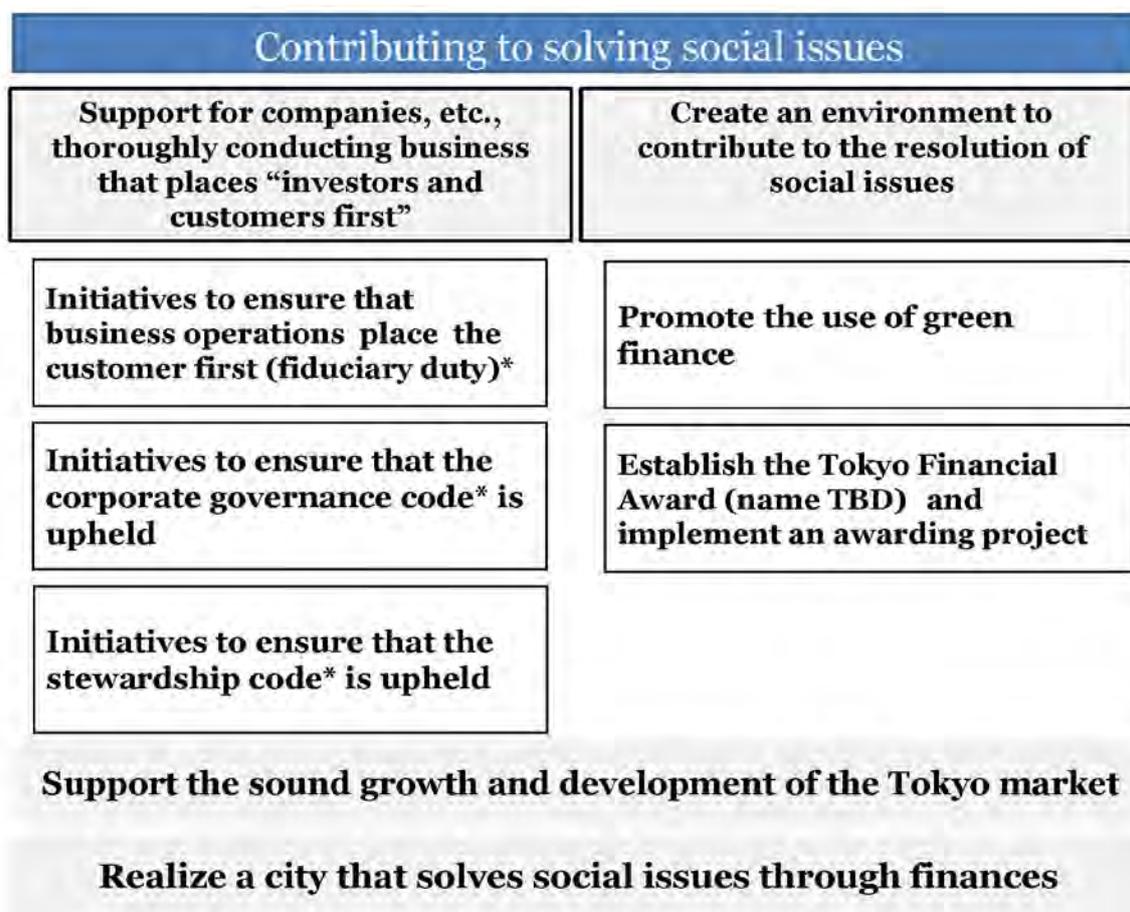
(4) Nurture financial professionals

Key Initiatives		
Nurture financial professionals	Issue	For the sustainable and medium to long term growth of Tokyo as a global financial center, along with attracting and cultivating financial companies, it will be necessary to cultivate financial professionals in Tokyo who can be responsible for this sector.
	Initiative	<ul style="list-style-type: none"> ➤ In order to promote innovation by nurturing financial professionals, along with steadily promoting the Master of Finance program at the Tokyo Metropolitan University Business School, this program will newly hold seminars reflecting actual social conditions such as FinTech and ESG investment to raise financial professionals. Collaboration and cooperation with various institutions, including the financial education programs of other universities, will be studied.
Systematically nurture global financial talent in the TMG	Issue	The TMG will need to coordinate with relevant parties in Japan and abroad to implement the various measures raised in the “Global Financial City: Tokyo” Vision. It would be essential to continually nurture personnel who are well versed in the recent circumstances concerning international finances and the actual work and systems of the financial sector.
	Initiative	<ul style="list-style-type: none"> ➤ TMG staff members have been continually sent to the London branch of a financial institution since FY 2016 to nurture personnel well versed in global finances. ➤ Personnel well versed in global finances will be systematically nurtured by also considering new measures such as sending TMG staff to the national government (FSA).

Key Initiatives		
Enhance financial education, etc.	Issue	As of now, a greater portion of Japan's 1,800 trillion yen personal financial assets, which are said to be Japan's strength, is still held in bank deposits and other such forms. Raising the financial literacy of the Tokyo citizens is a task that needs to be addressed in order to build stable personal financial assets and boost the financial market.
	Initiative	<ul style="list-style-type: none"> ➤ The Tokyo Metropolitan University's Open University will continue to hold an introductory course on asset building for Tokyo citizens. ➤ During FY 2017, in cooperation with the FSA and Ministry of Health, Labour and Welfare, a seminar on asset formation will be held for the citizens of Tokyo on theme of NISA and iDeCo. In addition, studies will also be conducted on promoting to TMG employees the installment-type NISA at places of employment, which the FSA will introduce. ➤ Continuous activities such as the following will be conducted to form and promote a trend from savings to investment. In FY 2018, a financial literacy seminar for women will be launched as it is said that compared to men there are fewer women who have experience in investment, with a high proportion of women who do not make investments such as purchasing stock. Support will also be provided to private groups implementing educational events geared to young people on finances and economy.

3. Contributing to solving social issues

- To attract talent, funds, information and technology to Global Financial City Tokyo from within Japan and abroad, and to enable the citizens of Tokyo and the rest of Japan to build up their assets with a sense of reassurance, it is essential that all the financial institutions and other relevant players in the investment chain, including those who sell financial products, give advice, develop products, and provide custody and asset management services in the Tokyo market, conduct business operations from the perspective of investors and customers.
- Financial institutions engaged in developing and marketing financial products, and financial institutions that are entrusted with the asset management of private investors as well as pension funds and other institutional investors, respectively, needs to take the perspective of “investors and customers first,” which is globally considered to be a proper code of conduct. This will ensure that through proper management of conflict of interests and sophisticated management of assets, business operations are truly in the interest of the customers and beneficiaries.
- The Principles for Responsible Investment were put forward by the United Nations to contribute to the realization of a sustainable society. Such trends in ESG investment, which are increasingly in the global limelight, will be actively incorporated in the Tokyo market. Through such initiatives, the TMG will contribute to the resolution of social issues.



Key Initiatives	
Initiatives to ensure business operations that place the customer first (fiduciary duty)	Issue To realize the stable building of personal assets, it is essential that financial companies in Japan firmly establish operations that place the customers first and build an environment where Tokyo citizens can feel safe making investments.
	Initiative <ul style="list-style-type: none"> ➤ In cooperation with the FSA, promote the firm establishment of operations that put the customer first, such as making adoption of the Principles of Fiduciary Duty a requirement for receiving TMG support measures for financial firms.
Initiatives to ensure the corporate governance code and stewardship code are upheld	Issue In order to raise the value of invested companies and enhance returns for the Tokyo citizens who are the investors, it is essential that, under proper codes of conduct, constructive dialogue standing on medium to long-term perspectives is actively conducted between institutional investors and public-listed companies.
	Initiative <ul style="list-style-type: none"> ➤ From FY 2017, Tokyo, along with the FSA and Ministry of Economy, Trade and Industry, will support the Japan Association of Corporate Directors' Corporate Governance of the Year Prize, and a Tokyo Governor's Award will also be established here. ➤ In cooperation with the FSA, promote adoption and upholding of the stewardship code among financial firms in Japan, such as making compliance to the stewardship code a requirement for receiving TMG support measures for financial firms.
Promote the use of green finance	Issue In order for Tokyo to grow as a leading environmental city, it is essential to develop a scheme where the funds of the private sector and the citizens of Tokyo flow into measures for the environment.
	Initiative <ul style="list-style-type: none"> ➤ During FY 2017, a total of 20 billion yen of Tokyo Green Bonds*, assessed by a third party organization, will be issued. ➤ In FY 2018, efforts to educate the public and spread green finances will be made as a part of initiatives to enhance financial literacy.
Establish the Tokyo Financial Award (name TBD)	(same content as 2 (1) iii)

IV. Structure to realize the contents of the “Global Financial City: Tokyo” Vision

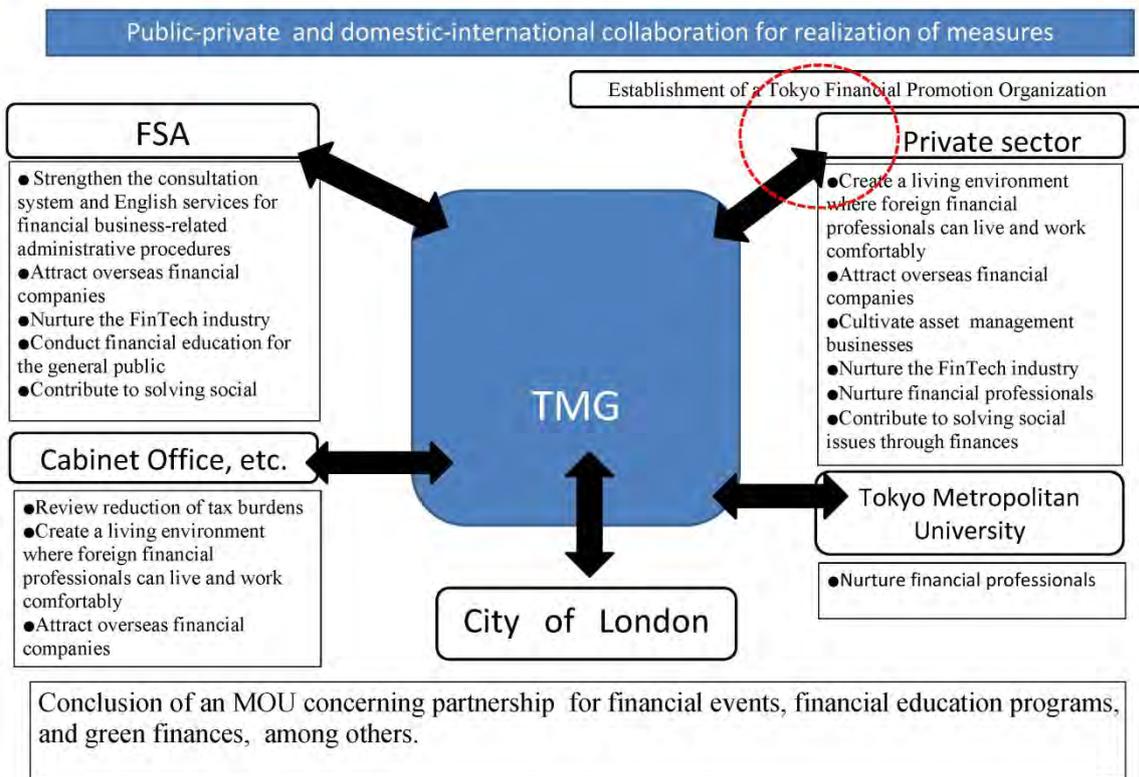
As the TMG alone will not be able to realize the various measures outlined in Section III, cooperation with the national authorities, centering on the FSA, private-sector businesses, centering on the financial industry, educational organizations, and others, is essential. Cooperation with these entities will be deepened further as shown in the image on the next page.

In addition, **with regard to a public-private “Tokyo Financial Promotion Organization,” which will play a part in the promotion of this Vision such as by conducting overseas promotional activities, the TMG will launch work on it based on the discussions by the advisory panel. In FY 2018, while also referring to the examples of major overseas cities, public and private sector working level personnel will study matters such as the promotion organization’s structure, the organization’s range of operations and targets, and financial matters, with the aim to reach a certain level of agreement.**

London, which has long held the top position in the Global Financial Centres Index, is both Tokyo’s rival and a city that Tokyo can learn much from. **An MOU will be concluded between the City of London, which is London’s financial center, and the TMG concerning partnership in financial events, financial education programs, and green finances, among others.**

In addition, various public-private initiatives can be seen. These include relocating the national government’s financial desk functions in order to enhance convenience in financial procedures; efforts by the Japanese Institute of Certified Public Accountants to expand companies applying International Financial Reporting Standards (IFRS)*; and the national government’s efforts to build the infrastructure for boosting international arbitration. It is thought that the realization of such initiatives will enhance Tokyo’s presence as a global financial center.

Going forward, under public-private and domestic-international collaboration, we will promote the concepts of “Global Financial City: Tokyo” Vision in a coherent and speedy manner, while employing the strengths of each.



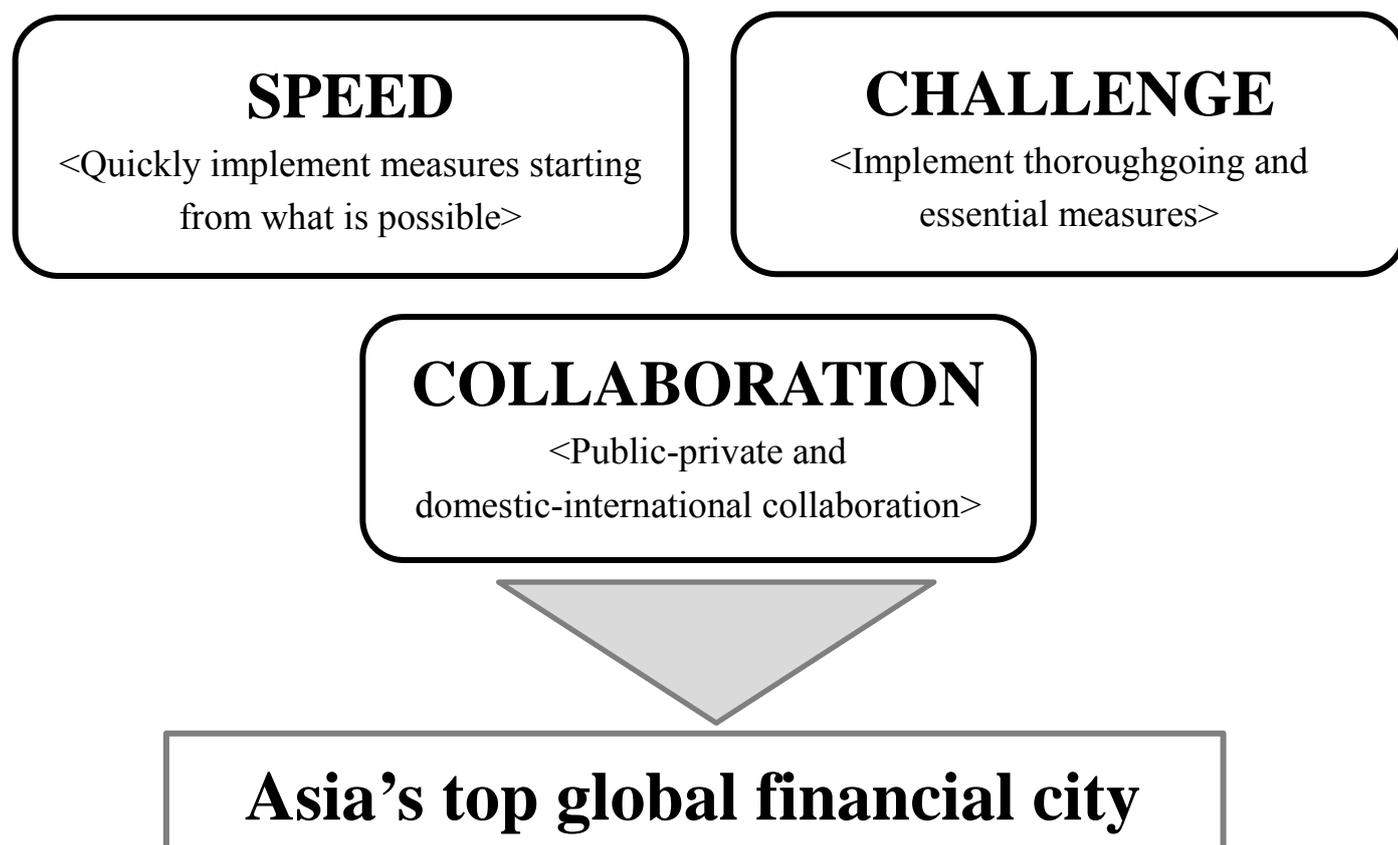
V. To achieve the Tokyo Financial Big Bang

We believe that revitalization of finances in Tokyo will go beyond energizing the financial sector to lead to the growth of Tokyo's industries overall and enhance the lives of the residents of Tokyo.

Tokyo's economic revitalization will not just make Tokyo a smart city, but will contribute to the realization of a safe city through the development of new financial services and growth industries, and a city rich in diversity that gathers talent from both within and outside Japan. In other words, the "three cities" that Tokyo aims to become.

Under the collaborative structure raised in section IV, the TMG here again declares its determination to fully engage in implementing the measures listed in section III, always conscious of moving with speed and taking up challenges. By implementing these measures, we aim **to shine as Asia's top global financial city.**

The Tokyo Metropolitan Government hopes that as many financial players as possible, both within and outside Japan, read this "Global Financial City: Tokyo" Vision. We would like to encourage their active participation in the initiatives in order to realize the Tokyo Financial Big Bang.



*Ranked 5th in the Global Financial Centres Index (Z/Yen Group) (September 2017)

Glossary

Term	Explanation
Advisory Panel for Global Financial City Tokyo (p.2)	In order to reinstate Tokyo to its position as the No. 1 international financial city in Asia, this panel was established in November 2016 to uncover the broad range of issues that pose obstacles for revitalization of the financial sector and for financial companies from abroad to set up business in Japan, and to discuss thoroughgoing measures to resolve these problems. It drew up the interim review in May 2017, and the final proposal in October that year.
FinTech (p.4)	A portmanteau of “finance” and “technology.” Innovative financial services employing cutting-edge technology generate new businesses and change the flow of capital.
IoT (p.4)	The Internet of Things. Various things in the world, not only information and communications devices such as computers, are equipped with communication functions, and through connection to the Internet and communication with each other, conduct tasks such as automatic recognition, automatic control and remote measurement.
Risk capital (p.4)	Funds invested in risk assets that could result in loss of principal.
FIRST Strategy: 5 strategies for growth (p.4)	A strategy revealed in the Action Plan for 2020, released in December 2016 by the TMG. FIRST stands for “finance,” “innovation,” “rise,” “success,” and “technology.” Presents the direction for Tokyo to become “No. 1 in the world” and “addressing challenges with Tokyo at the forefront.”
ESG investment (p.5)	ESG stands for “environmental,” “social,” and “governance.” As the world faces the issue of disparity in wealth, global environmental problems that have no borders, and various issues arising from the globalization of corporate management, with regard to corporate investment, the United Nations has advocated the view that along with looking at long term gains rather than short term, focus should be placed on an ESG perspective that contributes to building a sustainable international community. As a result, financial institutions conducting investments based on ESG perspectives are spreading, centering on the United States and Europe.

Glossary

Term	Explanation
Meeting to Discuss the Attraction of Foreign Financial Companies to Tokyo / Immediate Measures for Attracting Foreign Financial Companies (p.9)	A meeting established in November 2016 for working-level discussions between the TMG and other participants, including the Financial Services Agency and private-sector businesses, on how to attract asset management firms, FinTech companies, and other financial businesses. Based on the discussion, the meeting in December 2016 compiled the “Immediate Measures for Attracting Foreign Financial Companies” for implementation from fiscal 2017.
Financial One-Stop Support Service (p.9)	A service launched on April 1, 2017, by the TMG. In cooperation with the FSA, assistance in administration procedures and comprehensive consulting and other services are provided for overseas financial companies that are considering the establishment of an operations base in Tokyo. According to the contents of the consultation, the financial desk consultant will introduce them to financial experts.
Tokyo One-Stop Business Establishment Center (p.9)	Launched in April 2015 by the TMG. This is the first effort taken in Japan to centralize business establishment procedures for foreign companies, startups, and other companies. Through personalized services provided by experts and staff knowledgeable in administrative procedures, the center helps facilitate the prompt completion of various filing procedures needed for incorporation and the start of operations such as certification of articles of incorporation, company registration, taxes, pension and social insurance, and immigration. If requested by a company, the center also provides support for electronic applications and translation and interpretation services in multiple languages.
LGBT (p.9)	An acronym formed from the words, lesbian, gay, bisexual, and transgender, commonly used as an umbrella term for sexual minorities.
Financial Market Entry Consultation Desk (p.11)	A consultation desk set up on April 1, 2017, by the FSA. Provides consulting to overseas financial businesses thinking about opening an office in Japan, on Japanese financial laws regulating this.
Emerging Managers Program (EMP) (p.15)	Supports the cultivation of asset managers by discovering and providing funds to candidates aspiring to be asset managers.

Glossary

Term	Explanation
Accelerator program (p.15)	A program that aims to grow startups into leading companies by allowing them to receive training from mentors and other professionals and polish their business plans during a period of several months.
Middle and back office operations (p.19)	The “front office” directly faces the market and handles the purchase and sales of stocks, bonds, and other financial products. In contrast, “middle office” operations take a position independent from the front office to engage in matters such as risk management and fund management evaluation, and “back office” operations include the processing of trade agreements implemented by the front office and calculation of net asset value of funds.
Regulatory sandbox (p.20)	Deregulation measure that temporarily suspends current legal regulations in order to facilitate the growth of new businesses. An initiative to promote innovation by providing a safe environment for experiments, which do not come under law immediately.
Fiduciary duty (p.23)	Business operations in all financial institutions included in the investment chain—sales of financial products, advice, product development, custody, asset management, etc.—that put top priority on benefits for the final provider of funds and the beneficiary.
Corporate governance code (p.23)	A code of conduct that seeks to have listed companies properly collaborate with a broad range of stakeholders (stockholders, employees, customers, business partners, local community, etc.) and strive to improve mid- to long-term profitability under an effective management strategy.
Stewardship code (p.23)	A code of conduct that seeks to have institutional investors (pension funds and/or management institutions that have been entrusted with the funds) conduct dialogues with companies to promote the sustainable growth of the invested company from a medium- to long-term perspective.
Green bond (p. 24)	A bond issued by a government or corporate entity to finance projects that fight climate change through reducing greenhouse gas emissions, taking environmental measures, or other means.

Glossary

Term	Explanation
International Financial Reporting Standards (IFRS) (p.25)	Accounting standards set by the International Accounting Standards Board (IASB), an independent, private-sector, not-for-profit, standard-setting body. As of December 2016, all or most major companies in 119 countries and regions, mainly in Europe and the Middle East, are required to apply IFRS Standards. (In Japan, application of the standards is optional. The United States does not use IFRS and uses its own standards.)
