

Invest
Tokyo[®]

Guidebook for Hong Kong Companies and Professionals Entering Tokyo [for Asset Management]



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Message from the Governor

The world is now fighting a tough battle against the coronavirus, and Tokyo, as well, is engaged in confronting this crisis. Our views of the world are changing significantly in the new normal of the COVID-19 era. Setting our sights on the post-COVID world, the Tokyo Metropolitan Government pledges to achieve a “sustainable recovery,” where people can continue to shine in all kinds of situations. We look forward to working with you in developing business in Tokyo. Tokyo’s safety and other many attractions are highly lauded by the world. And what will sure to be an advantage for many foreign companies is that Tokyo is a magnet attracting people, goods, capital and information.

A strong financial sector is indispensable for a city to enhance its attractiveness and competitiveness. While working even more closely with businesses in Hong Kong, Tokyo is also reinforcing measures to raise its position as a city that is chosen by the world, and is rolling out various policies to attract companies from abroad. For example, under the “Global Financial City: Tokyo” vision, we established Japan’s first public-private financial promotion organization, FinCity.Tokyo. And we opened the first overseas desk for the Business Development Center Tokyo in Hong Kong this October. Here, business support services for foreign companies are provided in English, Mandarin, and Cantonese. On top of this, we will start a program for financial services companies and individuals from abroad who are thinking about starting business in Tokyo. This program will provide office space to support them when they are in Tokyo to conduct preliminary surveys.

The Tokyo Metropolitan Government will provide full support for your endeavors in our city. We look very forward to welcoming you to Tokyo.

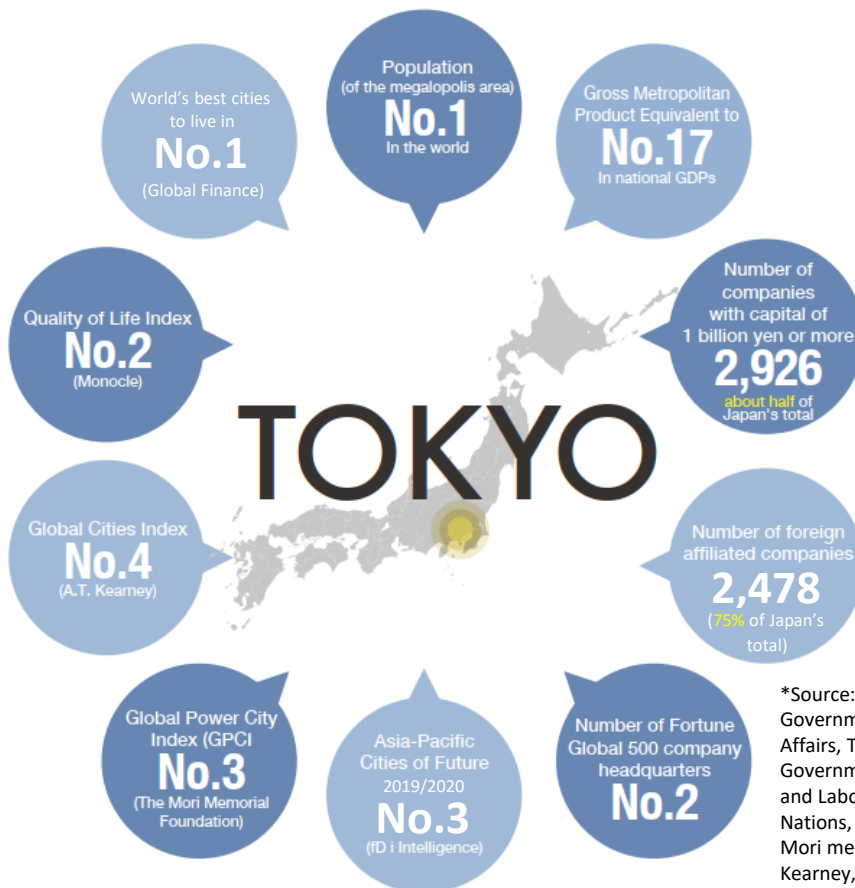
Yuriko Koike
Governor of Tokyo



Tokyo's Attractiveness at a glance

World's largest city, with population of 13.97 million

Tokyo, the capital of Japan, is one of the world's largest cities with a population of 13.97 million (October 2020). Its gross domestic product (GDP) is valued at 106.6 trillion yen (FY 2019), exceeding the GDP of the Netherlands. Tokyo has approximately 3,000 large corporations each having capital of 1 billion yen or more, which is about half of Japan's total number of companies. An international business center, Tokyo is also home to 75% of the foreign-affiliated companies in Japan, with over 2,400. Tokyo ranks number two in the world in having Fortune Global 500 companies. This large cluster of corporations attracts other companies to Tokyo, the city's economy.



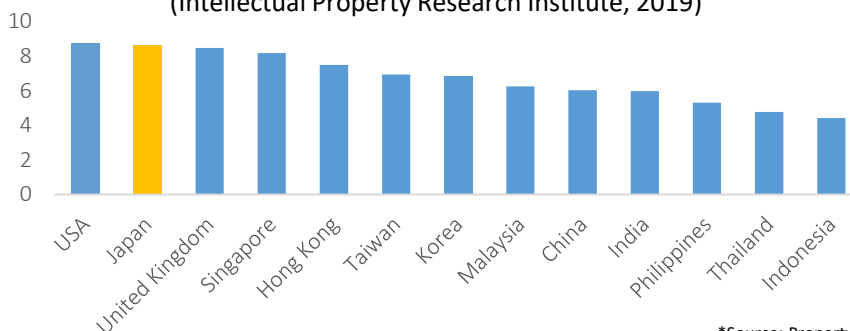
*Source: Tokyo Metropolitan Government Bureau of General Affairs, Tokyo Metropolitan Government Bureau of Industrial and Labor Affairs, United Nations, fDi Intelligence, The Mori memorial foundation, A.T. Kearney, Monocle, Global Finance

Comfortable Business Environment

Highly effective infrastructure, highest level of protection of intellectual property rights

Japanese society places great importance on freedom and fairness. This environment will offer invaluable benefits as you build and develop your business. Business operations can be conducted with peace of mind as Japan offers the highest level of protection of intellectual property rights in Asia. Tokyo has many high-performance office buildings equipped with earthquake-proof functions and self-supporting power generation systems so that businesses can continue operating 24 hours a day/ 365 days a year in the global market even in the event of a disaster. Tokyo has a very convenient transport network. There is an intricate rail network of 13 subway lines and JR and private railway lines, allowing quick and easy travel within the city. The railways in Japan boast the world's highest level of precision. Those establishing offices in Tokyo's special economic zones can conduct business efficiently without needless waste of time.

Protection of Intellectual Property Rights
(Intellectual Property Research Institute, 2019)



*Source: Property Rights Alliance

*Comparison among world-leading and Asian countries. Maximum=10 and larger figure shows better IP protection



Abundant potential business partners and highly skilled talents

More than 400,000 companies and 140 universities provides you abundant opportunities for acquiring business and talents

Another strong characteristic of Tokyo is its wealth of potential business partners and highly skilled professionals. Tokyo has a large number of companies, universities and research institutions. There are also numerous small and medium-sized companies boasting world-leading technologies. Foreign companies expanding operation to Tokyo can create innovation with business partners in Tokyo, and then expand the business into other parts of Asia and the world. Tokyo makes this type of business plan possible.



*Source: Japan Ministry of Education, Culture, Sports, Science and Technology, Japan Ministry of Economy, Trade and Industry



Easiness to start business and acquire funds

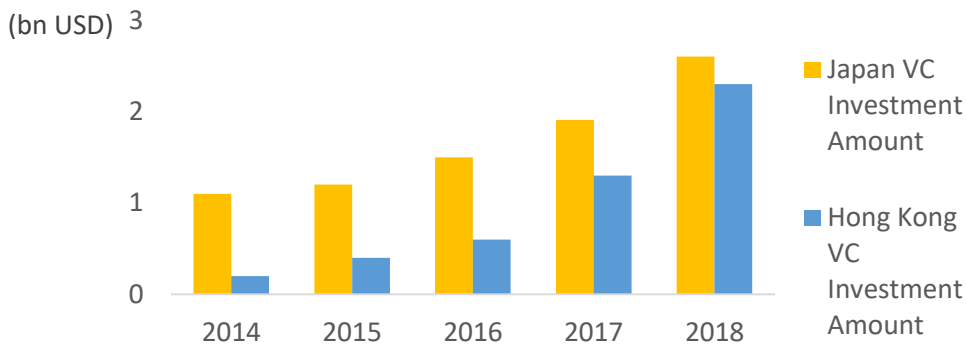
1,400 successful cases of fund raising in 2018, which reaches 3.9 billion USD

To establish a business in Tokyo is quite easy and smooth. You can establish the company with paid-in-capital from even 1 JPY, and you can use TOSBEC, the Tokyo One-Stop Business Establishment Center, to establish the company with one-stop support.*

Also, Tokyo is a hub where the venture capitals gather. There are more than 170 VCs existing in Japan, and 80% of them are located in Japan. There were 1,426 cases which start-up companies successfully raised funds in Tokyo in 2018, with total fund amounts reaches 3.9 billion USD. This figure is almost the double size of that of Hong Kong, which is 2.1 billion US\$

* For details of the support to establish the company, please refer to the support or TOSBEC (→ P.16)

Venture Capital Investment Amount (2014-2018)



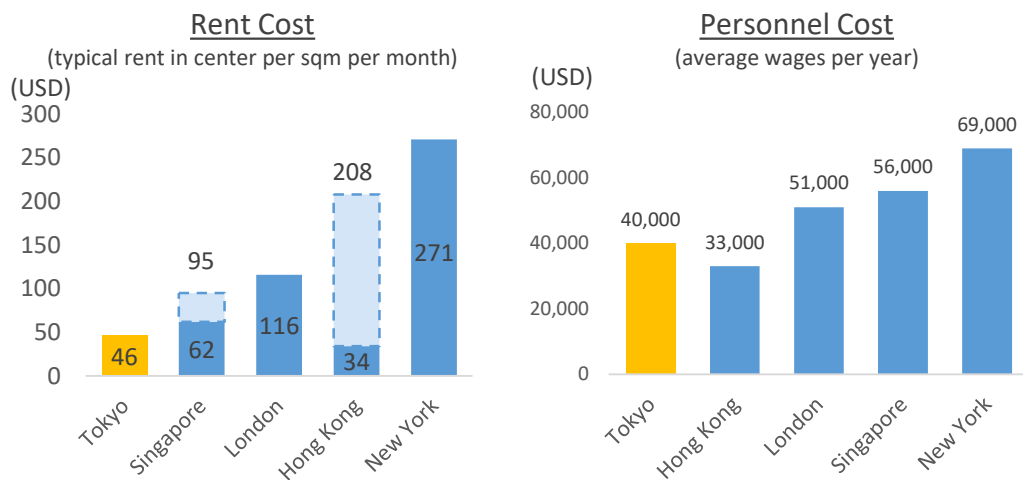
*Source: Japan Venture Enterprise Center, Hong Kong Venture Capital and Private Equity Association



Attractiveness in reasonable business cost

“Contradicting the stereotype, Tokyo is no longer an “expensive” city”

Contradicting the stereotype, Tokyo is no longer an “expensive” city -rather you can enjoy the environment with reasonable business cost. According to JETRO, the typical rent in central Tokyo is 46 USD per sqm per month, which is reasonable compared with that of Hong Kong, which ranges 34 to 208 USD, and Singapore, 62 to 95 USD, or with London or New York. Also, you can reach skillful talent with moderate wages. The average wages in Tokyo of financial industry is 40,000 USD per year, which does not have a large difference from that in Hong Kong, which is 33,000 USD, and quite lower than that in Singapore, London or New York.



*Source: JETRO, Edigest, Xinhuanet, Doda, PayScale

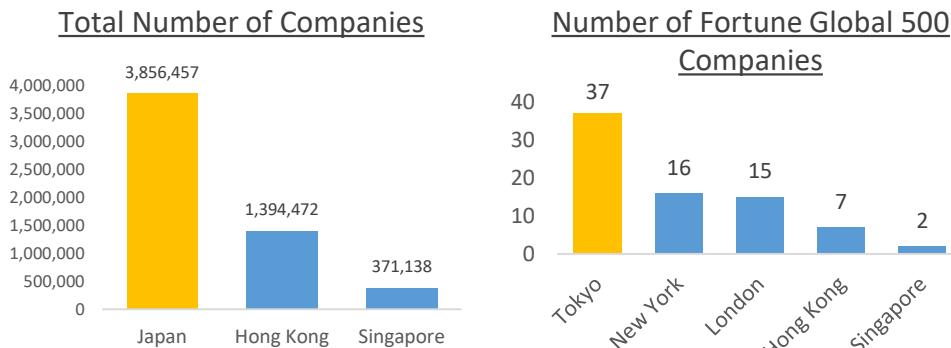


*Gateway to reach world-leading companies
and ideal location for a regional hub*

You can reach 4 million companies in Japan by using Tokyo as gateway, with 36 Fortune 500 companies

Japan is a home of numerous companies, with hosting 4 million companies in Total – which is 1.4 million in Hong Kong, and 0.4 million in Singapore. Among this, there are 53 Fortune Global 500 companies in Japan, which 37 headquartered in Tokyo. This number is 2 in Singapore and 7 in Hong Kong – this overwhelms that of New York and London, too. Also, Japan hosts quite unique “global top niche” companies, a world-leading SMEs.

Also, you can utilize Tokyo as a gateway for Asian region. Since Tokyo hosts 139 direct flight connections with major cities, it is an ideal location for a regional hub. This number is slightly bigger than that of Hong Kong, which is 138, and Singapore, which is 134.



*Source: Japan Ministry of Economy, Trade and Industry, The government of Hong Kong Special Administrative Region, Singapore Accounting and Corporate Regulatory Authority, Fortune

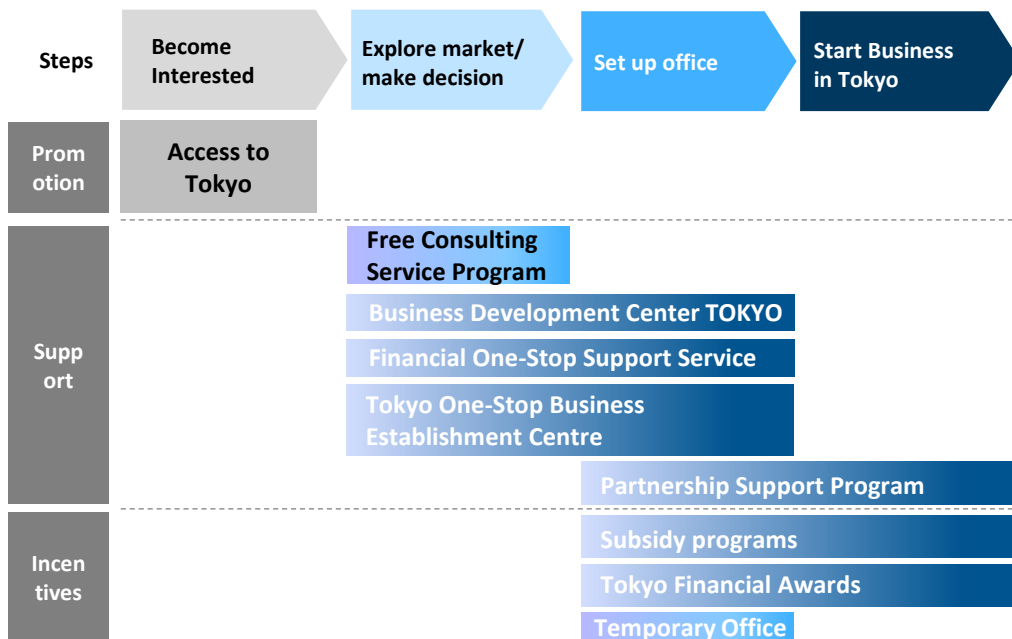


Overview of TMG's support programmes

Supports provided for various ranges before/after you enter Tokyo

TMG provides comprehensive supports according to your steps of considering enter to Tokyo and Japan. Details of each supports are described in following pages.

Support overview (by companies' / talents' entry steps)

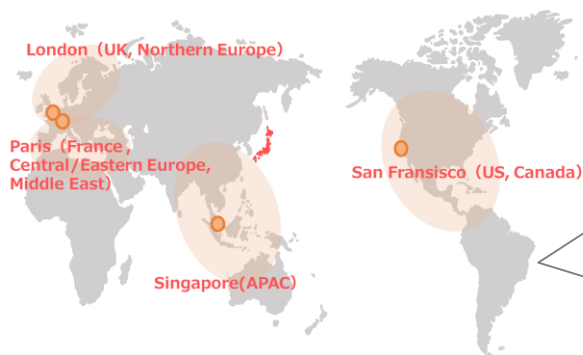




Access to Tokyo

Contact your nearest Access to Tokyo overseas office, to gain useful information and advices

Access to Tokyo provides information about localizing in Tokyo to foreign companies considering expansion in Tokyo and local hub organizations that provide support for the overseas expansion of foreign companies. Access to Tokyo offices provide consultation services and respond to inquiries.



We used to have only limited knowledge and contact about Japan in the past. Through Access to Tokyo consultation desk, we could get many insights into and know business opportunities of the Japanese market, which we found highly potential for our company.

It is very important for us to know even in our country what the government resources and incentives are available as the first step for the market entry.

(User's voice from an IoT company, used Singapore consultation desk)

For details, please access the link below:

Tokyo Metropolitan Government brochure and website:
<https://www.investtokyo.metro.tokyo.lg.jp/en/resources/data/2020/pamphlet-en.pdf?ver=20200622> (P.5)

https://www.investtokyo.metro.tokyo.lg.jp/en/for_foreign/access2tokyo/



Free Consulting Services Program for foreign financial institutions

Comprehensive consultation and other all-round support for the foreign companies

TMG offers a comprehensive free consulting services and other supports, such as support to applying for the subsidies, based on the needs of foreign financial companies situated in the fields of the Fintech or Asset Management that establish new business offices in Tokyo.

Support Provided through the Program

Consultation support

- Market analysis
- Growth strategy planning
- Expert advice on planning of operational & other costs (license fees, etc.)
- Legal advice on license registration, etc.
- Other specialist advice (regarding industry association memberships, tax, accounting, etc.)

Business Partner Search support

- Assistance in discovering opportunities for partnerships/ client acquisition
- Listing of investors/investment opportunities in Tokyo

Financial Incentives

- Covers the cost of establishing the office*¹
 - Fees incurred in consultation with experts:
 - ① Registration of the company
 - ② Acquisition of License
 - ③ Setup of labor management, etc.
 - Personnel recruitment costs
- Covers the cost of operation
 - Establishing outsourced middle/back office operations*²

On-the-Ground support

- Assistance in registration, personnel recruitment, office search, accounting, etc.
- Assistance for daily life including provision of healthcare, education, and other information

Financial incentives are provided by TMG.
(Free Consulting Service supports application)

*¹ Covers the 1/2 cost up to 7.5 million JPY. Eligible cost will be the cost incurred within the fiscal year (April – March) of the office establishment.

*² Covers the 1/2 cost up to 7 million JPY. Eligible cost will be the cost incurred between April 2020 – March 2021, and the cost of outsourcing to the service providers certified by TMG. (Only available to Asset Management companies who started their Asset Management business after 2013 and registered to JFSA after 2018 April.)



Business Development Center TOKYO (BDCT)

“Comprehensive support on doing business in Tokyo, including business consulting, as well as consultation on the paperwork or developing sales channels.”

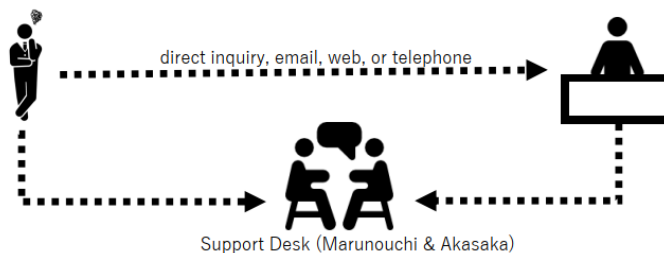
Staff members fluent in English provide comprehensive support on doing business in Tokyo, including general business consulting on topics such as Japanese commercial customs, as well as consultation on the paperwork required for establishing a company or developing sales channels. Additionally, services are available to provide multilingual information to the employees of foreign firms and their families on all aspects of daily life in Tokyo, including healthcare, education, and residency related procedures.

The services are available for:

- Foreign companies planning to develop business in Tokyo
- Foreign entrepreneurs
- Foreign-affiliated companies already developing business in Tokyo

Business Development Center TOKYO

- **Consultation free of charge**
- **English support available**



For details, please access the link below:

Tokyo Metropolitan Government/ BDCT brochure:

<https://www.investtokyo.metro.tokyo.lg.jp/en/resources/data/2020/pamphlet-en.pdf?ver=20200622> (P.6)

<https://www.investtokyo.metro.tokyo.lg.jp/en/resources/data/2020/bdct-en.pdf>



Financial One-Stop Support Service

One-stop support service center to smoothly start your business in Tokyo

Business Development Center Tokyo provides foreign financial companies, etc. considering the establishment of business in Tokyo with free comprehensive consulting and support such as for completing administrative procedures in the joint consultation service with the Financial Services Agency. The Financial Desk Consultant gives advice and /or introduces appropriate financial experts and other experts to the companies in need. All consultations with the Financial Desk Consultant are free of charge.

Financial one-stop support service

- *Providing information and advice on financial-related Japanese legal systems and procedures for obtaining licenses etc. (in cooperation with the Financial Services Agency)*
- *Introduction of financial experts*
- *Introduction of related organizations*



For details, please access the link below:

Tokyo Metropolitan Government/ BDCT brochures:

https://www.startup-support.metro.tokyo.lg.jp/for_foreign/financial_support/en/

<https://www.investtokyo.metro.tokyo.lg.jp/en/resources/data/2020/bdct-en.pdf>



Business Development Center Tokyo Hong Kong Office

TMG opened a new office of "Business Development Center Tokyo" in Hong Kong.

TMG has established the First Overseas Contact Point for Business Development Center Tokyo in Hong Kong. Various services are provided at the Hong Kong office, such as Business Support (provide support and consulting services on all the necessary procedures from the establishment of a company in Japan to the development of sales channels), Financial One-Stop Support Service (comprehensive consulting and support such as completing administrative procedures) and Living Support (offer necessary information to expatriate employees of foreign companies and their families to allow them to live a comfortable life in Tokyo).

The office supports foreign companies considering setting up a business base in Tokyo, or foreign entrepreneurs considering setting up a business base in Tokyo. The consultants, who are well versed in the local situation, will offer support to expand your business in Tokyo.



Support Desk

Hours

9:00~18:00 (with one hour break) (Monday - Friday (Except Hong Kong holidays))
For consultation with our desk consultant, please schedule an appointment in advance.

Address

17/F., Ashley Nine, 9-11 Ashley Road, Tsim Sha Tsui, Kowloon, Hong Kong

Contact

hongkong@bdc-tokyo.org
+852-3160-8111

**Supported Language : English, Chinese (Cantonese, Mandarin)*

For details, please access the link below:

Tokyo Metropolitan Government websites:

https://www.startup-support.metro.tokyo.lg.jp/for_foreign/bdct_hongkong/en/

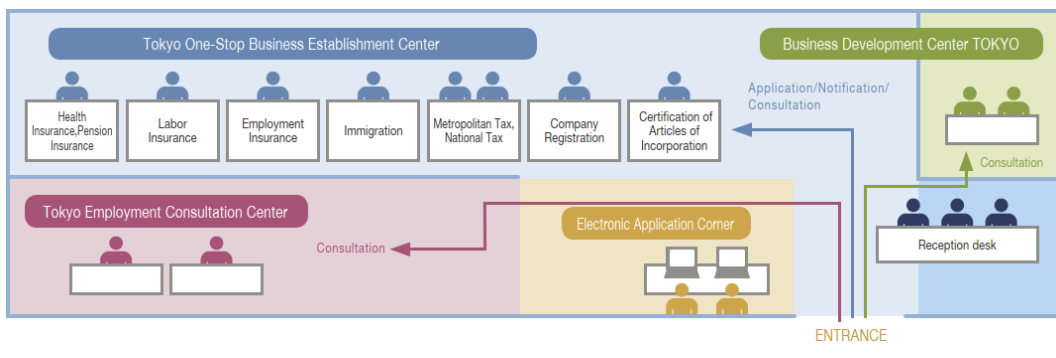
<https://www.investtokyo.metro.tokyo.lg.jp/en/news/detail.php?id=22>



Tokyo One-Stop Business Establishment Center (TOSBEC)

One-stop service center to smoothly start your business in Tokyo

The Tokyo One-Stop Business Establishment Center (TOSBEC) is a facility based in the Akasaka district of Tokyo's Minato ward that works with Japanese national and TMG to promote business start-ups by foreign companies and domestic venture companies utilizing the National Strategic Special Zone system. Through personalized service provided by staff knowledgeable in administrative procedures and experts, the center helps to facilitate the prompt completion of various filing procedures required when starting a business, including those for certification of articles of incorporation, company registration and notification of incorporation, taxes, social security, and immigration. In addition, TMG offers Internet application support and multilingual interpretation and translation services in response to user requests. All services are free of charge and you can use TOSBEC as many times as you like.



For details, please access the link below:

Tokyo Metropolitan Government brochures:

<https://www.investtokyo.metro.tokyo.lg.jp/en/resources/data/2020/pamphlet-en.pdf?ver=20200622> (P.8)

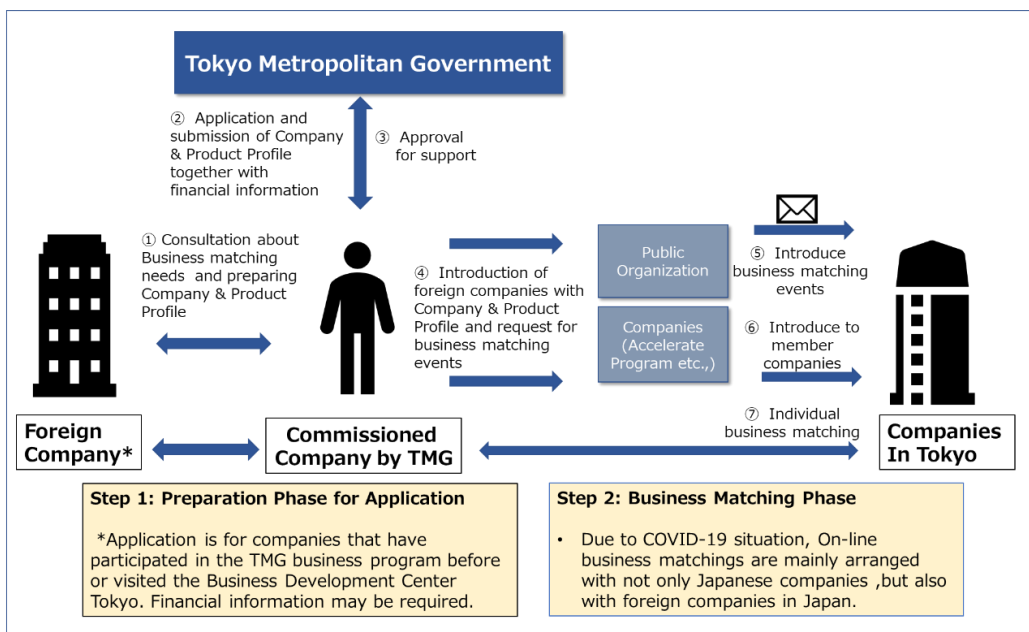
<https://www.investtokyo.metro.tokyo.lg.jp/jp/resources/data/2020/tosbec-en.pdf>



Partnership Support Program

After your entry to Tokyo, TMG will keep on supporting your business matchings

Tokyo Metropolitan Government (TMG) continues to support foreign companies that intend to enter Tokyo, and in order to further accelerate this, TMG has introduced the Partnership Support Program to promote business matching with between foreign companies and companies in Tokyo since 2018. Through this support program, the business needs of foreign companies are shared directly with companies in Japan, and business matching arrangement or a business matching events will be held.



For details, please access the link below:

Tokyo Metropolitan Government brochure:
<https://www.investtokyo.metro.tokyo.lg.jp/en/resources/data/2020/pamphlet-en.pdf?ver=20200622> (P.13)



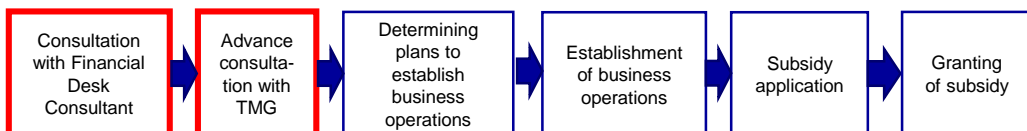


Overseas Financial Corporation Business Establishment Subsidy Program

Supporting business establishment by granting subsidy for personnel recruitment costs and fees incurred in consultation with experts

In order to put active effort into attracting overseas financial corporations (asset management businesses or Fintech businesses) to Tokyo, this program grants subsidies to overseas financial corporations to cover a part of the costs incurred, such as the cost of recruiting personnel, establishing new business operations (Japanese corporations, etc.) in Tokyo.

Processes leading up to the granting of subsidy



*Under this Subsidy Program, the establishment of business operations is deemed to have been completed at the point where all the following conditions are fulfilled: acquisition of office property, commercial registration, deployment of personnel, and start of business operations

For details, please access the link below:

Tokyo Metropolitan Government website:

<https://www.senryaku.metro.tokyo.lg.jp/en/afct/establishment-subsidy.html>

https://www.senryaku.metro.tokyo.lg.jp/en/afct/pdf/establishment-subsidy_01.pdf



Subsidy for the Outsourcing of Middle and Back Office Operations

Supporting business operation costs by granting subsidy for middle and back offices function outsourcing fee, up to JPY 7M (USD 70K)

Domestic and overseas asset managers who have newly-established asset management businesses in Tokyo have limited human resources, and there are cases where middle and back office operations are heavily burdened. Thus, the Tokyo Metropolitan Government provides subsidies to reduce the burden on middle and back office operations so that emerging asset managers can concentrate human and management resources in the investment department (front department)

Targeted expenses	Subsidy limit
Outsource expenses for middle & back office operations or system expenses for middle & back office operations (license contract fee)	1/2 of actual expenses (upper limit of 7 million yen)



For details, please access the link below:

Tokyo Metropolitan Government website:
<https://www.senryaku.metro.tokyo.lg.jp/en/afct/nurturing-players/middle-back.html>





Subsidy to Support Base of Operations of Overseas Financial Corporations

Supporting business operation costs by granting subsidy for office rents, consulting fees for experts and purchase costs of equipment and fixtures, up to JPY 10M (USD 100K)

To support expansion of Overseas Financial Corporations, this program grants to Japanese Corporations, etc. of Overseas Financial Corporations (asset management businesses or Fintech businesses) that have just been established in Tokyo to cover a part of costs necessary for promotion of growth of business, etc. (Can apply for the fees incurred in 2nd and 3rd year of office establishment.)

Processes leading up to the granting of subsidy



For details, please access the link below:

Tokyo Metropolitan Government website:
<https://www.senryaku.metro.tokyo.lg.jp/en/afct/assist.html>



Tokyo Financial Award

Calling for award program regarding the financial innovation and ESG investments

The Tokyo Financial Award is comprised of the Financial Innovation Category, which recognizes financial companies that develop and provide innovative financial instruments and services that help meet the needs of Tokyo residents, and the ESG Investment Category, which recognizes businesses who are contributing to the spread of ESG investment.

EVALUATION OUTLINE

Financial innovation category



ESG Investment Category



Year	Financial innovation	ESG investment
2018	<ul style="list-style-type: none"> 1st justInCase,Inc. 2nd TORANOTEC,Ltd. 3rd GLORY LTD. 	<ul style="list-style-type: none"> Neuberger Berman East Asia LTD. Robeco Japan Company LTD. Sompo Holdings, Inc. Sumitomo Mitsui Trust Asset Management Co., Ltd.
2019	<ul style="list-style-type: none"> 1st Frich,Inc. 2nd Fly Money Technologies LTD 3rd 400F Co., Ltd. 	<ul style="list-style-type: none"> Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Shinsei Corporate Investment Limited S&P Dow Jones Indices LLC.

For details, please access the link below:

Tokyo Metropolitan Government websites:

<https://www.senryaku.metro.tokyo.lg.jp/en/afct/contributing-solving-socialissues/index.html>

<https://finaward.metro.tokyo.jp/en/>





Guidance to the Asset Management Industry in Japan

Comprehensive guide to identify the required licenses

The Tokyo Metropolitan Government (TMG) is closely working with the Financial Services Agency (the central government, the regulatory body) to support the foreign financial institutions.

In accordance with this, TMG compiled the English guidebook titled 'Guidance to the Asset Management Industry in Japan' ('the guidebook') with the cooperation of the Financial Services Agency in order to provide useful information for foreign asset managers to enter the Japan's Market smoothly. This guidebook gives easy-to-understand explanations of Japanese financial laws and regulations, how to apply for registration as a financial instruments business operator.

For details, please access the link below:

Tokyo Metropolitan Government website:
<https://www.senryaku.metro.tokyo.lg.jp/en/afct/guidebook.html>





Startup Ecosystem Tokyo Consortium

To support the startup joining the ecosystem in Tokyo, numerous local stakeholders formed the consortium

Under the leadership of TMG, a consortium has been formed consisting of local governments, universities and research institutions, startups, private businesses (accelerators, venture capitalists (VCs), business companies, developers, etc.), economic organizations, etc., with the objective of promoting broad cooperation among the ecosystems and startup hubs that have been formed in various parts of Tokyo.

In addition, Tokyo aims to establish its position as a global center of ecosystems by leveraging the consortium's network to formulate projects, which will generate innovation, and promote them both domestically and internationally. TMG established the "Startup Ecosystem Tokyo Consortium" on January 22, 2020 and is promoting activities as the consortium's secretariat.

For details, please access the link below:

Tokyo Metropolitan Government website:

<https://www.investtokyo.metro.tokyo.lg.jp/jp/resources/data/2020/pamp/hlet-en.pdf?ver=20200622> (P.13)



Team Invest Tokyo

Further to support the foreign companies' business in Tokyo, local supporters formed "Team Invest Tokyo".

To improve the attractiveness of Tokyo's ecosystem, which will generate various innovations, "Team Invest Tokyo" is taking various majors such as strengthening the connectivity with cities inside and outside of Japan, realizing the environment enhancing the players to interact mutually, and improving the diversity.



Voices from the Hong Kong companies

About the market attractiveness...

"Tokyo, being the economic heart of Japan, is attractive because of its superb connectivity with the rest of Japan and the rest of the world. Tokyo is blessed with a very sophisticated and dedicated pool of professionals experienced in international business."

"Tokyo has many good companies that have untapped market potential and which are trading at undemanding valuations. We believe that we can become a useful provider of capital and a bridge for strategic overseas partnership to these companies."

About TMG's supports...

"Business matching and introduction with TMG's support helped us make the vital first link. This enabled smoother and more fruitful conversations."

"Critical success factors include collaborating with good local partners and tapping on the TMG's detailed industry knowledge and know-how."

"TMG was instrumental in setting up a base in Japan, helped to identify and introduce various partners, investors and Japanese companies to us."

"TMG helped us to navigate the various regulatory intricacies and procedures in order for us to set up a base in Japan."

Business success in Tokyo and Japan...

"Having the TMG as an enabler has allowed us to have smooth conversations with potential Japanese partners, companies and our investors as they tend to have reservations about us, a foreign company, starting operations in traditional Japan."

"Japan is a value investor's paradise. The Tokyo area, being the largest economic zone in Japan, presents many interesting propositions."

Prepare for BCP considering Hong Kong's circumstance

"Considering the current situation, we need to prepare for BCP (Business Contingency Plan) thus thinking of second location outside of Hong Kong"

"For the secondary office for BCP, we are considering Tokyo or Singapore"

- Voices from the Hong Kong based asset management companies who used the TMG supports and decided office establishment in Tokyo

Voices from the other companies

About the market attractiveness...

“Tokyo is the capital of Japan and the center of the Japanese economy. Further, Tokyo has a large number of universities and other higher educational institutes, which offers us excellent human resources.”

“Japan is the most trustworthy country in the world and that Tokyo is the most global city in Japan. It is very convenient for major companies all over the world to interact and collaborate in Tokyo. I can’t think of any reason why foreign-owned companies would not want to invest in Tokyo.”

About TMG’s supports...

“The Tokyo Metropolitan Government program was very helpful, through their market research, we were able to pursue our Japan business strategy in a more targeted way. Newcomers often lack access to local networks, and TMG’s support in addressing that issue is highly valuable.”

“We benefitted from the TMG’s free consulting and business matching. Through the support program, we recognized the potential of the market and looked for potential business partners”

“We were very impressed by the efficient and strong support we received from the local authorities, in particular from TMG, whose team has been extremely diligent. Business Development Center TOKYO, the TMG’s comprehensive service, provided valuable assistance to us in establishing an office, supporting our office registration and license application. ”

“As a foreign-owned company, I am impressed by the support provided by the Tokyo Metropolitan Government for companies like mine.”

Business success in Tokyo and Japan...

“Cloud business is getting standard in world wide. Many of IT division of the Japanese companies are pressured by Executives to reduce the IT cost, and we could have the right solutions for it.”

““Aging society” and energy problem give us a very good opportunity in Japan. We provide variety of solutions like elderly care services and energy management systems. The model we created in Japan will be expanded to worldwide in the near future.”

*- Voices from TMG supported companies
(TMG website: “Why Tokyo? 50 Reasons”)*

Successful cases of foreign companies' expansion into Tokyo

Assured Asset Management (Hong Kong)



“The Tokyo Metropolitan Government’s program was very helpful in understanding the overall picture of the business and forming connections.”

Company Overview

Assured Asset Management is an international asset management company headquartered in Hong Kong with an office in Singapore. We leverage advanced technologies to drive efficient global investing amongst dynamic market conditions and a superior financial experience for investors. We see the rise of alternative investment and believe our application of technology in the alternative space will create more opportunities for everyone.



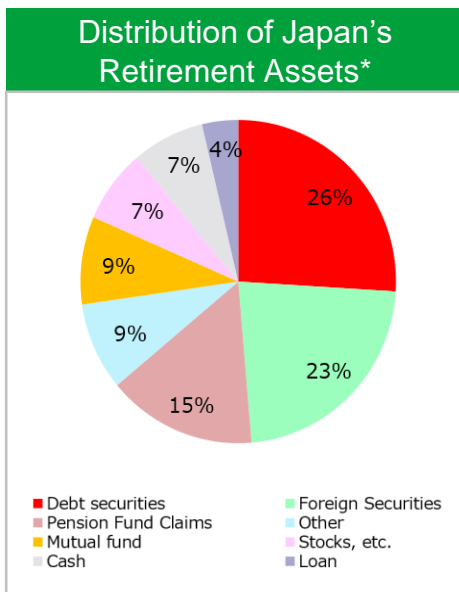
The Assured Asset Management Team

Choosing to do Business in Tokyo

“Demand for our service in the Japanese market was our primary consideration”

We were looking for a new market for asset classes such as consumer credit, and found Japan to be a perfect fit. In Japan, bonds are the most popular asset class and stability is preferred. We realized that these trends were compatible with our products and aimed to establish a base in Japan.

After deciding to enter the market, we found a strong interest in our supply chain solutions through conversations with Japanese asset management companies and corporates. Our technology can be used to digitize and centralize supply chain related financial procedures. Based on the conversations we had, we believe that there is a high demand for digitized supply chain services in Japan, so we decided to expand into this area.



Debt securities are a popular asset class in Japan

*Source: <https://www.boj.or.jp/statistics/sj/sjhiq.pdf>

Challenges Faced

“Without the support of Tokyo Metropolitan Government, it would have been impossible to build a strong network and to understand the local laws and regulations, which are completely different from those in Hong Kong”

The laws and regulations of financial markets are completely disparate from those of Hong Kong. At our Singapore office we face less difficulty as the legal system there is similar. However, in Japan, the interpretation of the laws and regulations was quite different, so we needed advice from a number of lawyers and experts in order to fully understand.

We also face difficulty in building our network and hiring. We didn't understand the best way to find and approach potential customers and employees. It would have been very difficult to effectively build relationships with the right people and organizations without the Tokyo Metropolitan Government's support.

Support Received

“Tokyo's support was comprehensive and helpful in understanding the structure of the Japanese market”

The support of the consultants with the Tokyo Metropolitan Government's program was very effective. We attended seminars held by Tokyo Metropolitan Government where we could exchange opinions with other overseas companies, which helped us to understand the market and build contacts. We had meetings with related parties which helped us understand the business environment.

We also received support in recruitment from Business Development Center TOKYO. The agencies they introduced were trustworthy and highly experienced.



2019 Hong Kong Best Wealth Management Platform Award



Robert Cheung
Chief Executive Officer

Message to New Participants

For foreign companies entering Japan, going from zero to one is difficult. For those who can clear this step, it's a market with large returns. For example, establishing connections and finding the right people in Japan can be a daunting task, but once a relationship is established, it often becomes a long-term and intimate one, unlocking the door to future business potential.

In the long run, entry into the Japanese market is full of possibilities and I believe this program will be very helpful in understanding the overall structure.

Successful cases of foreign companies' expansion into Tokyo

QVP Advisory Limited (Hong Kong)

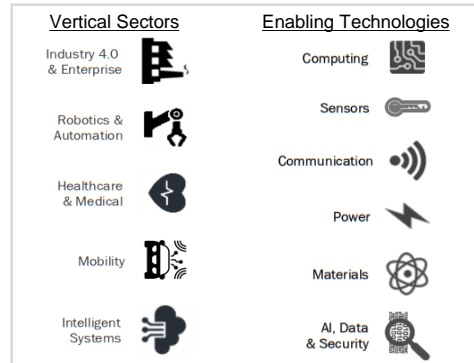


“The Tokyo Metropolitan Government’s program has been very helpful in building connections and understanding the overall picture of the market and regulations”

Company Overview

QVP Advisory Limited is a Hong Kong venture capital firm. We invest in the latest technologies including semiconductor, sensor, material science, industry 4.0, automotive, and healthcare applications.

We also operate a design engineering studio called Q Design Studio* with features that can support clients in hardware development and mass manufacturing processes.



QVP Advisory Limited’s Investment Focus Areas

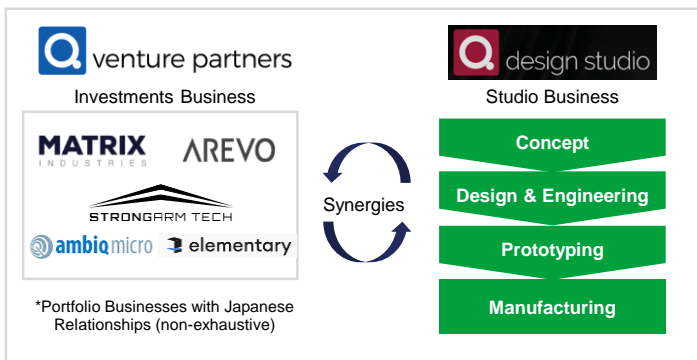
*<https://qdesign.studio/our-work>

Choosing to do Business in Tokyo

“Many of our investee companies were already connected to Japanese companies and were interested in expanding into Japan”

What stoked our interest in Japan was that about a third of our 17 investee companies already had some kind of connection to Japanese companies, such as customer or investor relationships.

Our investee companies are mainly hardware related, and many Japanese companies are buyers in this area. As a result, Japanese venture capitalists, who are active investors in the United States, were often interested in co-financing. In



In addition to its investment activity, QVP Advisory Limited operates the Q design studio

addition, many investee companies tended to choose to enter Japan, which is a major market in terms of size and maturity, as the first step in expanding into Asia, which was another reason for participating in the program. For us, the expansion of business in Japan was the first overseas expansion.

Challenges Faced

“Language and culture differences were the biggest barriers for us as non-Japanese speakers”

We found language barriers and cultural differences to be the biggest obstacles to doing business. Even if we were talking to a counterpart in English, the expressions of the other party were sometimes euphemistic and we could not fully understand the content of the discussion, making it difficult to communicate. In the Tokyo Metropolitan Government’s program, their consultant joined us for meetings and managed the flow of the conversation, enabling us to discuss effectively.

We also faced difficulty in building our network. With our market entry, our goal was to reach out to as many institutional investors as possible in the areas in which we operate, but identifying the right companies and making appointments with the right people took time. By utilizing the network of the consultants and the Tokyo Asset Management Forum held by the Tokyo Metropolitan Government, we were able to efficiently network with relevant companies.

Support Received

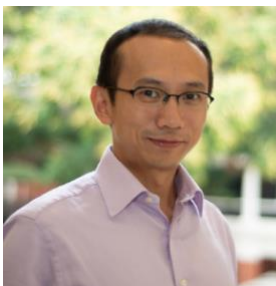
“We were able to obtain all the knowledge and connections we need with Tokyo Metropolitan Government’s support”

The consultants supported us in many ways. For example, they gave us an overview of the market and regulations, and introduced us to other venture capital firms based on our requests.

Also, we were able to create useful connections in the Tokyo Asset Management Forum event where participating companies presented business ideas. I am generally satisfied with the program.



*QVP Advisory Limited
Headquarters*



Henry Tan
*Co-Founder &
General Partner*

Message to New Participants

Participants should ask for specific advice from the consultants in one or two areas of highest priority, as the time frame is limited.

Japan is central to the Asian market, which is very attractive as an investment destination. I feel that this program is very helpful in gaining a holistic understanding of the business customs and rules in Japan and in making useful connections.

Types of Company Foundation in Japan

Differences in Types of Company Foundation and its Legal Position is shown as below

Types of company	Capital	Number of investors	Relationship with foreign companies	Liability of investors / headquarters to creditors of the company	Regular general meeting of stakeholders (employees)	Transfer of equity holding	Availability of listing stocks (equity holding)
Branch	N/A		An office in Japan to conduct business determined by an authorized agency of the foreign company Usually they are not supposed to make decisions alone	No maximum amount	No need to hold the meeting	No equity holding	No equity holding
Subsidiary (Japanese corporation) Stock company			Legal entity separate from foreign company		Need to hold the meeting annually	No restrictions in principle Articles of Incorporation*1 often stipulate that approval of the board of directors or general meeting of shareholders is required for the transfer of shares	Available
Subsidiary (Japanese corporation) Limited liability company	1 yen (≒1 Penny) or more	1 investor or more	Foreign companies are liable as legally responsible investors for debts and liabilities arising from the activities of their subsidiaries	Up to the amount of investment	No need to hold the meeting unless specified in the articles of incorporation	In principle, the consent of all investors (employees) is required, but other provisions can be made in the articles of incorporation	Not available

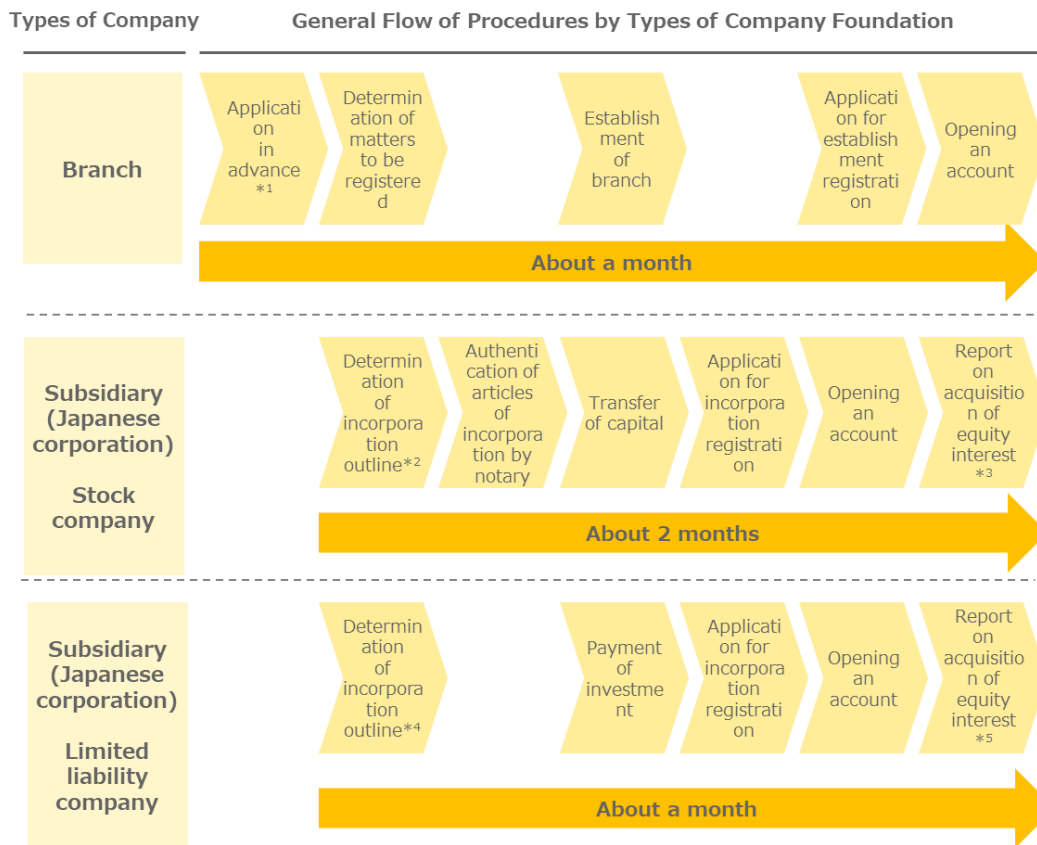
For details, please access the link below:

JETRO. Laws & Regulations on Setting Up Business in Japan
https://www.jetro.go.jp/ext_images/en/invest/setting_up/pdf/laws_en_2_02003.pdf



Process and timeline of Company Foundation

General Flow of Procedures by Types of Company Foundation and its timeline is shown as below



For details, please access the link below:

JETRO. Laws & Regulations on Setting Up Business in Japan
https://www.jetro.go.jp/ext_images/en/invest/setting_up/pdf/laws_en_2020_03.pdf

Bank of Japan. Regarding the reporting system of the Foreign Exchange Law
https://www.boj.or.jp/about/services/tame/t_seido.htm/ (Japanese)



Licenses related with asset management

When doing business in Japan, it is necessary to pay attention to the applicable laws, regulations and licenses, depending on the services to provide

The four principal types that business of foreign financial instruments business operators, and in particular operators of asset management businesses, seeking to enter the Japanese market usually engage in are shown in items (1) through (4) as shown in the table below. The types of registration of a Financial Instruments Business under the Financial Instruments and Exchange Act which may be required for each categories (1) through (4) are broadly divided as in the table below:

	Investment Management Business*	Type II Financial Instruments Business	Investment Advisory Business
(1) Discretionary investment management	✓	N/A	N/A
(2) Self Offering / Private Placement	N/A	✓	N/A
(2) Dealing in Offering and Private Placement	N/A	✓ (for foreign collective investment scheme interests)	N/A
(2) Investment Management	✓	N/A	N/A
(3) Investment advisory business	N/A	N/A	✓
(4) Comprehensive investment management business	✓	✓	✓

* If investors in all managed assets comprise only "Qualified Investors" (e.g., Qualified Institutional Investors, listed companies, Financial Instruments Business Operators, foreign judicial persons), and the total value of the assets under management is not more than JPY 20 billion, it is possible to be registered as an "Investment Management Business for Qualified Investors".

For details, please access the link below:

"Guidance to the Asset Management Industry in Japan:"
https://www.senryaku.metro.tokyo.lg.jp/qfct/pdf/guidebook_01.pdf
 (P.13)



Types of visas for global talents working in Japan

There are many ways that global talents working in Japan can apply for visas

Following types of VISA may be suited for global talents working in Japan. You may choose the applicable one, according to your business activities.

- *Business manager: company's presidents, directors, etc. can apply*
- *Engineer/Specialist in humanities/International services: scientific engineers, IT engineers, etc. can apply*
- *Intra-company transferee: (after your company completed set up of the Japanese branch) expat people transferred to the Japanese branch from your foreign headquarters can apply.*
- *Highly skilled professional: highly-skilled human resources can apply by the calculation of the scores ("Points System")*

For details of each VISA's applicability and conditions, please see below.

Visa Type	Details of Permitted Activities	Examples
Highly Skilled Professional (Type 1)	1. Research, research guidance or education 2. Work requiring specialized knowledge or skills in the field of natural sciences or humanities 3. Operation or management of a public or private organization.	Highly Skilled Professionals, as designated by the Points System
Highly Skilled Professional (Type 2)	(Same as above, with additional residency related benefits. Must hold Type 1 for 3 years or more)	
Business Management	Operating international trade or some other business of a public or private organization	Company Managers/Administrators
Engineer/Specialist in Humanities/International Services	Services requiring skills or knowledge pertinent to physical science, engineering or other natural science fields, jurisprudence, economics, sociology or other human science fields, or services which require specific ways of thought or sensitivity based on experience with foreign culture	Mechanical engineers, interpreters, designers, private language teachers, marketing professionals
Intra-Company Transfer	A staff member transferred to a business office in Japan for a limited period of time from a business office established in a foreign country. Permitted activities are same as Engineer/Specialist in Humanities/International Services.	Transferees from foreign companies

For details, please access the link below:

Immigration Bureau of Japan, "Points-based System for Highly-Skilled Foreign Professionals", as of November 25th, 2020:

http://www.immi-moj.go.jp/newimmiact_3/en/system/index.html

Immigration Bureau of Japan, "List of statuses of residence", as of April 2016:

<http://www.immi-moj.go.jp/english/tetuduki/kanri/qaq5.html>



Ease on entry and re-entry of global talents into Japan



Japan is gradually opening its doors for global business persons entering Japan

As of November 2020, Japanese government allows the short business trip from all other countries, short business visiting Japan has been reopened effective of October 2020.

Also, those who already possess the status of residence is allowed re-entry to Japan from September 2020.

Additionally, those from Singapore, South Korea and Viet Nam by "Business Track", which may exempt the 14 days quarantine period.

Japan Entry/Re-Entry Framework (As of November 27th, 2020)

Traveler	Entry / Re-Entry	Country	Available Schemes
 Foreign Residents of Japan	Re-Entry (Exit from Japan to travel abroad, then return to Japan)	Singapore / Vietnam/ Republic of Korea/ China* ¹	1. Business Track 2. Re-Entry of foreign nationals with status of residence
		Other countries/ regions	1. Short-term Business Trips (no more than 7 days abroad excluding quarantine) 2. Re-Entry of foreign nationals with status of residence
		Singapore / Vietnam/ Republic of Korea/ China* ¹	1. Business Track 1. Residence Track
		Other countries/ regions	3. Entry permitted from all countries / 1. Residence Track (Available only to specific countries* ²)
 Non-Residents of Japan	Entry (travel to Japan from abroad)	Singapore / Vietnam/ Republic of Korea/ China* ¹	1. Business Track 1. Residence Track
		Other countries/ regions	3. Entry permitted from all countries / 1. Residence Track (Available only to specific countries* ²)

*1: Mainland China. (Not including Hong Kong and Macau)

*2: Thailand, Cambodia, Brunei, Malaysia, Cambodia, Laos, Taiwan

 = 14 Day Quarantine Required

 = 14 Day Quarantine Requirement Relaxed

For details, please access the link below:

Ministry of Foreign Affairs of Japan, "Phased Measures for Resuming Cross-Border Travel", as of November 25th, 2020:

https://www.mofa.go.jp/ca/cp/page22e_000925.html



Tokyo, safe city even under COVID-19

Tokyo and Japan succeeded in suppressing COVID-19 even without legally enforced city lock-downs, resulted in small number of COVID-19 infections and related deaths

Tokyo and Japan succeeded in suppressing COVID-19 even without legally enforced city lock-downs. Small number of confirmed COVID-19 infections and related deaths under short self-restraint period has been observed compared with other countries.

Comparison of COVID-19 situation and period of city lockdown/self-restraint measures among major countries¹

Country	Infection situation* ¹		Measures such as lockdown		
	Infected	Deaths	Start	End	Duration (days)
USA* ²	12,119,654	254,798	22 nd Mar	8 th Jun.	79
UK	1,527,499	55,230	23 rd Mar./5 th Nov.	13 th May/2 nd Dec.	52/27
Italy	1,431,795	50,453	10 th Mar./6 th Nov.	4 th May/3 rd Dec.	56/27
Spain	1,556,730	42,619	14 th Mar./25 th Oct.	4 th May	52
China* ²	92,829	4,749	23 rd Jan.	8 th Apr.	77
Japan* ³	133,929	1,989	7 th Apr.	25 th May	49

*1 As of November 25, 2020

*2 As the date of the city lockdown differs by states and regions, the status of New York State is listed for the United States and Wuhan for China. In the USA, the orders vary by state, county and even city for second lockdown (For more detailed information, see USA today)

*3 Unlike city lockdown, a request on self-quarantine without penalties for violation

For details, please access the link below:

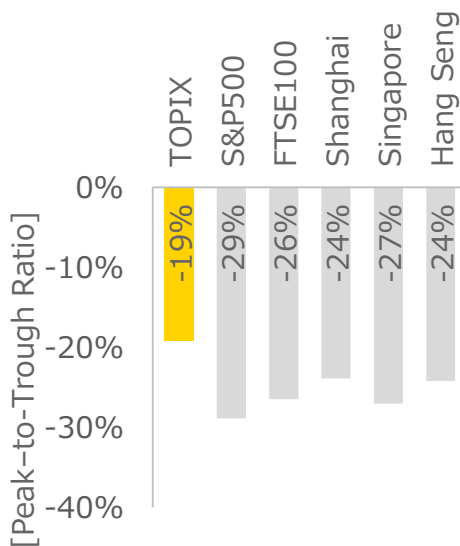
World Health Organization, Coronavirus disease (COVID-2019) situation reports, as of November 25th, 2020:
<https://covid19.who.int/table>



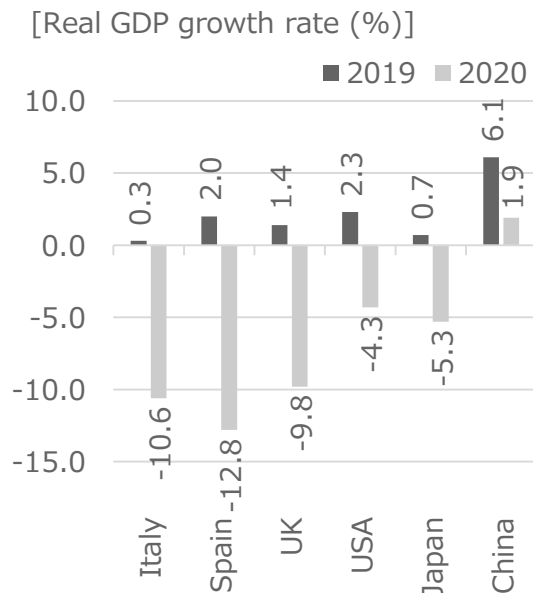
Small impact and quick recovery of economy and market on COVID-19

The impact of COVID-19 on GDP in Tokyo is smaller than that in other major countries, market downturn was also smaller than that of other major countries.

Market Index Stability During COVID-19 Crisis (2019.1~2020.11.25)



Real GDP growth forecast for 2020 (vs. 2019)



For details, please access the link below:

Investing.com. World Stock Index, as of November 25th, 2020:
<https://www.investing.com/indices/major-indices>

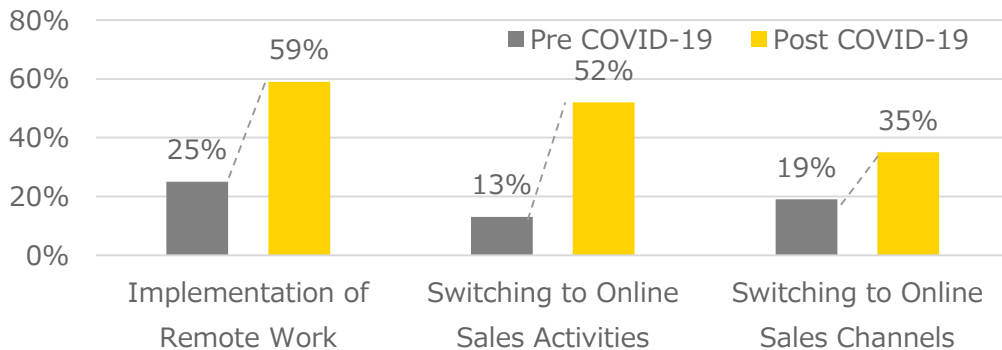
IMF real GDP Growth, as of November 25th, 2020:
https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/JPN



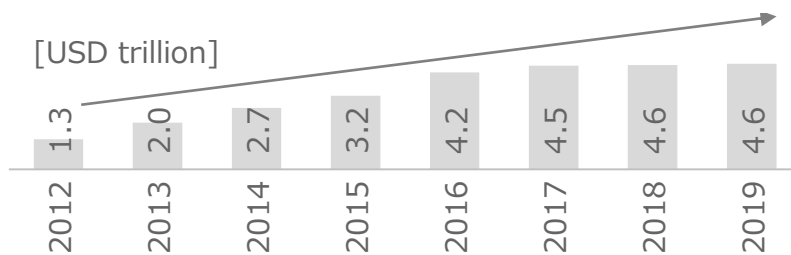
Growing needs for digitalization after COVID-19

Growing trend shifting toward online and digital businesses after COVID-19, creating more business opportunities in Japan

Percentage of Companies with Digitalization Efforts Before & After COVID-19



Japanese firms are rich in cash deposit and savings, effective in the event of business risks, still possessing yields to invest



For details, please access the link below:

ITR CORPORATION. Impact research on corporate IT trends under COVID-19 situation, 2020/5/12 <https://www.itr.co.jp/company/press/200512PR.html> (Japanese)

Bloomberg, Japan Companies Are Sitting on Record \$4.8 Trillion in Cash, 2019/9/13 <https://www.bloomberg.com/news/articles/2019-09-02/japan-s-companies-are-sitting-on-record-4-8-trillion-cash-pile>





Temporarily operation in Japan without a Japanese license

Helping foreign investment manager who has difficulty in continuing its business in the foreign country

A foreign investment manager who has difficulty in continuing its business in the foreign country can now temporarily continue their operations in Japan for certain period without acquiring the Japanese license, which only needs the approval by the commissioner of the JFSA.

“Under the amendment to the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act, a foreign investment manager who has difficulty in continuing its business in the foreign country can continue the business temporarily in Japan based on an approval by the commissioner of the FSA.”

– An announcement by the Financial Services Agency

For details, please access the link below:

The Financial Services Agency’s website:

<https://www.fsa.go.jp/en/news/2020/20200722.html> (English)

<https://www.fsa.go.jp/news/r2/shouken/20200722/20200722.html>
(Japanese)





Applying Japanese license in English

Promoting the Use of English and Establishing a Single Point of Contact for licensing

The Japanese Financial Services Agency (“FSA”) and Local Finance Bureaus (“LFBs”) will establish “Financial Market Entry Office” to handle pre-application consultation, registration, and supervision for newly entering asset management firms as a single point of contact with all the communications available in English.

Also, the FSA will amend relevant regulations to accept documents in English, and the FSA and LFBs will improve their capacities.

Promotion of Use of English & Establishment of Single Point of Contact

Nov. 6, 2020

- ✓ Start preliminary consultation in English
- ✓ Proposal of amendment to relevant regulations

Jan. 2021 (plan)

- ✓ Establishment of “Financial Market Entry Office”
- ✓ Amended regulations to be in effect
- ✓ Start receiving applications in English for registration
- ✓ Initiation of supervision and inspection in English

For details, please access the link below:

The Financial Services Agency’s website:

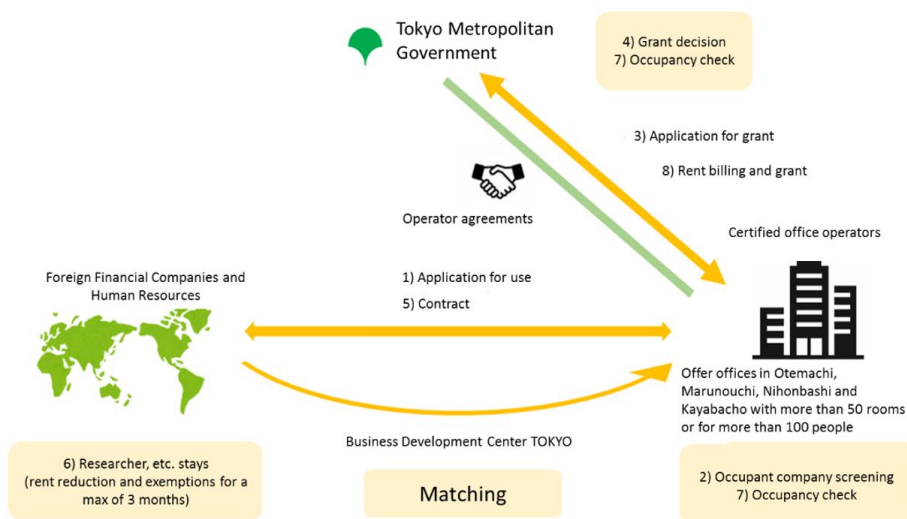
<https://www.fsa.go.jp/en/news/2020/20201106-2/20201106.html>



Temporary Office Allocation for Foreign Financial Companies and Human Resources

Ease your business establishment by utilizing TMG's temporary office

Tokyo Metropolitan Government is implementing the “Project for Temporary Office Allocation for Financial Foreign Companies and Human Resources” which aims to support foreign financial companies and human resources skilled in finance mainly in Asia to establish their operations in Tokyo by providing office space during their temporary stay in Tokyo to conduct preliminary surveys as a prerequisite for moving to Tokyo.



For details, please access the link below:

Tokyo Metropolitan Government website:

<https://www.senryaku.metro.tokyo.lg.jp/en/afct/office-rent.html>



List of Contacts related to Tokyo's Special Economic Zones

Tokyo One-Stop Business Establishment Center (TOSBEC)

Akasaka [Headquarters]

Japan External Trade Organization headquarters 7F ARK Mori Building,
12-32 Akasaka, 1-chome, Minato-ku, Tokyo 107-6090

TEL : 03-3582-4934

Business Development Center TOKYO (BDCT)

Marunouchi Support Desk Financial One-Stop Support Service Desk

JP Tower KITTE B1 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7090

TEL : 03-6269-9981

Email : contactus@bdc-tokyo.org
financial-desk@bdc-tokyo.org [Financial One-Stop Support Service]

Akasaka Support Desk

Japan External Trade Organization headquarters 7F ARK Mori Building,
12-32 Akasaka, 1-chome, Minato-ku, Tokyo 107-6006

TEL : 03-3582-8353

Email : support2@bdc-tokyo.org

Hong Kong Office

17/F., Ashley Nine, 9-11 Ashley Road, Tsim Sha Tsui, Kowloon, Hong Kong

TEL : +852-3160-8111

Email : hongkong@bdc-tokyo.org

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