

Grant Outline for the Overseas Financial Corporation Business Establishment Subsidy Program

29 March 2017

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(Purpose)

1. The purpose of this Outline is to promote efforts to attract Overseas Financial Corporations by granting subsidies to Overseas Financial Corporations to cover a part of the costs incurred in establishing new businesses in Tokyo.

(Definition of Terms)

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 concerning the operation of asset management businesses or FinTech businesses

- (2) Japanese Corporations, etc.

Japanese corporations or branch offices 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. Secure a facility in Tokyo to be used as the place of business operations
- b. Register the establishment of an incorporated company (which headquarters must be registered in Tokyo) or office of an overseas company (which branch office must be registered in Tokyo) in accordance with the Commercial Registration Act
- c. Employ the Employees who will be engaged in full-time employment for the operation of the business
- d. Start the operation of the main business. In cases where it is necessary to register the license for a financial instrument business, etc. before starting operation of the main business, register and acquire the license in question.

- (4) Base of Asset Management Operations

A site where asset management operations are conducted, such as investing funds entrusted by investors

- (5) Sales and Marketing Base

A site where marketing and sales activities related to the products and services offered by the company 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) Employees

Employed persons who are covered under 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 the Business Development Center Tokyo by foreign corporations, etc. 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 Subsidies)

3. Japanese Corporations, etc. established in Tokyo in the same Fiscal Year when the Overseas Financial Corporation submits the application for the subsidy are eligible for subsidies under this Subsidy Program.

2) The parties eligible for subsidies must fulfill all the following criteria.

(1) Before determining plans of the Establishment of Operations, the Overseas Financial Corporation shall submit the Company Overview (For Advance Consultation) (Form 1) to the Tokyo Metropolitan Government, and engage in advance consultation to provide an explanation of the plans, such as an outline of the said business operations. The advance consultation with the Tokyo Metropolitan Government is carried out after submission of the Business Support Services Application Form to Business Development Center Tokyo, and consultation with the Business Development Center Tokyo about the contents of the plan, such as an outline of the business operations.

(2) The Overseas Financial Corporation has not established any business operations in Japan prior to the Establishment of Operations eligible for this Subsidy Program.

(3) Carries one or more of the following functions under its main business.

a. Asset management business operator

Base of Asset Management Operations or Sales and Marketing Base, etc. that is recognized by the Tokyo Metropolitan Government as having the potential to contribute significantly to the revitalization of Tokyo's economy.

b. FinTech corporation

A Research and Development Base or Sales and Marketing Base, etc. that is related to the provision of innovative financial services using IT technology, and that is recognized by the Tokyo Metropolitan Government as having the potential to contribute significantly to the revitalization of Tokyo's economy.

(4) Has one or more Employees in full-time employment at the Japanese Corporation, etc.

(5) Has an investment amount ratio of 1/3 or more from an Overseas Financial Corporation.

3) The Overseas Financial Corporation and the 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)

4. Of the expenses required for the establishment of business operations, the subsidy covers the following expenses (hereinafter referred to as “Expenses Eligible for Subsidy”) that are deemed as necessary and appropriate by the Governor of Tokyo, within the scope of the budget. However, 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) Fees incurred in consultation with experts

Fees paid to experts (lawyers, administrative scribes, tax accountants, licensed social insurance consultants, etc.) for services such as consultation on acquisition of registration and license for engaging in the financial instruments business and legal/tax matters, and drafting and submission of materials.

(2) Personnel recruitment costs

Fees paid to a fee-charging employment placement business provider, as defined in Article 30(1) of the Employment Security Act, for the introduction of personnel during the establishment of business operations, or to a fee-charging employment placement business provider from overseas for the employment of full-time personnel at the said business operations for one year or more.

Overseas fee-charging employment placement business providers that are eligible must be providers for which notification/permission/declaration, etc. have been accepted by the national/local government, etc. of the business provider in question.

2) The aforementioned expenses are eligible for the subsidy when they are paid for by the Overseas Financial Corporation and the Japanese Corporation, etc.

(Amount of Subsidy)

5. The amount of subsidy for one company shall be no more than $\frac{1}{2}$ of the Expenses Eligible for Subsidy, and be capped at a maximum amount of 7,500,000 yen.

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

(Subsidy Application)

6. Japanese Corporations, etc. wishing to receive the subsidy (hereinafter, “subsidy applicant”) shall verify the contents of this Outline and other provisions set forth in the Application Guidelines. Immediately after the establishment of business operations, the subsidy applicant shall submit the Company Overview (Form 2), Subsidy Application Form (Form 3), Pledge (Form 4), together with the following attachments, to the Governor of Tokyo.

Each Overseas Financial Corporation may submit an application for subsidy only once.

[Universal]

- (1) Documents that can confirm the name of the representative of the applicant (representative in Japan in the case of a branch office) (certified copy of commercial registration, etc.)
- (2) Documents that can confirm the address of the applicant (certified copy of commercial registration, etc.)
- (3) Documents that can confirm the shareholder composition of the applicant (registry of main shareholders, etc.)
- (4) Documents that enable the authentication of the seal, etc. used by the applicant (certificate of seal impression, etc.)
- (5) Documents that can confirm the business performance of the Overseas Financial Corporation in the past two years (financial statements, etc.)
- (6) Documents that can confirm the business plans for the applicant concerning each Fiscal Year, in the Fiscal Year of establishment and the following two Fiscal Years
- (7) Documents that can confirm the employment of one or more Employees by the business (employment contracts, etc.)
- (8) Documents that serve as grounds for the sum of expenses filed for the application (receipts, etc.)
- (9) Other documents deemed necessary by the Tokyo Metropolitan Government

[Expenses incurred in consultation with experts]

- (10) Documents that can confirm the contents, frequency, period, etc. of the consultations

[Expenses incurred in personnel recruitment]

- (11) Documents that can confirm the employment of Employees, in relation to the subsidy, for one year or more (employment contracts, etc.)
- (12) In cases where a fee-charging employment placement business provider overseas is used, documents that can confirm that notification/permission/declaration by the business operator in question have been accepted by the national/local government of the business in question

2) If any of the aforementioned documents have been prepared in a language other than Japanese or English, please attach a translation in Japanese or English.

(Decision to Grant Subsidy)

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

2) Once the decision has been made to grant the subsidy in accordance with the aforementioned provisions, the subsidy applicant shall be notified promptly on the amount of subsidy and other necessary matters through the

Notification on Decision to Grant Subsidy (Form 5).

- 3) Upon granting of the subsidy, necessary conditions may be placed on the applicant.
- 4) If a decision is made not to grant the subsidy, the subsidy applicant shall be notified through Notification on Decision Not to Grant Subsidy (Form 6).

(Delivery of Subsidy)

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.

(Duty to Ensure Continuation of Business Operations)

9. Until the end of the following two Fiscal Years after the end of the Fiscal Year of the establishment of business operations, the subsidized party must ensure the continuation of business operations in Tokyo. However, this excludes circumstances that the Governor of Tokyo deems to be unavoidable.

(Duty to Report)

10. The subsidized party must submit business reports concerning business activities conducted in each Fiscal Year (the Fiscal Year of establishment, and the following two Fiscal Years) to the Governor of Tokyo in the form of the Business Activity Report (Form 7) by 30 June of the Fiscal Year following each Fiscal Year.

(Notification of Changes)

11. 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 Fiscal Year of establishment, the subsidized party shall submit the Notification of Changes (Form 8) to the Governor of Tokyo immediately 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 aforementioned, in the event that the subsidized party becomes unable to fulfill the grant criteria set forth in items 3. 2) above by the end of the following two Fiscal Years after the Fiscal Year of establishment, the details must be provided in the Notification of Changes (Form 8) and submitted.

(Rescission of Decision to Grant Subsidy)

12. Should any of the following apply to a subsidized party, the Governor of Tokyo can 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 item 3. by the end of the following two Fiscal Years after the Fiscal Year of establishment.
 - (4) When the duty to ensure continuation of business operations, set forth in item 9., has been violated.
 - (5) When other instructions set forth based on this Outline have been violated.
- 2) When the decision to grant a subsidy is rescinded based on the aforementioned provision, the subsidized party shall be notified through the Notification on Rescission of Decision to Grant Subsidy (Form 9).

(Return of the Subsidy)

13. When the decision to grant a subsidy is rescinded in accordance with the provisions of item 12., the subsidized party must return the amount determined in item 14. to the Tokyo Metropolitan Government. However, this excludes circumstances that the Governor of Tokyo deems to be unavoidable.
- 2) The Governor of Tokyo shall notify the subsidized party of matters concerning the return of the subsidy through the Request for Return of Subsidies, etc. (Form 10).

(Calculation of Amount of Subsidy Rescinded)

14. The 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 of Tokyo
The full amount of subsidy granted
 - (2) When the decision to grant the subsidy is partially rescinded by the Governor of Tokyo
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 after the Fiscal Year of establishment (the final amount is rounded off to the nearest yen).

(Penalty for Breach and Delinquency Charge)

15. When the Governor of Tokyo orders the return of the subsidy as prescribed in item 13., the subsidized party shall pay a penalty for breach (excluding penalties below 100 yen), corresponding to the number of days from receipt of the subsidy pertaining to this order to the date of repayment. An annual interest rate of 10.95% (the annual rate shall be daily prorated per 365 days even with respect to a period that includes a leap year) shall apply (for the period following partial repayment, the partially repaid amount shall be deducted from the amount subject to interest). However, the subsidized party may be exempted from payment of the penalty for breach in circumstances leading to the rescission that are deemed unavoidable by the Governor.
- 2) If the party ordered to return the subsidy under the provisions of item 13. fails to do so by the deadline, a delinquency charge (excluding delinquency charges below 100 yen) must be paid, corresponding to the number of days from the day following the deadline for repayment. An annual interest rate of 10.95% (the annual rate shall be daily prorated per 365 days even with respect to a period that includes a leap year) shall apply for the outstanding amount.

(Calculation of Penalty for Breach and Delinquency Charge)

16. In the event that the Governor of Tokyo orders the payment of penalty for breach in accordance with 1) of item 15., 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 of Tokyo orders the payment of penalty for breach in accordance with 2) of item 15., if partial repayment of the subsidy has been made with respect to the subsidy that was ordered to be returned, the calculation of delinquency charges 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.)

17. The Governor of Tokyo 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 aforementioned provision shall carry proof of their identification, and must present this proof when requested to do so by the Japanese Corporation, etc.

(Disclosure of Contents of Subsidy, etc.)

18. The Governor of Tokyo is authorized to disclose the company name, name of representative, contents of the subsidy, and other information concerning the subsidized party.

(Other)

19. 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 2017.

Supplementary Provision

This Outline shall apply from 1 April 2019