

Guidebook for Registration of Investment Management Business and Other Financial Instruments Businesses

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Financial Services Agency

* If you have any questions or opinions about this Guidebook, please feel free to contact us.

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Laws and Regulations, Guidelines for Supervision

1) Laws

- Financial Instruments and Exchange Act (hereinafter, the “**FIEA**” or “**Act**”)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3986>
- Order for the Enforcement of the Financial Instruments and Exchange Act (hereinafter, the “**Order**”)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3712>
- Cabinet Office Order on Definitions under Article 2 of the Financial Instruments and Exchange Act (hereinafter, the “**Cabinet Office Order on Definitions**”)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3714>
- Cabinet Office Order on Financial Instruments Business, etc. (hereinafter, the “**FIB Cabinet Office Order**”)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3955>
- Act on Investment Trusts and Investment Corporations (hereinafter, the “**Investment Trust Act**”)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3605>
- Foreign Exchange and Foreign Trade Act (hereinafter, the “**FEFTA**”)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3700>

2) Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. (hereinafter, the “**Guidelines for Supervision**”)

https://www.fsa.go.jp/common/law/guide/kinyushohin/guideline_eng_201804.pdf

3) Comprehensive Guidelines for Supervision of Investment Management-Related Service Entrusted Business Operators

https://www.fsa.go.jp/common/law/guide/im-rs/im-rs_eng.pdf

4) FAQ on Financial Instruments and Exchange Act (Financial Services Agency) (hereinafter, the “**FAQ**”)

https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/index.html

Note: Information in the web pages of the links above or the other links provided in this Guidebook may not reflect the latest information including all the revisions or amendments to the relevant laws and regulations.

1. Introduction

(1) Purpose of this Guidebook

Asset managers, who engage in asset management with professional expertise, play very important roles in revitalizing the Japanese capital market and achieving people's stable asset building. For reaching these goals, It is crucial to facilitate the smooth entry of Financial Instruments Business Operators by reducing burdens on their entry into the Japanese financial market. Based on this viewpoint, "Follow-up on the Growth Strategy" (June 2019 Cabinet decision) proclaims preparation of a guidebook to support registration application for financial industry as one of the growth strategies.

Under these circumstances, this Guidebook has been released for the purpose of providing information concerning the procedures for registration for Investment Management Business and other Financial Instruments Businesses.

(2) Structure and How to Use this Guidebook

The main contents of this Guidebook are section 2 "Major Financial Instruments Business Schemes and Necessary Registration" (starting on p. 6) and section 3. "Registration Procedure and Registration Requirements" (starting on p. 54). Section 2 explains the types of registration to be required for each of the major business schemes related to asset management business, while section 3 provides an overview of the procedure for registration and explains the requirements for registration.

First, please refer to section 2 whether and what type of registration as a Financial Instruments Business Operator is necessary. Then go to section 3 to find out the screening procedure and registration requirements for the necessary type of registration.

In addition, Section 4 "Specially Permitted Business for Foreign Investors, etc./Specially Permitted Business during Transition Period" (starting on p.88) provides an explanation of the entry system with simplified procedures (notification) that was newly established in November 2021.

Supplementary explanations on the FIEA (classification of Financial Instruments Businesses, major exemptions from application, classification of investors), along with other reference information, are provided at the end of this Guidebook (starting on p. 103).

2. Major Financial Instruments Business Schemes and Necessary Registration

There are four types of Financial Instruments Businesses: “Type I Financial Instruments Business,” “Type II Financial Instruments Business,” “Investment Management Business,” and “Investment Advisory and Agency Business.”

First, to manage customer assets or funds, registration of Investment Management Business is required. However, if your business will not include final investment decisions and investment authority but remain within the scope of providing advice regarding “values, etc. of Securities” or “investment decisions based on an analysis of values, etc. of Financial Instruments,” you may register for Investment Advisory and Agency Business, for which regulations are more relaxed than those applied to Investment Management Businesses. To conduct solicitation and sale of Securities, including the shares of the funds you manage, it is necessary to register for a Type I Financial Instruments Business/Type II Financial Instruments Business. To intermediate between an investment management or investment advisory company and its customers (as an agency or intermediary for conclusion of a discretionary investment contract or investment advisory contract), registration for Investment Advisory and Agency Business is required. (For more details, refer to (Reference 1) (1).)

The subsequent sections provide flowcharts ((1) below) and explanations ((2) below) about major business scheme cases to help you determine whether and what type of registration for Financial Instruments Business is necessary for your intended business, assuming the following business cases: 1) investment advisory business, 2) investment management business (including investment solicitation of funds you have established), 3) intermediation between an investment management/investment advisory company and its customers (as an agency or intermediary for conclusion of a discretionary investment contract or investment advisory contract), 4) solicitation or sales of funds established by other investment management companies, and 5) establishment of a foreign business operator’s representative office for collecting information in Japan.

Note that the flowcharts and business scheme cases below are provided for the purpose of helping you easily check whether/what type of registration is necessary only with regard to typical cases. They do not cover all the possible cases, options and requirements under relevant laws and regulations.

(1) Flowcharts to determine whether and what type of registration is necessary

The flowcharts to be presented on the subsequent pages are as outlined below. Please refer to the page that corresponds to the business you are planning to conduct.

Please note that the following flowchart does not include the flow for the Specially Permitted Business during Transition Period. (see p. 88)

- 1) Investment advisory business (See p. 8)
- 2) Investment management business
 - (a) Management of customer assets on behalf of the customer (discretionary investment business) (See p. 9)
 - (b) Establishment and management of funds (including investment solicitation for funds you have established)

(i) Establishment/management of a fund

- Establishing/managing a foreign-based fund* at a foreign business base (See p. 10)
- Establishing/managing a foreign-based fund* at a business base in Japan (See p. 11)
- Establishing/managing a Japan-based fund* at a business base in Japan (See p. 12)

* A “foreign-based fund” shall refer to a fund established under the laws and regulations of a foreign country and a “Japan-based fund” shall refer to a fund established under the laws and regulations of Japan.

(ii) Investment solicitation for the funds you have established

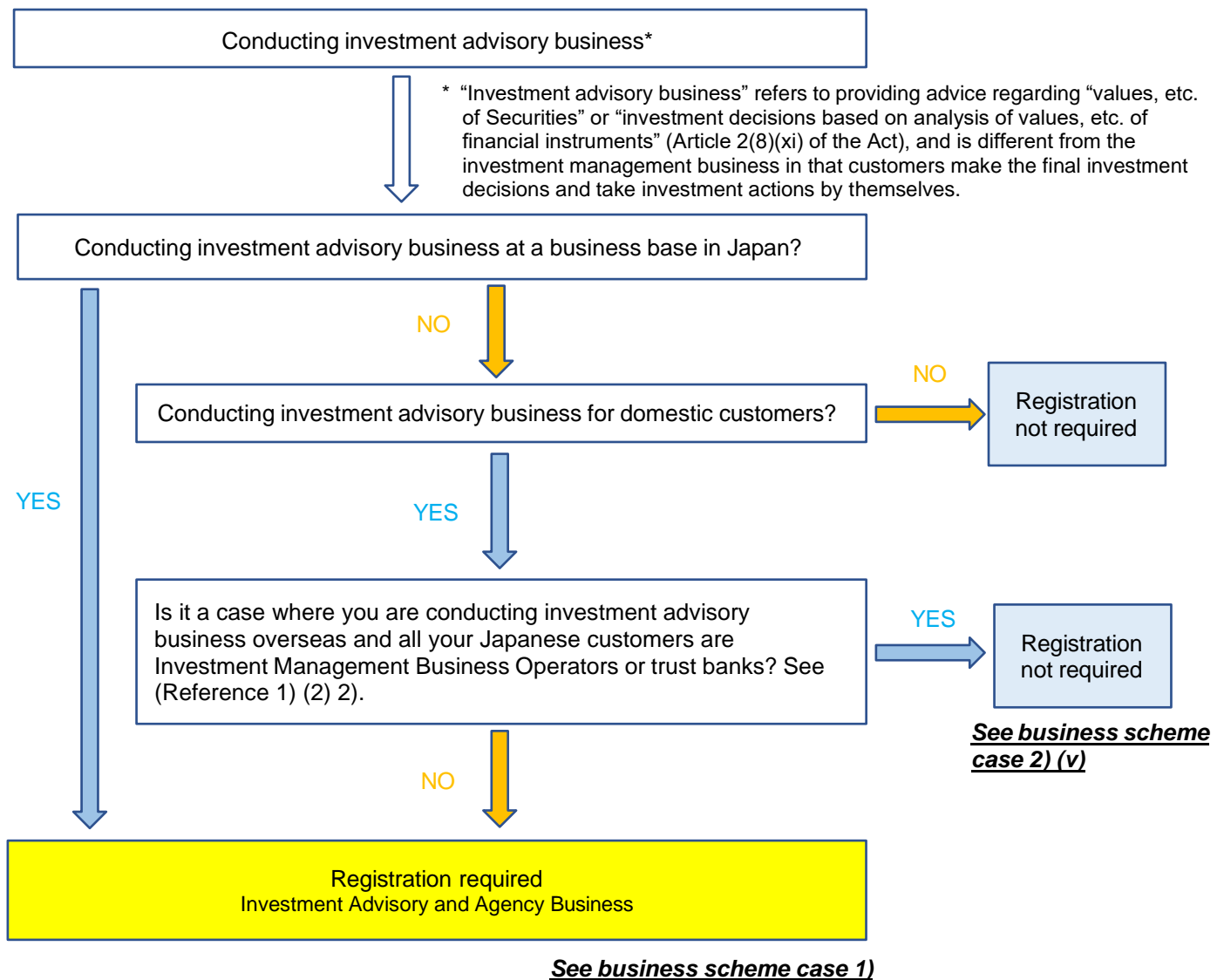
- In the case of a trust-type fund (See p. 13)
- In the case of a corporation-type fund (See p. 14)
- In the case of a partnership-type fund (See p. 15)

3) Intermediation between an investment management/investment advisory company and its customers (as an agency or intermediary for conclusion of a discretionary investment contract or investment advisory contract) (See p. 16)

4) Solicitation or sales of funds established by other investment management companies. (See p. 17)

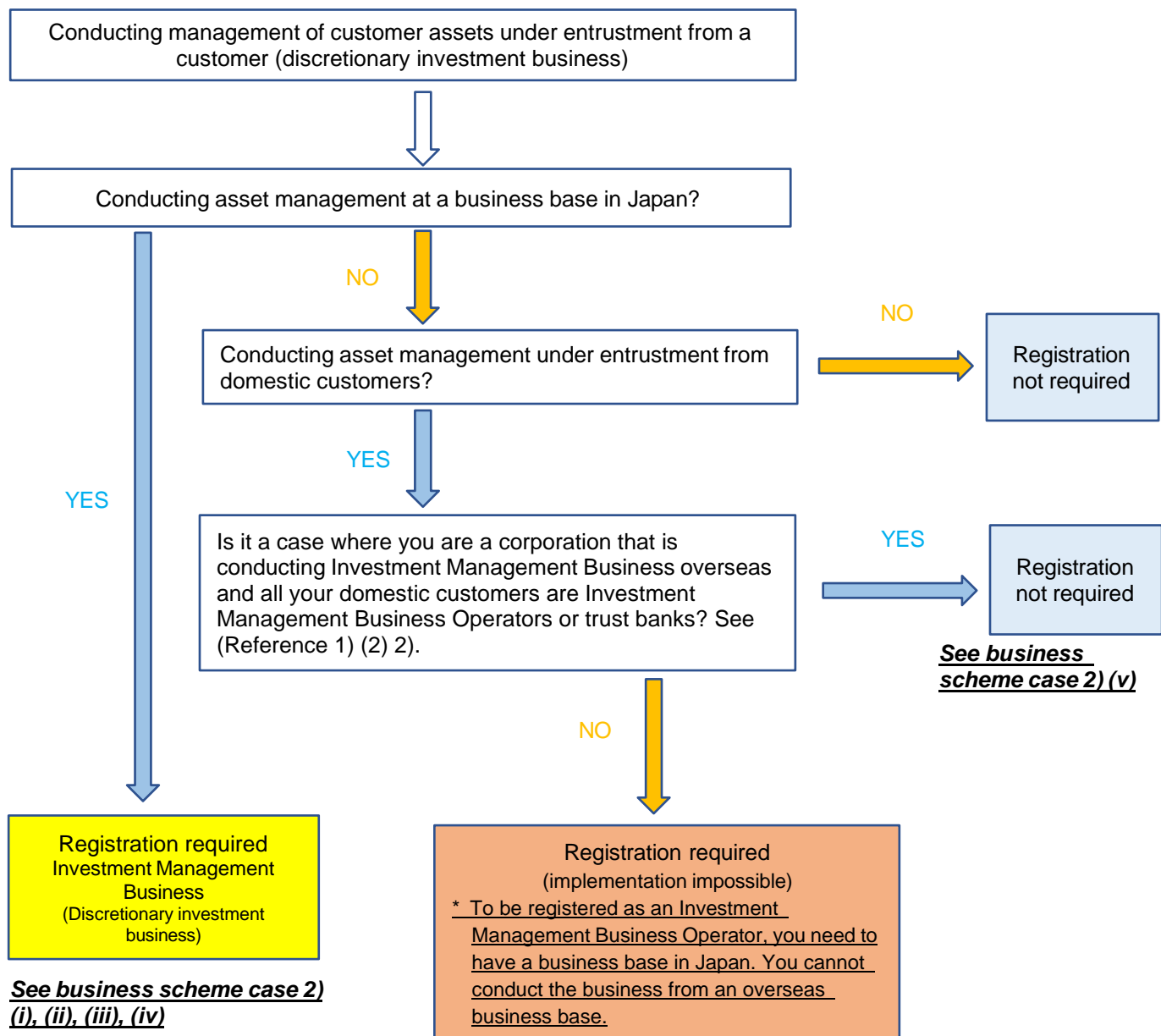
5) Establishment of a foreign business operator's representative office for collecting information in Japan (See p. 18)

1) Investment advisory business



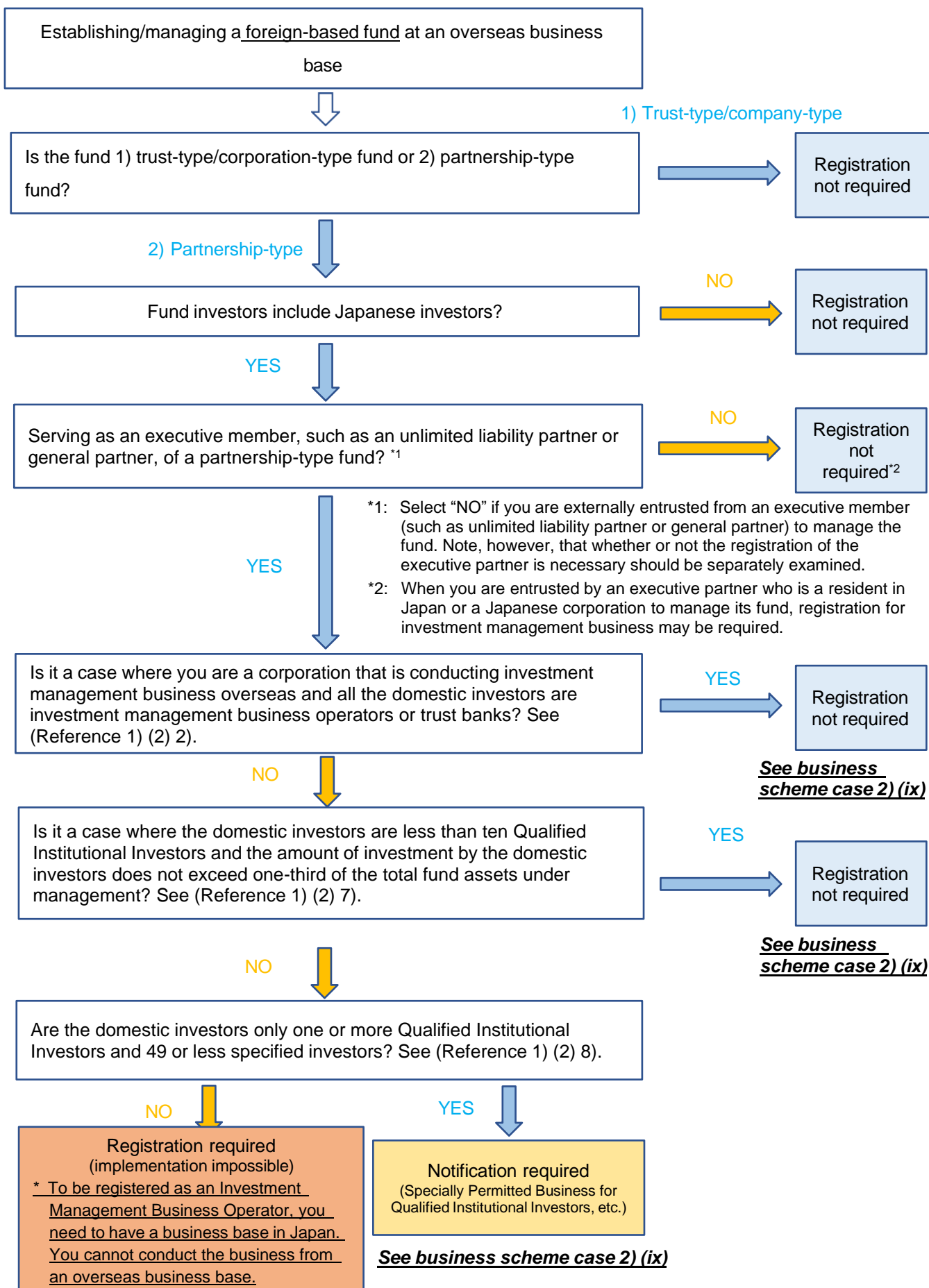
2) Investment management business

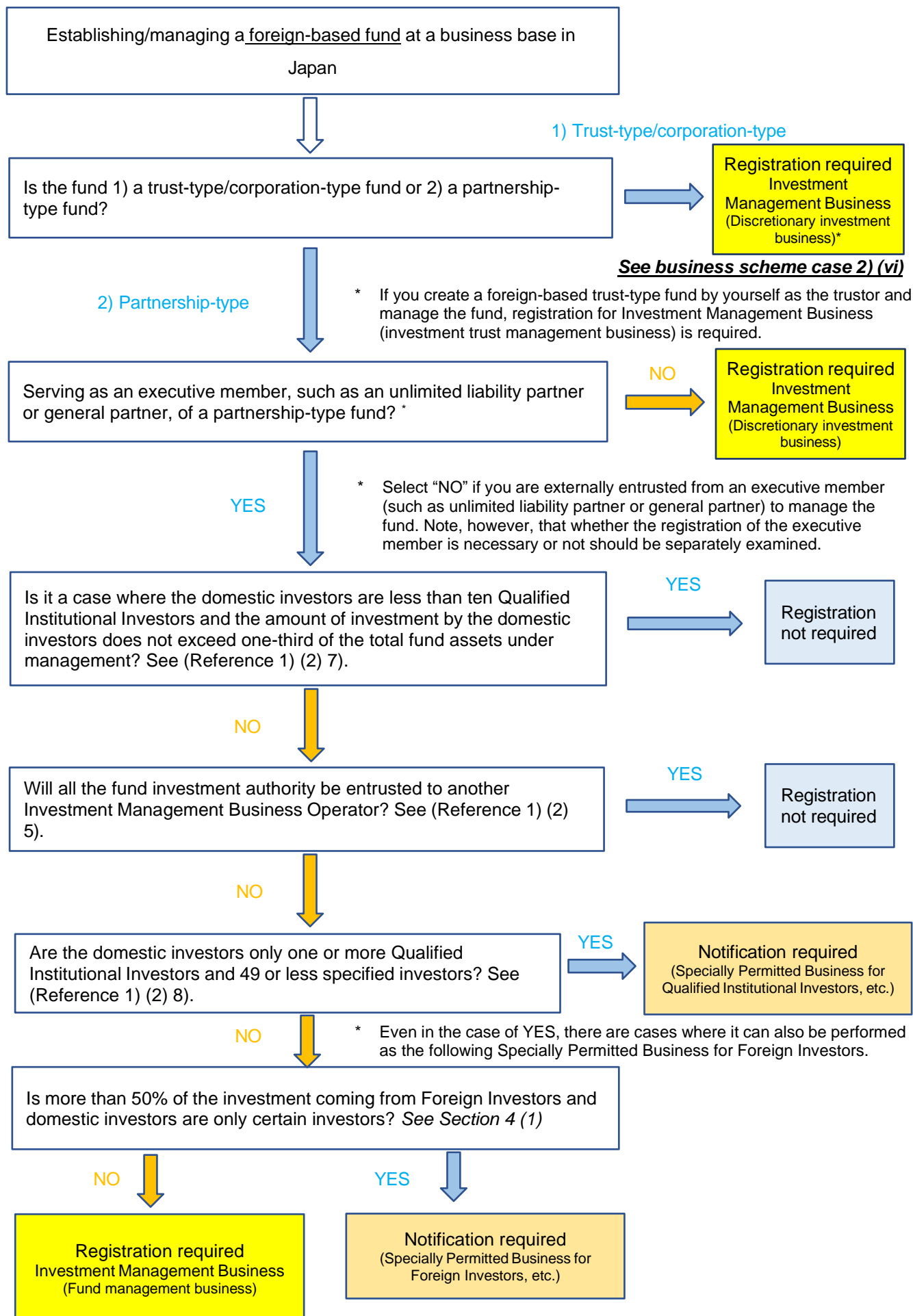
(a) Management of customer assets on behalf of the customer

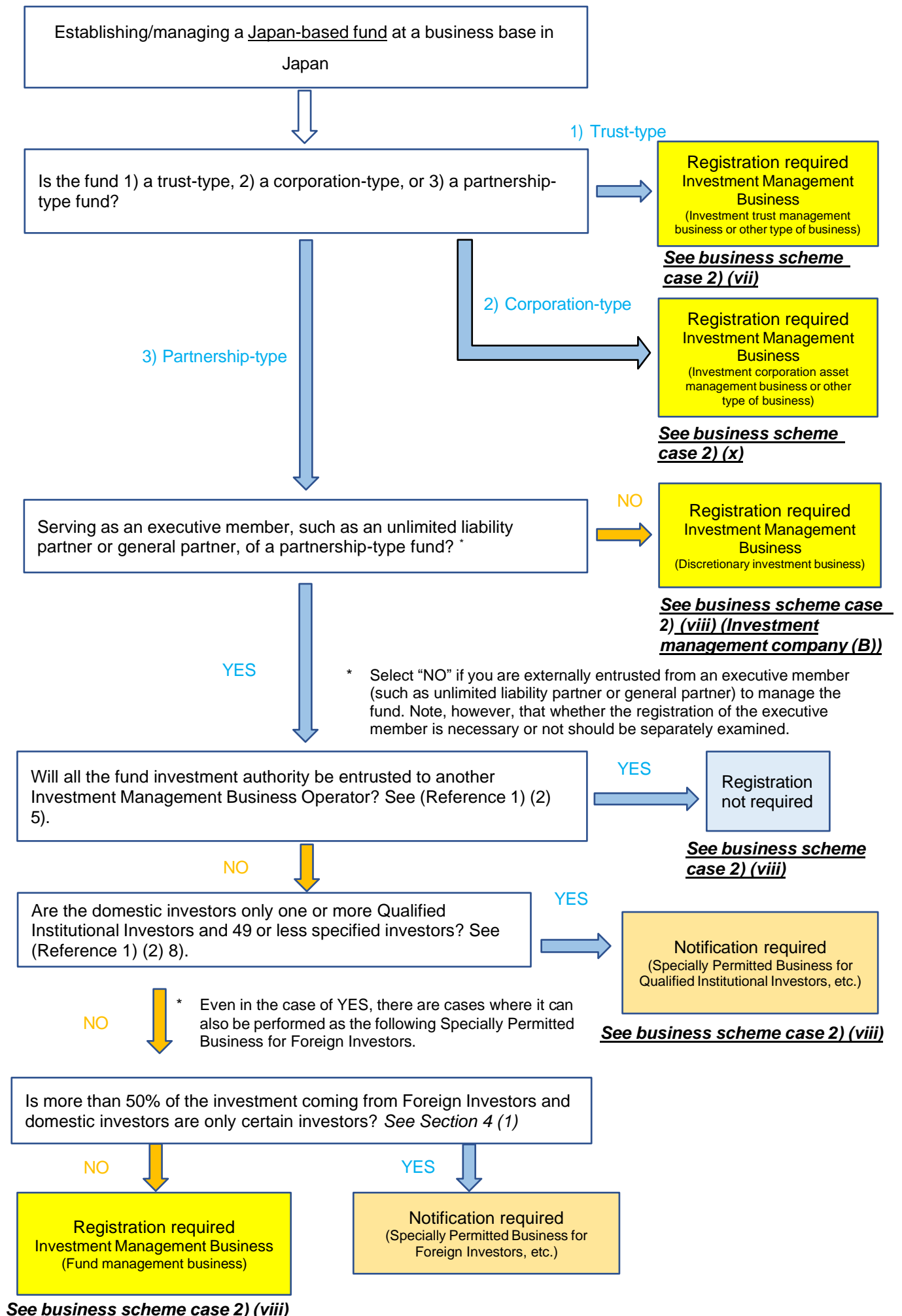


(b) Establishment and management of funds

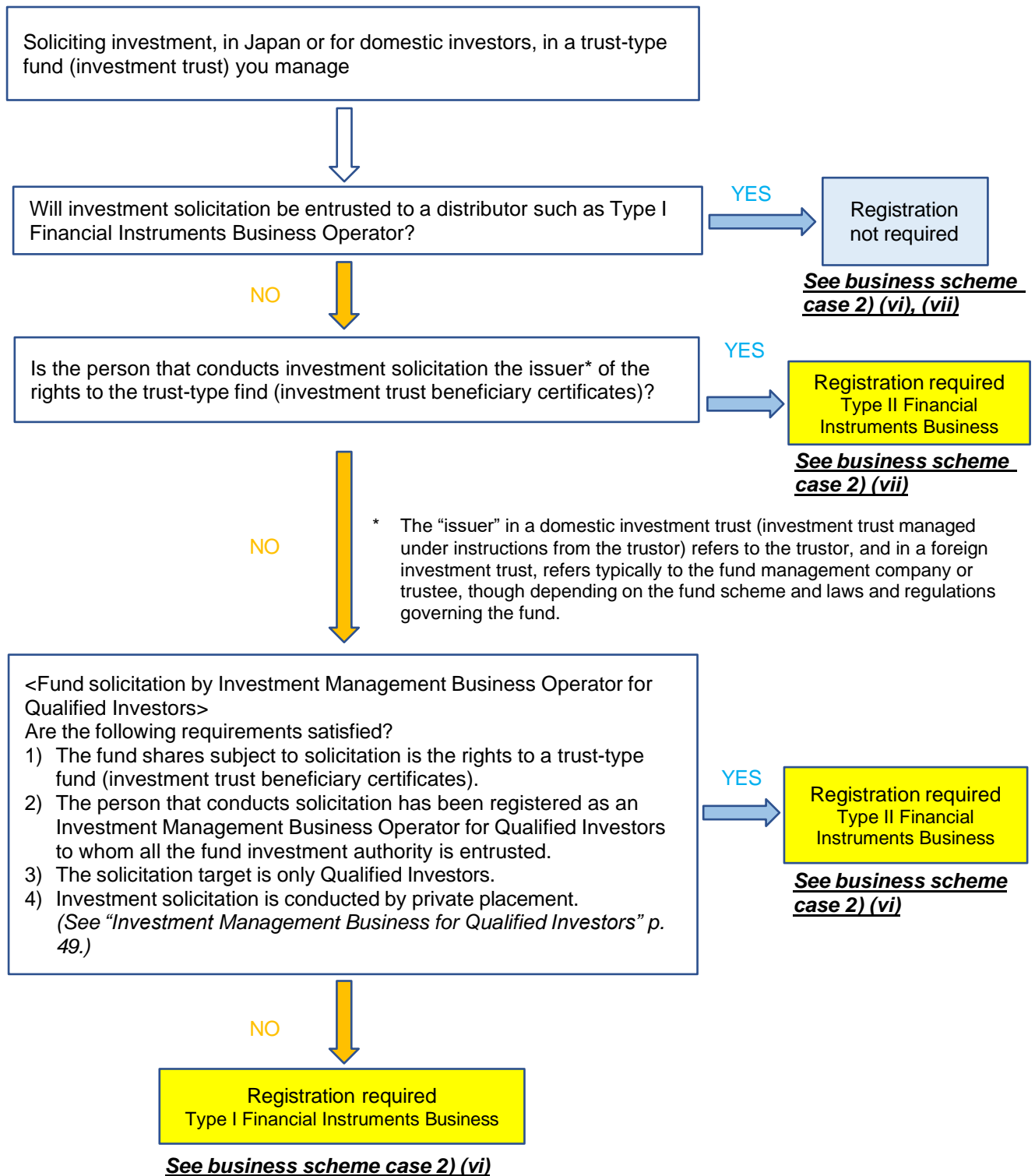
(i) establishing/managing a fund



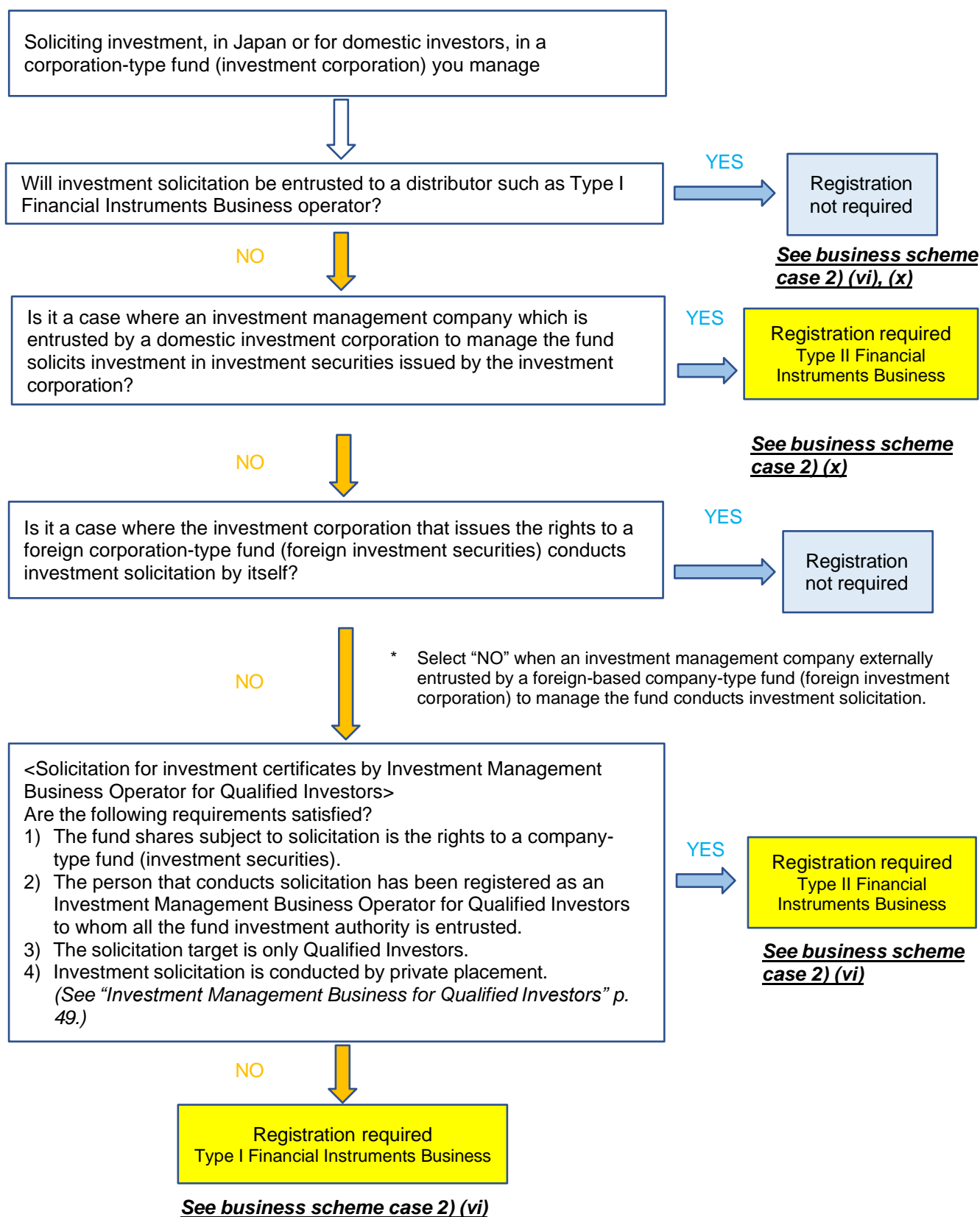




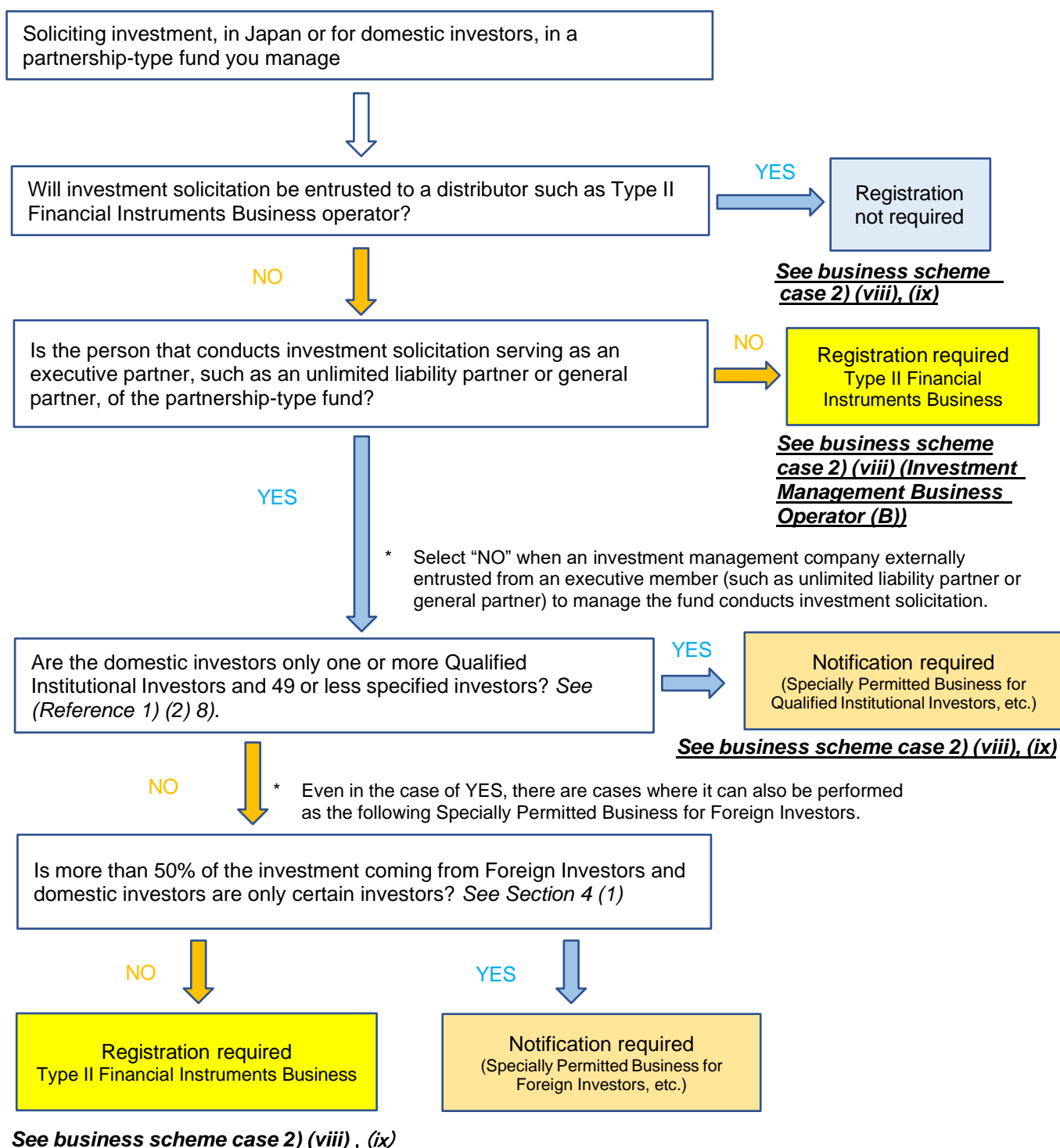
(ii) Investment solicitation for the funds you have established
O Trust-type fund



O Corporation-type fund



O Partnership-type fund



3) Intermediation between an investment management/investment advisory company and its customers (as an agency or intermediary for conclusion of a discretionary investment contract or investment advisory contract)

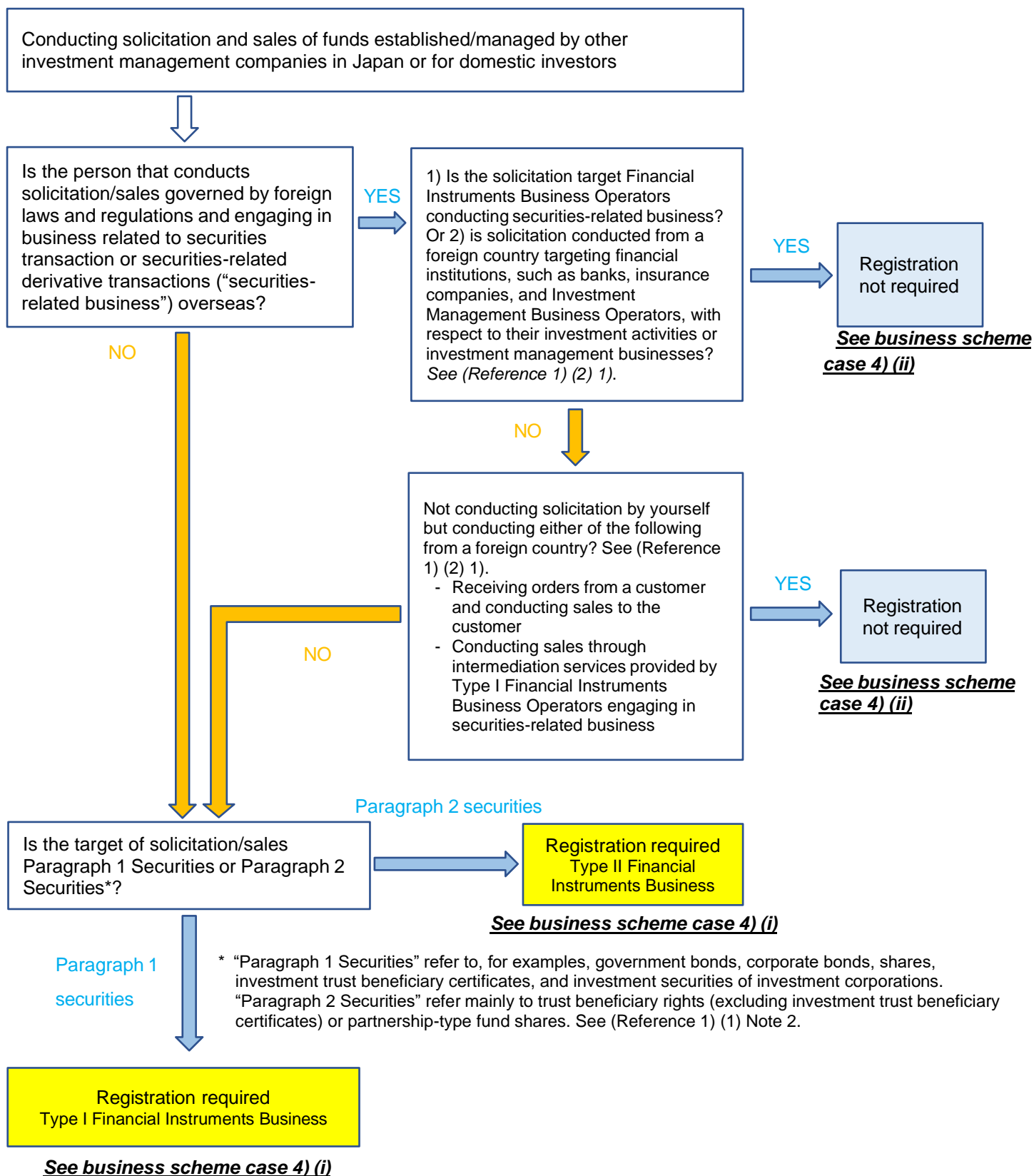
Conducting business, in Japan or for domestic customers, related to intermediation between an investment management/investment advisory company and its customers as an agency or intermediary for conclusion of a discretionary investment contract or investment advisory contract



Registration required
Investment Advisory and Agency Business

See business scheme case 3)

4) Solicitation or sales of funds established/managed by other investment management companies



5) Establishment of a foreign business operator's representative office for collecting information in Japan

When a person engaging in securities-related business, investment advisory business or investment management business overseas establishes a representative office in Japan for collecting and providing information on securities markets.



Notification required

See business scheme case 5)

(2) Major business scheme cases

The following mainly explains the type of registration required and the relevant exemptions for each of the major business schemes cases expected with respect to Financial Instruments Businesses.

< Business scheme cases presented in this Guidebook >

1) Investment advisory business

Based on an investment advisory contract, an investment advisory company with a business base in Japan provides its domestic or foreign customers with advice about the values, etc. of securities or investment decisions based on an analysis of the values, etc. of financial instruments

2) Investment management business (including investment solicitation for funds you have established)

- (i) An investment management company with a business base in Japan is entrusted with asset management from domestic investors and re-entrusts the management operation to a foreign group company
- (ii) An investment management company with a business base in Japan is entrusted with asset management from domestic investors, and performs asset management by making investments in funds established by a foreign group company
- (iii) An investment management company with a business base in Japan is entrusted with asset management from a domestic pension fund
- (iv) An investment management company with a business base in Japan is entrusted by a foreign group company to manage the funds established by the said foreign group company
- (v) An investment management company/investment advisory company with a foreign business base conducts investment management/advisory business for domestic investment management companies (the case where registration is not required)
- (vi) An investment management company with a business base in Japan establishes a foreign-based trust-type or corporation-type fund, and conducts management and investment solicitation for the fund
- (vii) An investment management company with a business base in Japan establishes a domestic trust-type fund, and conducts management and investment solicitation for the fund
- (viii) An investment management company with a business base in Japan establishes a domestic partnership-type fund, and conducts management and investment solicitation for the fund
- (ix) An investment management company with a foreign business base accepts investments from domestic investors for a partnership-type fund established overseas (the case where registration is not required)
- (x) An investment management company with a business base in Japan establishes a domestic corporation-type fund, and conducts management and investment solicitation for the fund
- (xi) An investment management company based in Japan establishes a domestic partnership-type fund and conducts investment solicitation solely for the fund

3) Intermediation between an investment management/investment advisory company and its customers (as an agency or intermediary for conclusion of a discretionary investment contract or investment advisory contract)

An intermediary company with a business base in Japan conducts intermediation for the conclusion of a discretionary investment contract or investment advisory contract between its foreign group company which is an investment management/advisory company and its domestic customers

4) Solicitation or sales of funds established by other investment management companies

- (i) A distributor with a business base in Japan is entrusted by a foreign investment management company to conduct solicitation/sales of funds it manages for domestic investors
- (ii) A securities company with a foreign business base sells funds and other financial instruments to domestic investors (the case where registration is not required)

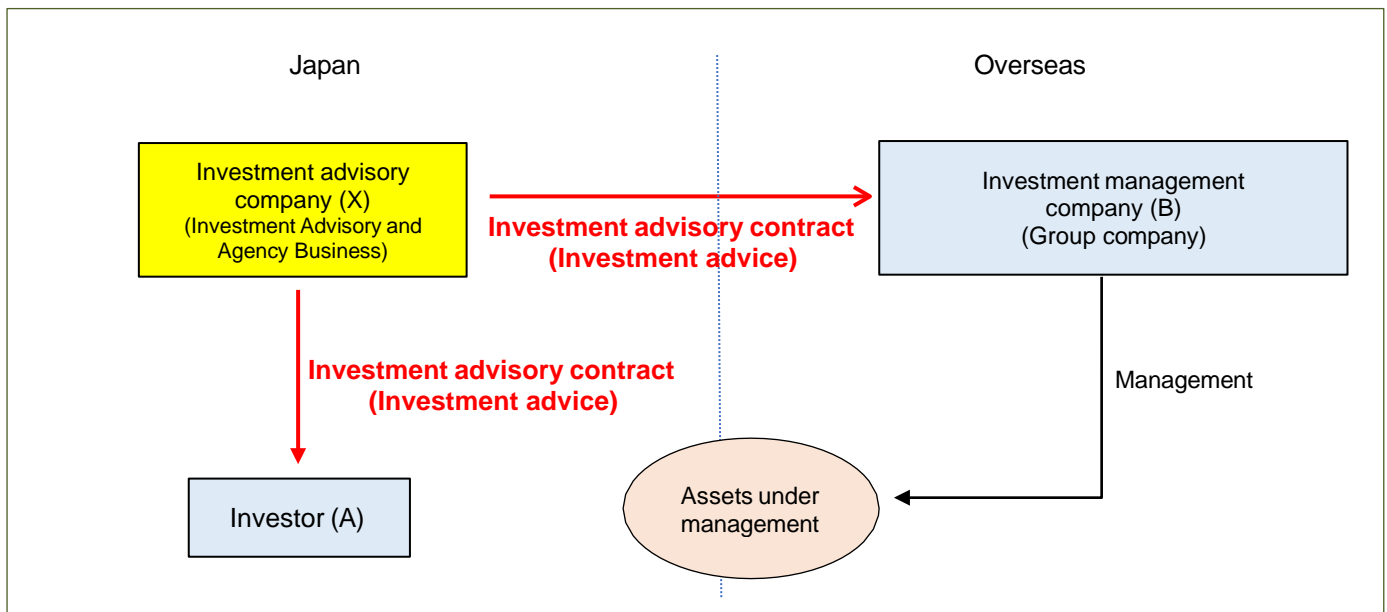
5) Establishment of a foreign business operator's representative office for collecting information in Japan

1) Investment advisory business

Based on an investment advisory contract, an investment advisory company based in Japan provides its domestic or foreign customers with advice regarding investment decisions made based on analysis of values of securities or values of financial instruments

Case

Investment advisory company (X) with a business base in Japan provides domestic investors (A) or foreign investment management company (B) (a group company of the investment advisory company (X)) with advice regarding the values, etc. of securities or investment decisions based on an analysis of the values, etc. of financial instruments.



Necessary registration (investment advisory company (X))

Registration required as: Investment Advisory and Agency Business

Explanation

O Investment advisory business by investment advisory company (X)

- When investment advisory company (X) is to provide advice about the “values, etc. of securities” or “investment decisions based on an analysis of the values, etc. of financial instruments” and receive remuneration for such investment advisory businesses under an investment advisory contract concluded with domestic investor (A), investment advisory company (X) is required to be registered as an Investment Advisory and Agency Business Operator.
- Even when providing investment advice for foreign investment management company (B) (a group company of investment advisory company (X)), investment advisory company (X) is required to be registered as an Investment Advisory and Agency Business Operator if it provides investment advice from its business base in Japan and receives remuneration for such investment advisory businesses.

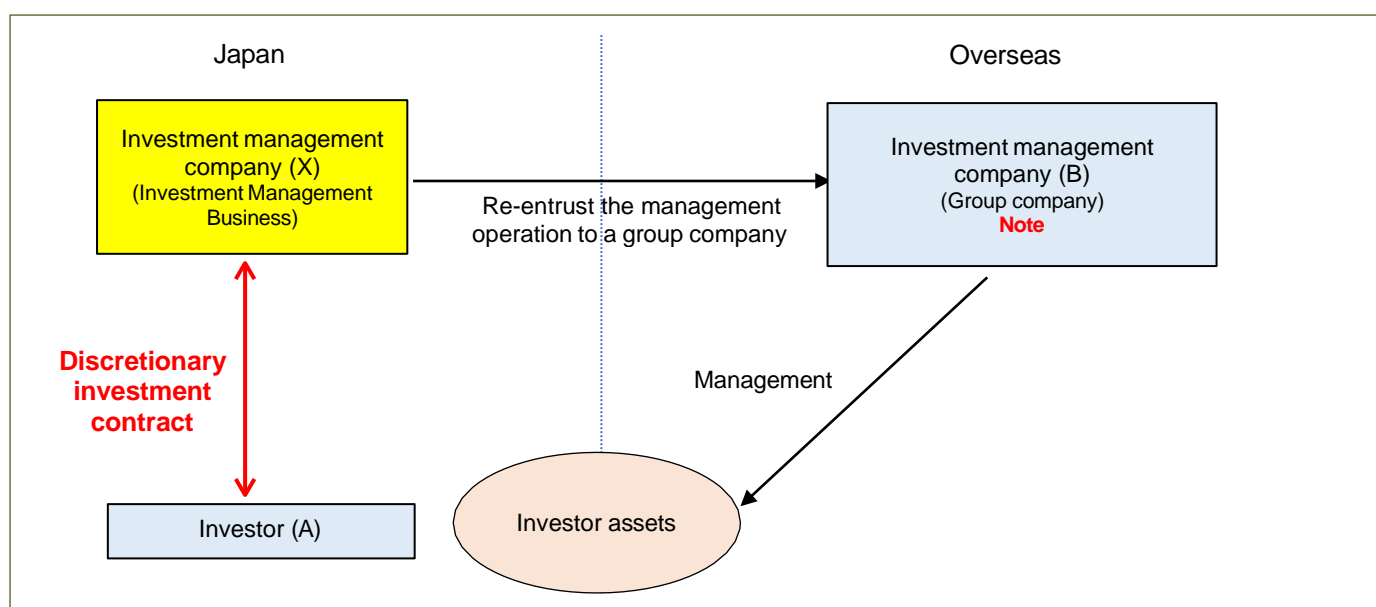
- When investment advisory company (X) is delegated by its customers the investment decision/authority with regard to their assets and directly manages the customers' assets, registration for Investment Management Business, not for Investment Advisory and Agency Business, is required.
- Registration for Investment Advisory and Agency Business may not be required in a case where the advice to be provided is limited to the provision of general information such as market situation or where no substantial remuneration is paid for the investment advisory service.

2) Investment management business (including investment solicitation for funds you have established)

- (i) An investment management company based in Japan is entrusted with asset management from domestic investors and re-entrusts the management operation to a foreign group company

Case

Investment management company (X) with a business base in Japan concludes a discretionary investment contract with domestic investors (A) to manage their assets under the said contract. Then investment management company (X) re-entrusts the management authority to foreign investment management company (B), which is an overseas group company of investment management company (X).



Necessary registration (investment management company (X))

Registration required as: Investment Management Business (discretionary investment business)

Explanation

O Management business by investment management company (X)

- When investment management company (X) concludes a discretionary investment contract with investors (A) to manage their assets under the said discretionary investment contract (discretionary investment businesses) (Article 2(8)(xii)(b) of the Act), investment management company (X) is required to be registered as an Investment Management Business Operator (discretionary investment business) (Article 28(4)(i) and Article 29 of the Act).
- As a way to manage investor assets, investment management company (X) may entrust the management authority (authority to instruct and execute investment) to investment management company (B), which is its group company based in a foreign country. When entrusting the relevant authority, the entrustor (specializing in fund management) is required to decide the object and policies of investment and monitor the entrusted party (Article 42-3(2) of the Act).

Note

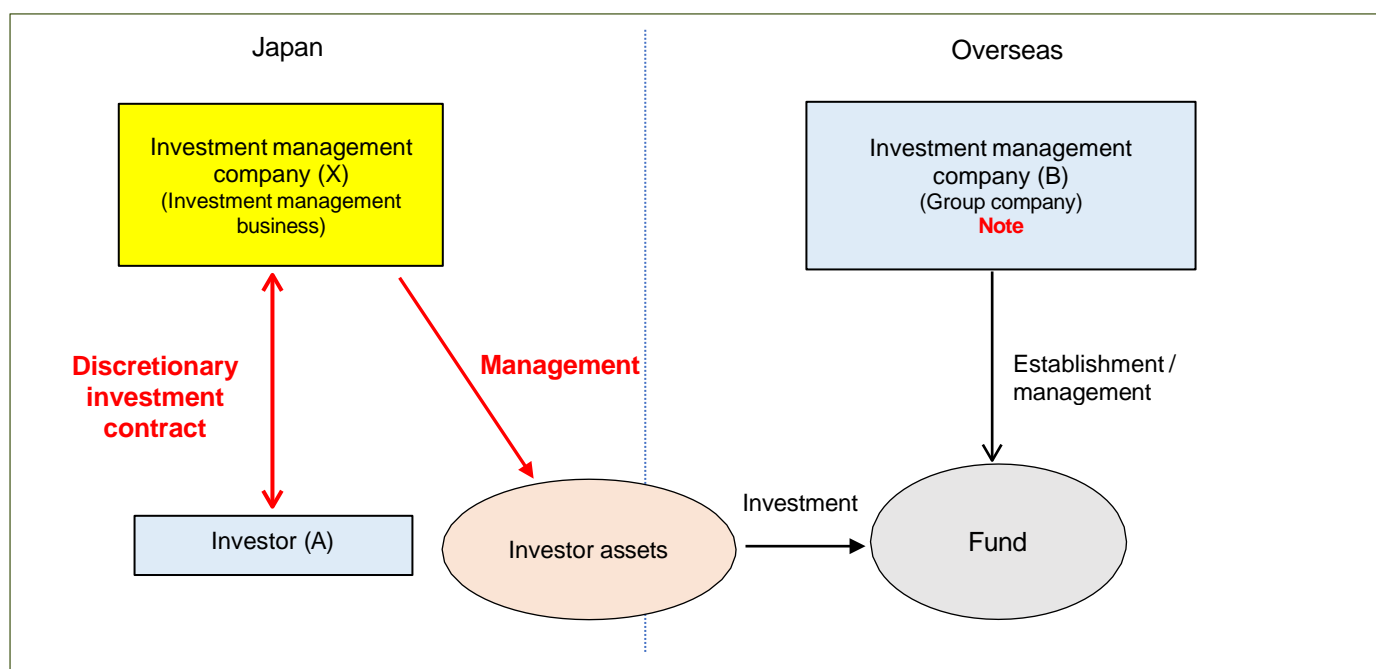
O Management business by investment management company (B)

- In principle, even an investment management company based in a foreign country is required to be registered as an Investment Management Business Operator with a business base in Japan when it is to conduct investment management under a discretionary investment contract for customers in Japan (Article 2(8)(xii)(b), Article 28(4)(i) and Article 29 of the Act). However, in a case where an investment management company engaged in discretionary investment business overseas is to conduct investment management business only for Investment Management Business Operators and trust banks conducting discretionary investment business in Japan, registration for investment management business is not necessary as an exception (Article 61(2) of the Act). For example, as long as investment management company (X) is registered for Investment Management Business (discretionary investment business), investment management company (B) is not required to be registered as Investment Management Business with regard to the asset management entrusted by investment management company (X). For more details, please refer to business scheme case 2) (v) (p. 29).

- (ii) An investment management company based in Japan is entrusted with asset management from domestic investors, and performs asset management by making investments in funds established by overseas group companies

Case

Investment management company (X) with a business base in Japan concludes a discretionary investment contract with domestic investors (A) and invests their assets under management in a fund managed by investment management company (B), which is an overseas group company of investment management company (X).



Necessary registration (investment management company (X))

Registration required as: Investment Management Business (discretionary investment business)

Explanation

O Management business by investment management company (X)

- When investment management company (X) concludes a discretionary investment contract with investors (A) to manage their assets under the said discretionary investment contract (discretionary investment businesses) (Article 2(8)(xii)(b) of the Act), investment management company (X) is required to be registered as an Investment Management Business Operator (discretionary investment business) (Article 28(4)(i) and Article 29 of the Act). In such case, investment management company (X) may invest the entrusted investor assets in funds established/managed by an overseas group company (investment management company (B)).

Note

O Management business by investment management company (B)

- When investment management company (B) manages a partnership-type fund in a foreign country and accepts investments in the fund by Japanese investors, the executive member of the said partnership-type fund

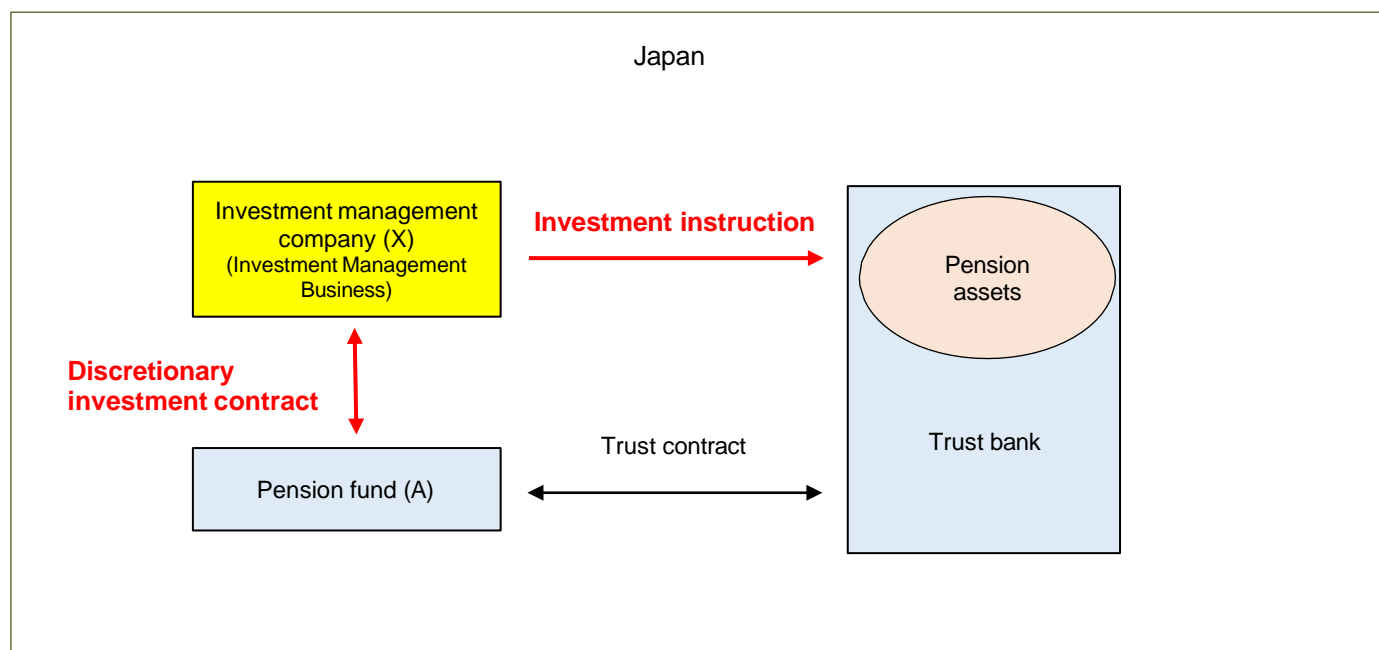
(referring to the person who directly manages the fund such as an unlimited liability partner or general partner) is required, in principle, to be registered as Investment Management Business Operator with a business base in Japan (Article 2(8)(xv), Article 28(4)(iii), Article 29, and Article 29-4(1)(iv)(b) of the Act). Provided, however, that registration is not required by laws in the cases below, for example. For more details, please refer to business scheme case 2) (ix) (p. 37).

- a. When the said partnership-type fund is managed by a foreign investment management company and accepts investments in Japan only from Investment Management Business Operators and trust banks (Article 61(3) of the Act)
 - See (Reference 1) (2) 2) (p. 108).
- b. When the said partnership-type fund is a foreign-based fund and its Japanese investors are less than 10 Qualified Institutional Investors or notifiers of Specially Permitted Business for Qualified Institutional Investors, etc., and the amount of investment by Japanese investors does not exceed one-third of the total amount invested for the fund (Article 16(1)(xiii) of the Cabinet Office Order on Definitions)
 - See (Reference 1) (2) 7) (p. 111).
- c. When the said partnership-type fund accepts investments in Japan only from one or more Qualified Institutional Investors and 49 or less specified investors, and the said executive member has notified the competent authority of the specified matters in advance (Article 63 of the Act)
 - See (Reference 1) (2) 8) (p. 111).

(iii) An investment management company based in Japan is entrusted by a domestic pension fund to manage its assets

Case

Investment management company (X) with a business base in Japan concludes a discretionary investment contract with pension fund (A) to manage the assets held by pension fund (A) under the said contract.



Necessary registration (investment management company (X))

Registration required as: Investment Management Business (discretionary investment business)

Explanation

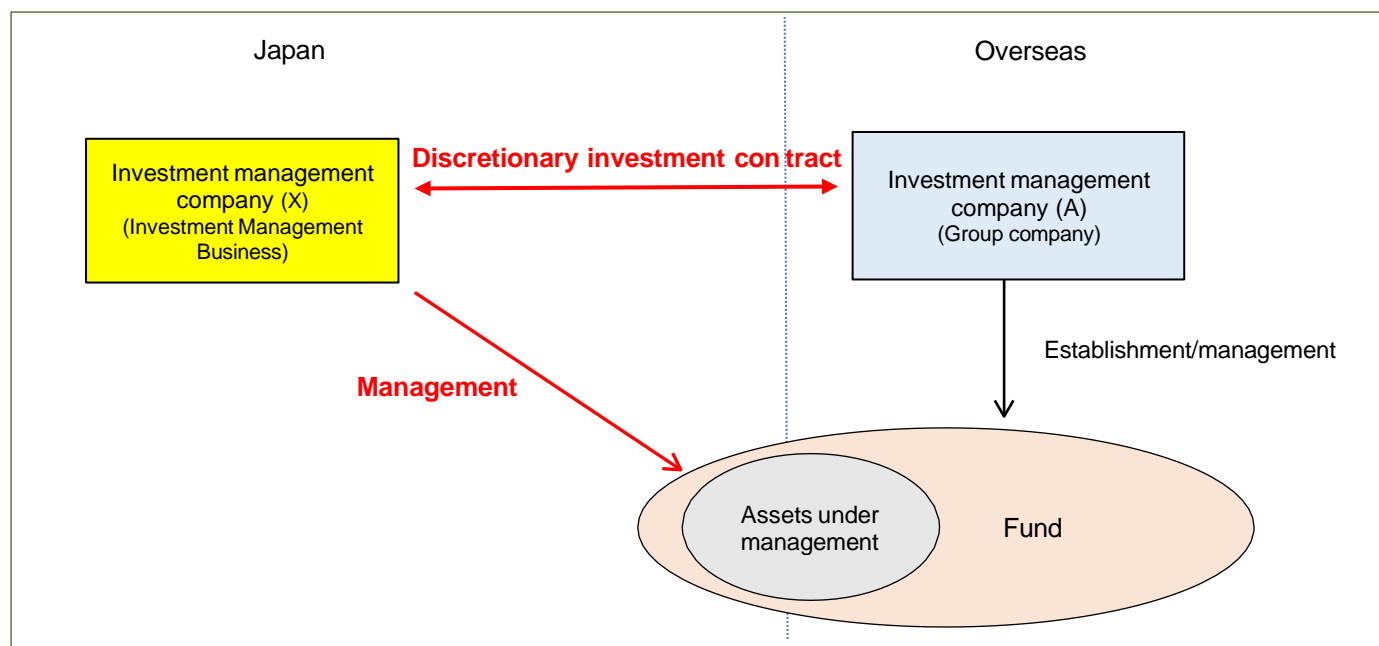
O Management business by investment management company (X)

- When investment management company (X) concludes a discretionary investment contract with a domestic pension fund (A) to manage its assets under the said contract (discretionary investment businesses) (Article 2(8)(xii)(b) of the Act), investment management company (X) is required to be registered as an Investment Management Business Operator (discretionary investment business) (Article 28(4)(i) and Article 29 of the Act).

(iv) An investment management company based in Japan is entrusted by an overseas group company to manage the funds established by the said overseas group company

Case

Investment management company (X) with a business base in Japan concludes a discretionary investment contract with investment management company (A), which is an overseas group company, to be entrusted with the authority to manage the fund established by investment management company (A) and conducts the management operations from Japan.



Necessary registration (investment management company (X))

Registration required as: Investment Management Business (discretionary investment business)

Explanation

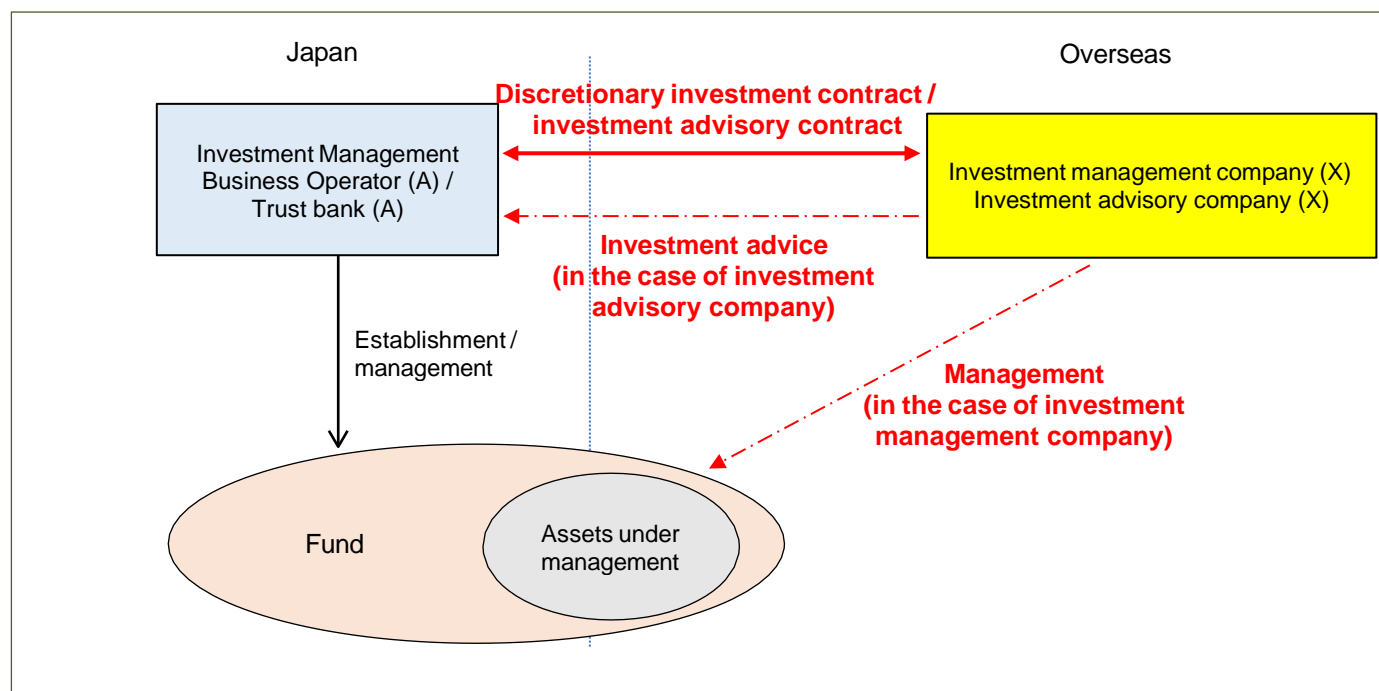
O Management business by investment management company (X)

- Even in a case where investment management company (X) manages the foreign-based fund established/managed by an investment management company based in a foreign country, investment management company (X) is required to be registered as an Investment Management Business Operator (discretionary investment business) if it conducts the management operations at its business base in Japan (Article 2(8)(xii)(b), Article 28(4)(i), and Article 29 of the Act).

- (v) An investment management company/investment advisory company based in a foreign country conducts investment management/advisory business for domestic investment management companies (registration not required)

Case

Investment management company (X) engaged in discretionary investment business overseas or investment advisory company (X) engaged in investment advisory business overseas provides domestic Investment Management Business Operator (A) or trust bank (A) with discretionary investment/investment advisory operations.



Necessary registration (investment management company (X))

Registration not required

Explanation

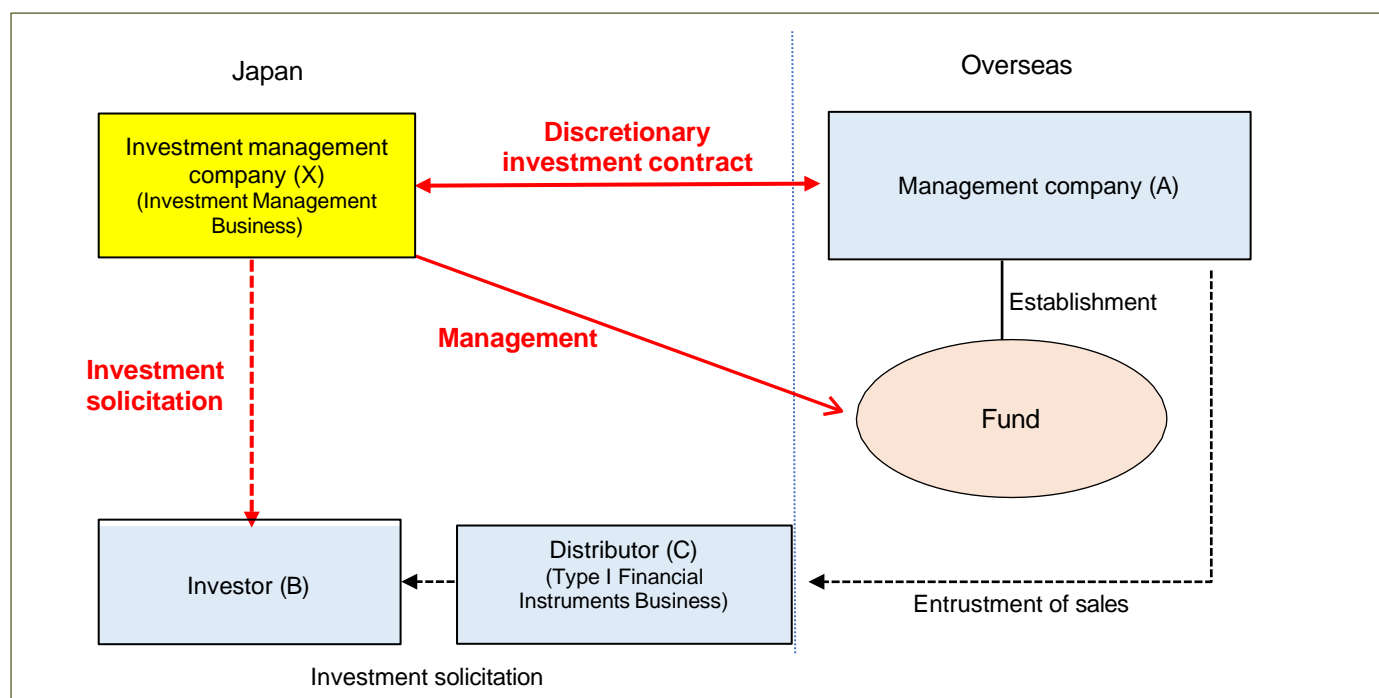
O Management business by investment management company (X), and investment advisory business by investment advisory company (X)

- When conducting discretionary investment business or investment advisory business for domestic customers, registration for Investment Management Business or Investment Advisory and Agency Business (including setting up a business base in Japan in the case of Investment Management Business) is required in principle (Article 2(8)(xii)(b) and (xi), Article 28(4)(i) and (3)(i), Article 29, and Article 29-4(1)(iv)(b) of the Act). However, when an entity engaged in discretionary investment business or investment advisory business overseas (investment management company (X) or investment advisory company (X)) conducts business that targets in Japan only Investment Management Business Operators and trust banks, registration for Investment Management Business or Investment Advisory and Agency Business is unnecessary as an exception (Article 61(1) and (2) of the Act). *For details, see (Reference 1) (2) 2) (p. 108).*

(vi) An investment management company based in Japan establishes a foreign-based trust-type or company-type fund, and conducts management and investment solicitation for the fund

Case

Investment management company (X) concludes a discretionary investment contract with the management company of a foreign-based trust-type fund (foreign investment trust) or a corporation-type fund (foreign investment corporation) established in a foreign country to manage the fund and solicit investments in the fund from domestic investors (B).



Necessary registration (investment management company (X))

○ Management of fund

Registration required as: Investment Management Business (discretionary investment business)

○ Investment solicitation for fund

Registration required as: Type I Financial Instruments Business or Type II Financial Instruments Business (see Explanation below); provided, however, that registration is not required when entrusting investment solicitation to distributor (C) which is a Type I Financial Instruments Business Operator.

Explanation

○ Management business by investment management company (X)

- Even in a case where investment management company (X) manages a foreign-based fund established in a foreign country, investment management company (X) is required to be registered as an Investment Management Business Operator (discretionary investment business) (Article 28(4) (i) and Article 29) if it manages the fund at its business base in Japan under entrustment from the fund management company (A) (Article 2(8)(xii)(b) of the Act).

○ Investment solicitation by investment management company (X)

- When investment management company (X) conducts investment solicitations (handling of a public offering or a private placement (Article 2(8)(iv) of the Act)) for shares of a foreign-based trust-type or corporation-type fund (beneficiary certificates of a foreign investment trust (Article 2(1)(x) of the Act), or foreign investment securities (Article 2(1)(xi) of the Act)) that the investment management company (X) manages under entrustment from the fund management company (A), investment management company (X) is required to be registered as a Type I Financial Instruments Business Operator in principle (Article 28(1)(i) and Article 29).
- However, where investment management company (X) is registered as an Investment Management Business Operator for Qualified Investors, and when it solicits investments from Qualified Investors by means of private placement for the fund it manages under entrustment of entire management authority from the fund management company (A), company (X) may register for Type II Financial Instruments Business (Deemed Type II Financial Instruments Business). *For details, see “Investment Management Business for Qualified Investors” (p. 49).*
- If investment management company (X) entrusts investment solicitation for the fund (handling of a public offering or a private placement (Article 2(8)(ix) of the Act)) to distributor (C) which is a domestic Type I Financial Instruments Business Operator and will not conduct solicitation by itself, investment management company (X) (and the fund management company (A)) are not required to register for investment solicitation.

Note

O Notification of foreign investment trust or foreign investment corporation

- To conduct investment solicitation for shares of a foreign-based trust-type or corporation-type fund (foreign investment trust beneficiary certificates or foreign investment securities) in Japan, the issuer thereof is required to notify the competent authorities of specified matters in advance (Article 58(1) and Article 220(1) of the Investment Trust Act).

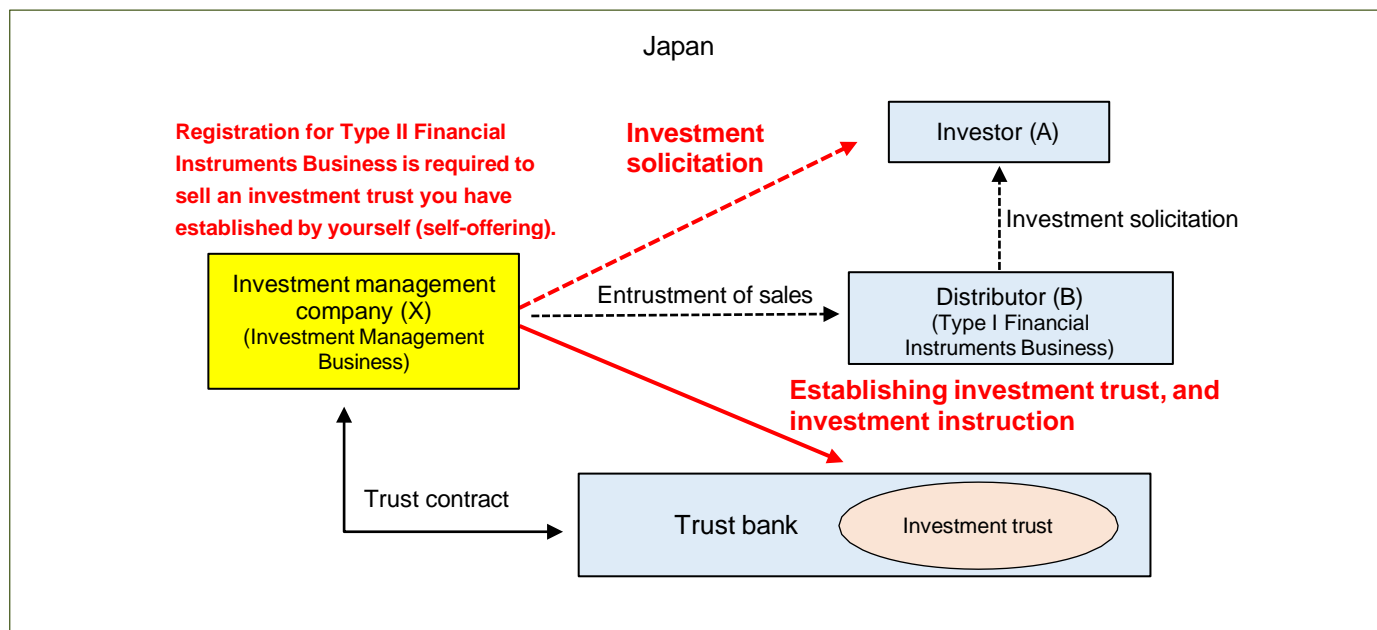
O Specially Permitted Intermediary Service Provider for Unlisted Securities

- To conduct only Specially Permitted Intermediary Service for Unlisted Securities, out of the Type I Financial Instruments Business, requirements for registration, such as capital requirement and capital adequacy ratio, are relaxed. See p.52 for the details regarding Specially Permitted Intermediary Service for Unlisted Securities.

(vii) An investment management company based in Japan establishes a domestic trust-type fund, and conducts management and investment solicitation for the fund

Case

Investment management company (X) with a business base in Japan establishes and manages an investment trust in Japan, and also solicits investments for the investment trust from investors (A).



Necessary registration (investment management company (X))

O Management of fund

Registration required as: Investment Management Business (investment trust management business)

O Investment solicitation for fund

Registration required as: Type II Financial Instruments Business; provided, however, that registration is not required when entrusting investment solicitation to a distributor (B) which is a Type I Financial Instruments Business operator.

Explanation

O Management business by investment management company (X)

- When investment management company (X) establishes/manages an investment trust as a trustor thereof (Article 2(8)(xiv)), registration for Investment Management Business (investment trust management business) is required (Article 28(4)(ii) and Article 29 of the Act).

O Investment solicitation by investment management company (X)

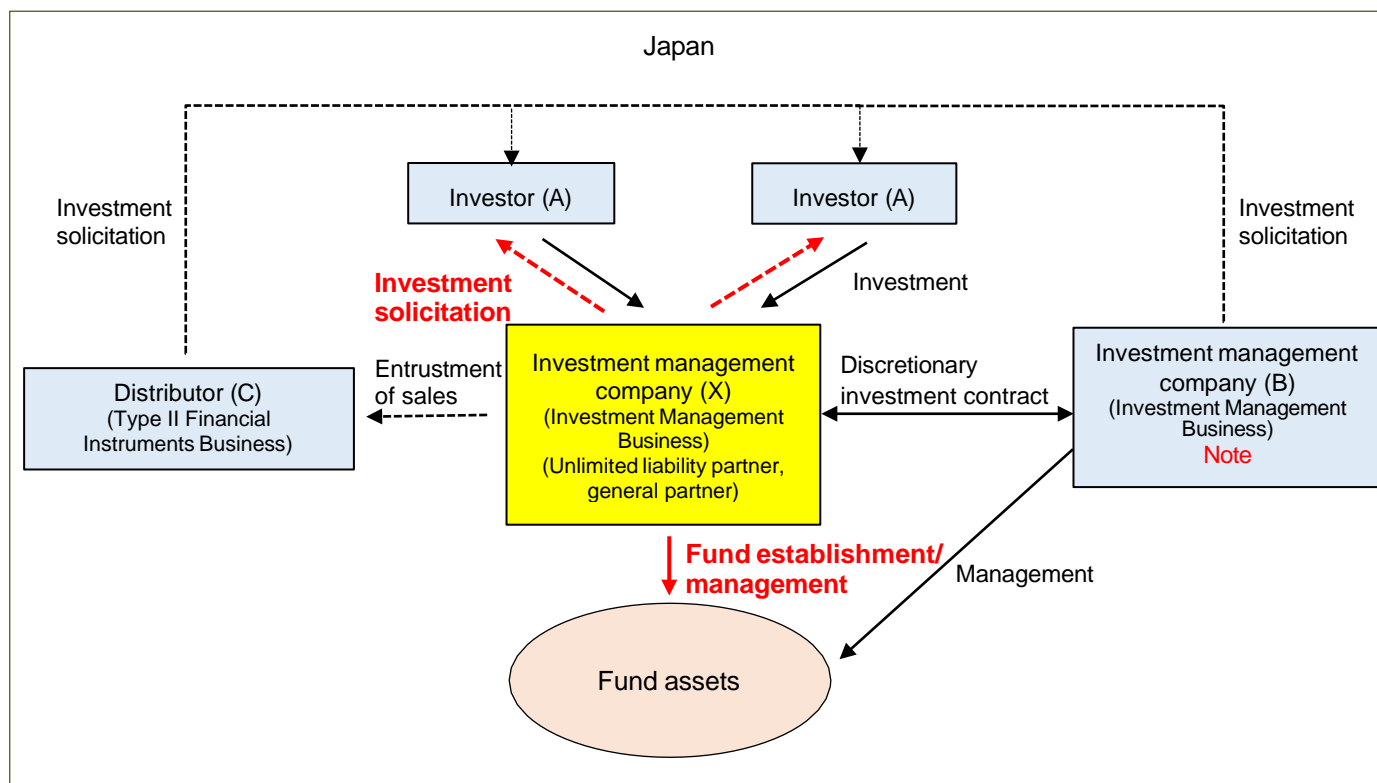
- When investment management company (X) is to solicit investments from investors (A) for an investment trust established and managed by itself (Article 2(1)(x) of the Act) (self-offering (Article 2(8)(vii)(a) of the Act)), registration for Type II Financial Instruments Business is required (Article 28(2)(i) and Article 29 of the Act). When investment management company (X) entrusts investment solicitation of the said

investment trust (handling of a public offering or private placement (Article 2(8)(ix))) to distributor (B) which is a Type I Financial Instruments Business Operator and will not conduct solicitation by itself, registration related to investment solicitation is not required. For more details of self-offering and handling of public offering/private statement, see also (Reference 1) (1) (Note 3) (p. 105).

(viii) An investment management company based in Japan establishes a domestic partnership-type fund, and conducts management and investment solicitation for the fund

Case

Investment management company (X) with a business base in Japan establishes a partnership-type fund in Japan to manage the money contributed by investors (A) (self-management), and also solicits investments for the fund from investor (A).



Necessary registration (investment management company (X))

O Management of fund

Registration required as: Investment Management Business (fund management business); provided that registration is not required if certain conditions are satisfied (see Explanation below).

O Investment solicitation for fund

Registration required as: Type II Financial Instruments Business; provided that registration is not required if certain conditions are satisfied (see Explanation below).

Explanation

O Management business by investment management company (X)

- When investment management company (X) establishes a partnership-type fund by concluding a partnership contract with investors (A) (Article 2(2)(v) of the Act) and manages the fund by investing over 50% of the money contributed by investors (A) in securities or rights in derivative transaction (Article 2(8)(xv) of the Act), investment management company (X) is required to be registered as an Investment Management Business Operator (fund management business) in principle (Article 28(4)(iii) and Article 29).
- However, registration for Investment Management Business is not necessary in the any of the cases below:

- (i) domestic investors (A) consist only of one or more Qualified Institutional Investors and 49 or less specified investors, and investment management company (X) has notified the competent authorities of the specified matters in advance (Specially Permitted Business for Qualified Institutional Investors, etc.) (Article 63 of the Act). *For details, see (Reference 1) (2) 8) (p. 111).*
- (ii) the whole of the fund management authority is entrusted to investment management company (B) which is an Investment Management Business Operator, and investment management company (B) has notified the competent authorities of the specified matters in advance (Article 16(1)(x) of the Cabinet Office Order on Definitions). *For details, see (Reference 1) (2) 5) (p. 109).*
- (iii) the fund is a baby fund of two-tiered fund based on a silent partnership (anonymous partnership) contract for investment in beneficial interest in real property trust, and the business operator of the mother fund is an Investment Management Business Operator or a notifier of Specially Permitted Business for Qualified Institutional Investor, etc., and the said Investment Management Business Operator or the notifier of Specially Permitted Business for Qualified Institutional Investor, etc., has notified the competent authority of the specified matters in advance (Article 16(1)(xi) of the Cabinet Office Order on Definitions). *For details, see (Reference 1) (2) 6) (p. 110).*
- (iv) notification of certain matters is made in advance, in the case of partnership-type fund, the act of managing money invested by Foreign Investors, etc. (limited to the case where more than 50% of the money invested is invested by non-residents) (Specially Permitted Business for Foreign Investors, etc.)(Article 63-8 of the Act) *For details, see Section 4 (1) (p. 86).*

O Investment solicitation by investment management company (X)

- When investment management company (X) is to solicit investments from investors (A) for shares of a partnership-type fund (Article 2(2)(v) of the Act) (self-offering), registration for Type II Financial Instruments Business is required (Article 2(8)(vii)(f), Article 28(2)(i), and Article 29 of the Act). However, when investment management company (X) entrusts investment solicitation of the said fund (handling of a public offering or private placement (Article 2(8)(ix))) to distributor (C) which is a Type II Financial Instruments Business Operator and will not conduct solicitation by itself, registration related to investment solicitation is not required. For more details of self-offering and handling of public offering/private placement, see also (Reference 1) (1) (Note 3) (p. 105).
- As in the case of management business, when domestic investors (A) consist only of one or more Qualified Institutional Investors and 49 or less specified investors and investment management company (X) has notified the competent authority of the specified matters in advance, registration related to investment solicitation is not required (Specially Permitted Business for Qualified Institutional Investors, etc.) (Article 63 of the Act). *For details, see (Reference 1) (2) 8) (p. 111).*
- In addition, in the case of an offering or private placement to foreign investors, etc. in relation to the act of managing money invested by foreign investors, etc. (limited to the case where more than 50% of the money invested is invested by non-residents), and where the investment management company (X) has notified the competent authorities of specified matters in advance, registration related to investment solicitation is not required. (Specially Permitted Business for Foreign Investors, etc.) (Article 63-8 of the Act) *For details, see Section 4 (1) (p. 86).*

Note

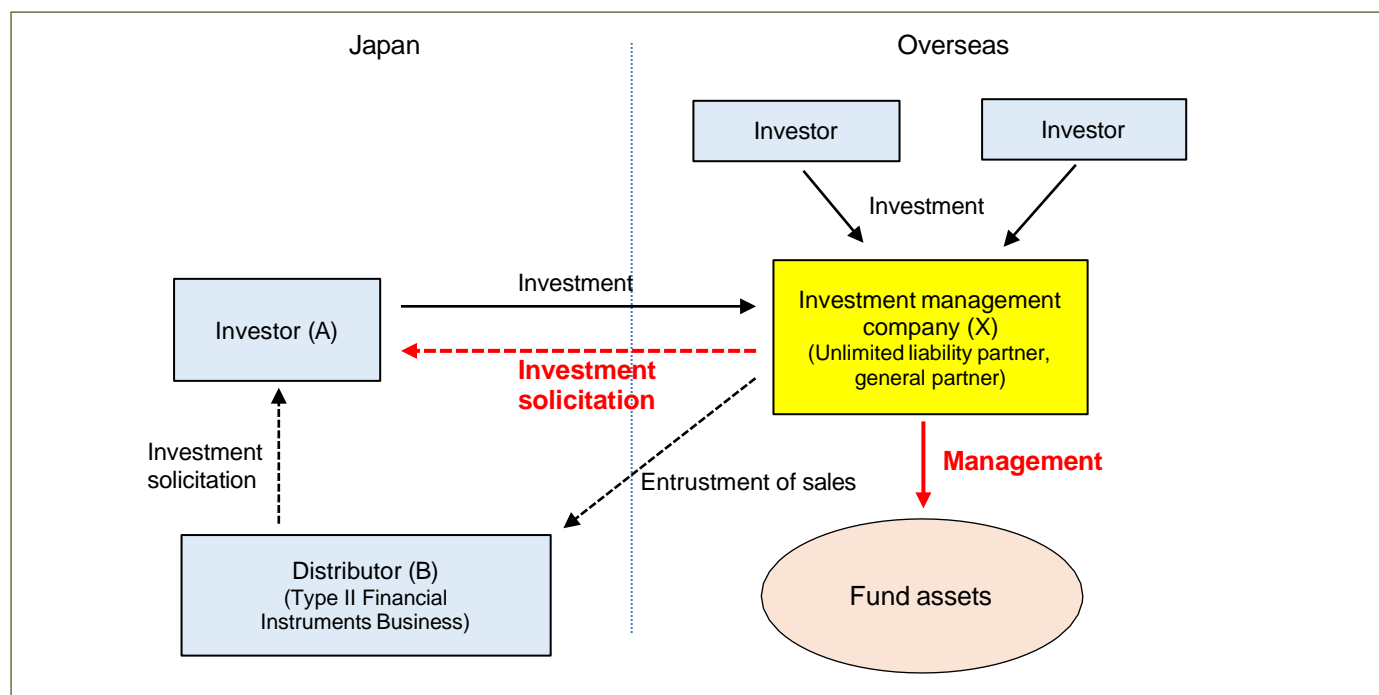
O Necessity of registration for investment management company (B)

- When investment management company (B) is to manage the fund under entrustment of investment decisions and investment authority from investment management company (X) as an executive member (such as unlimited liability partner or general partner) of the fund, investment management company (B) is required to be registered as the Investment Management Business Operator (discretionary investment business) (Article 2(8)(xii)(b), Article 28(4)(i), and Article 29 of the Act).
- When investment management company (B) is to conduct investment solicitation for the fund from investors (A) (handling of a public offering or private placement (Article 2(8)(ix) of the Act)), registration for Type II Financial Instruments Business is required. (Article 28(2)(ii) and Article 29 of the Act)

(ix) An investment management company based in a foreign country accepts investments from domestic investors for a partnership-type fund established overseas (registration not required)

Case

Investment management company (X) engaged in asset management business in a foreign country solicits investments from domestic investors (A) for a partnership-type fund established overseas, and manages the money contributed by investors (A) for the said partnership-type fund.



Necessary registration (investment management company (X))

O Management of fund

Registration is not required if certain conditions are satisfied (see Explanation below).

O Investment solicitation for fund

Registration is not required if certain conditions are satisfied (see Explanation below).

Explanation

O Management business by investment management company (X)

- When investment management company (X) engaged in management business overseas establishes/manages a foreign-based partnership-type fund (Article 2(2)(vi) of the Act) as an executive member (such as unlimited liability partner or general partner) of the fund and accepts investments for the fund from domestic investors (A), investment management company (X) is required to be registered for Investment Management Business (including setting up of a business base in Japan) in principle (Article 2(8)(xv), Article 28(4)(iii), Article 29, and Article 29-4(1)(iv)(b) of the Act). However, such registration is not necessary in any of the cases below:

- (a) Domestic investors (A) consist only of Investment Management Business Operators and trust banks (Article 61(3) of the Act). For details, see (Reference 1) (2) 2) (p. 108).

- (b) Domestic investors (A) are less than 10 Qualified Institutional Investors or notifier of Specially Permitted Business for Qualified Institutional Investors, etc., and the amount of investments by domestic investors does not exceed one-third of the total amount invested for the fund (Article 16(1)(xiii) of the Cabinet Office Order on Definitions). *For details, see (Reference 1) (2) 7) (p. 111).*
- (c) Domestic investors (A) consist only of one or more Qualified Institutional Investors and 49 or less specified investors, and investment management company (X) has notified the competent authorities of the specified matters in advance (Article 63 of the Act). *For details, see (Reference 1) (2) 8) (p. 111).*

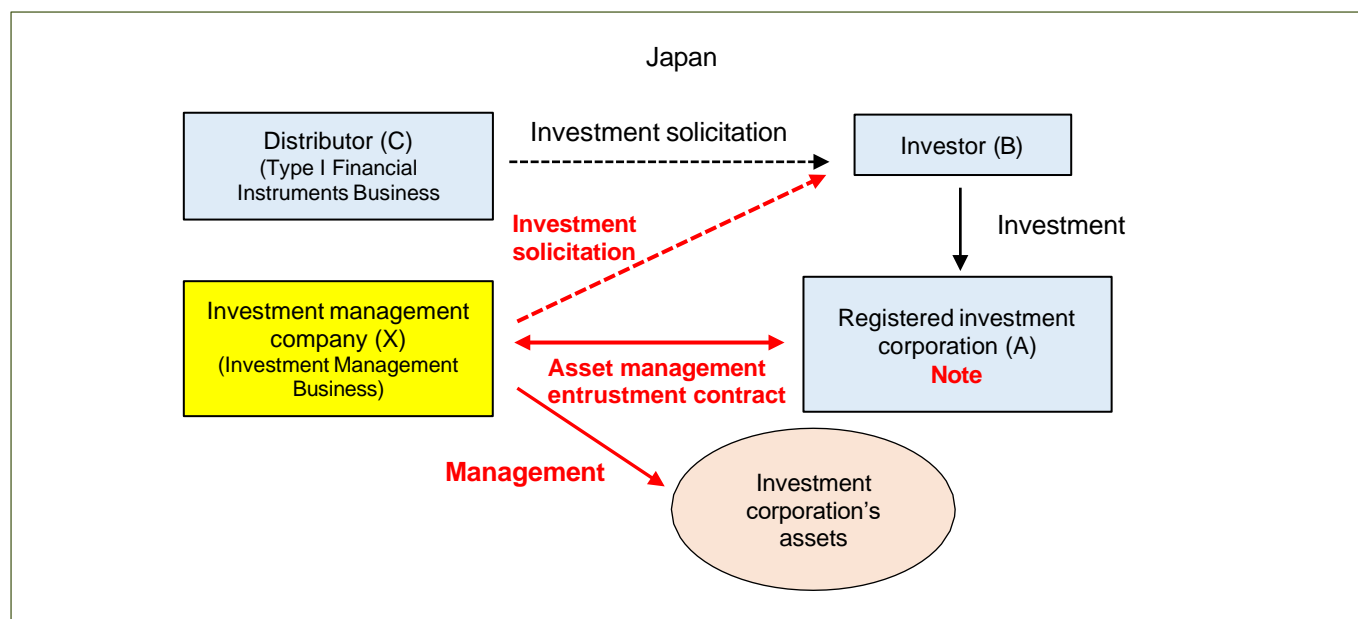
O Investment solicitation by investment management company (X)

- When investment management company (X) solicits investments for a foreign-based partnership-type fund (Article 2(2)(vi) of the Act) established and managed by itself from domestic investors (A) (self-offering), investment management company (X) is required to be registered for Type II Financial Instruments Business (including setting up of a business base in Japan) in principle (Article 2(8)(vii)(f), Article 28(2)(i), Article 29, and Article 29-4(1)(iv)(b) of the Act). However, such registration is not necessary in any of the cases below:
 - (a) Investment management company (X) entrusts investment solicitation (handling of public offering or private placement (Article 2(8)(ix) of the Act)) to a distributor (B) which is a Type II Financial Instruments Business Operator, and will not conduct solicitation by itself.
 - (b) Domestic investors (A) consist only of one or more Qualified Institutional Investors and 49 or less specified investors, and investment management company (X) has notified the competent authority of the specified matters in advance (Article 63 of the Act). *For details, see (Reference 1) (2) 8) (p. 111).*

(x) An investment management company based in Japan establishes a domestic company-type fund, and conducts management and investment solicitation for the fund

Case

Investment management company (X) with a business base in Japan concludes an asset management contract with domestic registered investment corporation (A) established in accordance with the Investment Trust Act and manages its assets, and also solicits investments from investors (B) for investment securities issued by the registered investment corporation (A).



Necessary registration (investment management company (X))

O Management of fund

Registration required as: Investment Management Business (Investment corporation asset management business)

O Investment solicitation for fund

Registration required as: Type II Financial Instruments Business; provided, however, that registration is not required when entrusting investment solicitation to distributor (C) which is a Type I Financial Instruments Business Operator.

Explanation

O Management business by investment management company (X)

- To manage the assets held by registered investment corporation (A) (Article 2(8)(xii)(a)) under an asset management contract (Article 198 of the Investment Trust Act) concluded with the registered investment corporation (A), investment management company (X) is required to be registered as an Investment Management Business Operator (investment corporation asset management business) (Article 28(4)(i) and Article 29 of the Act).

○ Investment solicitation by investment management company (X)

- When investment management company (X) is to conduct investment solicitation for investment securities issued by registered investment corporation (A) it conducts asset management for, registration for Type II Financial Instruments Business is required (Article 196(2) of the Investment Trust Act, Article 29 of the Act).
- When investment management company (X) entrusts investment solicitation (handling of a public offering or private placement (Article 2(8)(ix))) to distributor (C) which is a Type I Financial Instruments Business Operator and will not conduct solicitation by itself, registration related to investment solicitation is not required.

Note

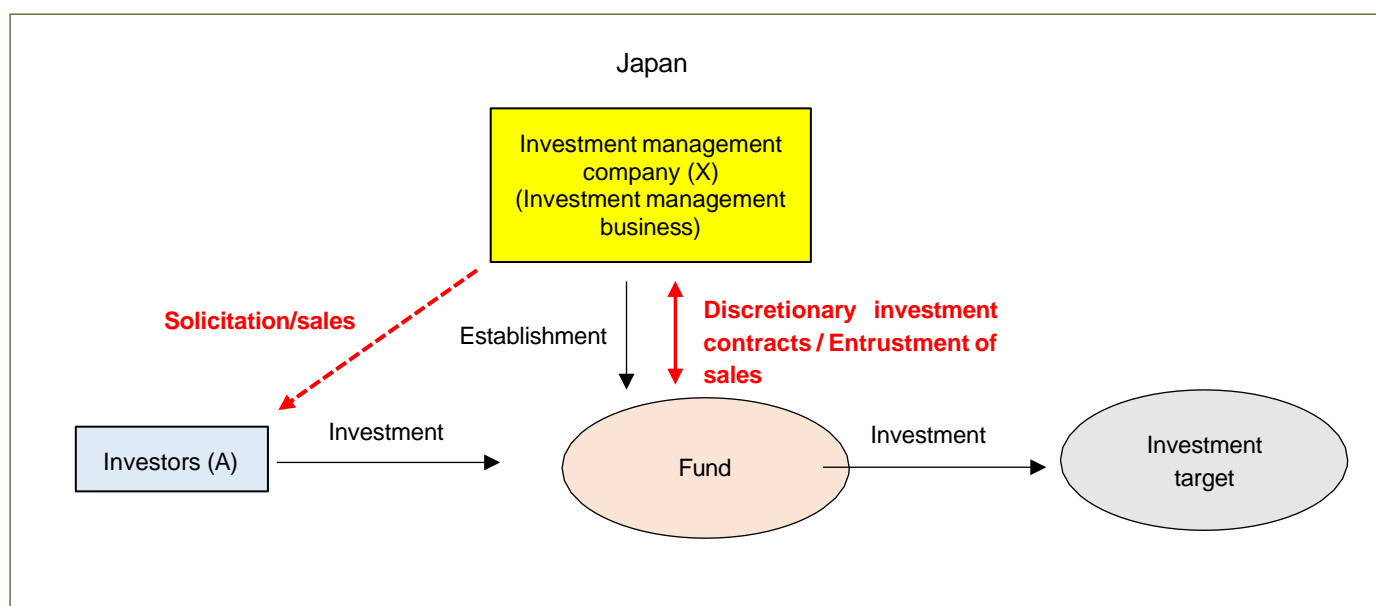
○ Notification related to establishment of an investment corporation in Japan and commencement of management operations

- To establish an investment corporation in Japan, the project planner is required to notify the competent authority of specified matters in advance (Article 69(1) of the Investment Trust Act), and the said investment corporation is required to be registered to conduct operations related to asset management (Article 187 of the Investment Trust Act).

(xi) An investment management company based in Japan establishes a domestic partnership-type fund and conducts investment solicitation solely for the fund

Case

Investment management company (X) with a business base in Japan establishes, for the purpose of unifying shareholders, a fund that has the rights set forth in Article 2(2)(v) and (vi) of the Act, that invests in unlisted stocks, etc. newly issued by a stock company, and that has an economic nature equivalent to equity-based crowdfunding.



Necessary registration (investment management company (X))

O Fund management

Registration required as: Investment Management Business (discretionary investment business)

O Solicitation for fund investment

Registration required as: Type II Financial Instruments Business

Explanation

O Management business by investment management company (X)

- When investment management company (X) concludes a discretionary investment contract with a fund to manage the fund's assets under the discretionary investment contract (discretionary investment business) (Article 2 (8) (xii) (b) of the Act), the investment management company (X) is required to be registered as an Investment Management Business Operator (discretionary investment business) (Article 28 (4) (I) and Article 29 of the Act).
- To manage the fund on its own, the investment management company (X) is required to be registered for Investment Management Business (fund management business) (Article 2 (8) (xv) of the Act) (Article 28 (4)(iii) and Article 29 of the Act).

O Investment solicitation by investment management company (X)

- When investment management company (X) is to conduct investment solicitation (handling of public offering or private placement (Article 2 (8) (ix) of the Act)) for the fund it has established, registration for Type II Financial Instruments Business is required (Article 28 (2) (ii), and Article 29 of the Act).

Note

O A fund that has an economic nature equivalent to equity-based crowdfunding

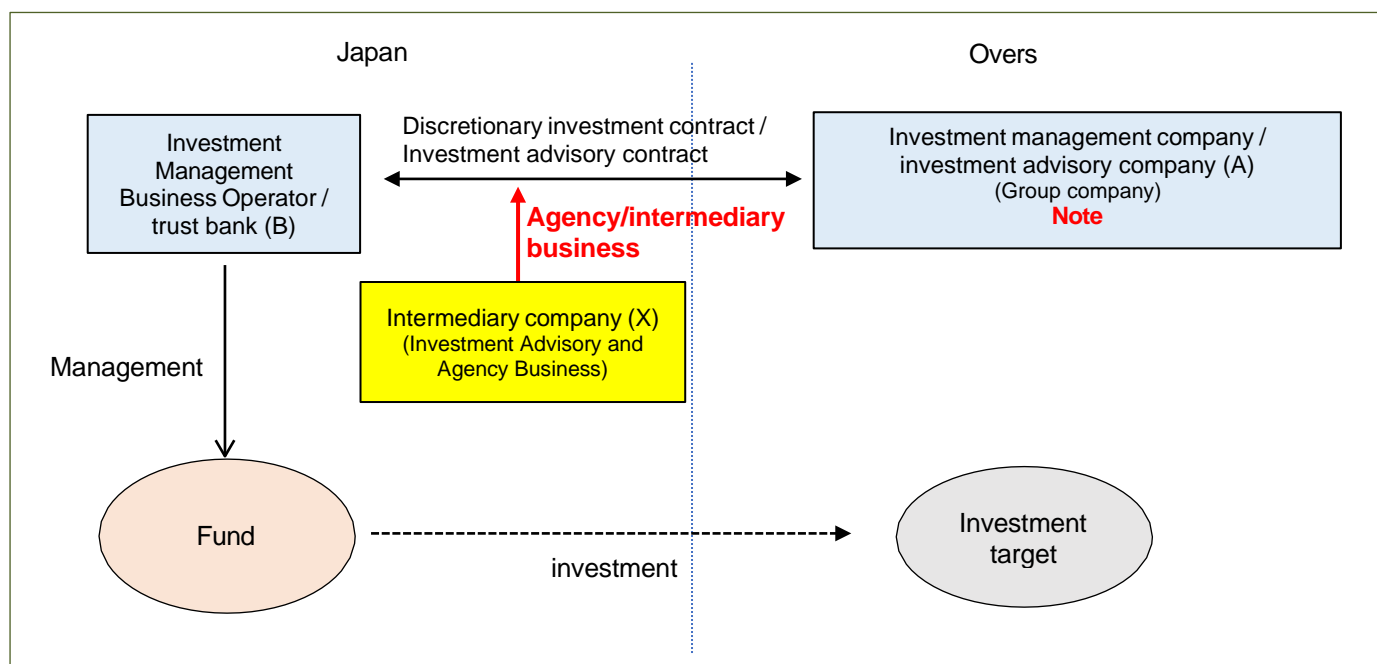
- “Fund that has an economic nature equivalent to equity-based crowdfunding” refers to a fund that has the purpose of avoiding having a large number of individual shareholders in the fund-raising company (in which the fund invests), and its actual operation has characteristics equivalent to those of direct acquisition of the stocks in which the fund invests by investors. Whether or not the fund has characteristics equivalent to those of direct acquisition is examined with comprehensive consideration given to the number of the issues to be acquired by the fund, the investment policy for the stocks held by the fund, the way in which shareholders' rights are exercised, etc.”
- In the case where investment management company (X) with a business base in Japan establishes, for the purpose of unifying shareholders, a fund that has the rights set forth in Article 2(2)(v) and (vi) of the Act, that invests in unlisted stocks, etc. newly issued by a stock company, and that has an economic nature equivalent to equity-based crowdfunding, an appropriate system suited to the actual situation will suffice, such as having personnel with work experience at a Type I Financial Instruments Business Operator and equivalent knowledge, even if they do not necessarily have operational experience at an investment management business, with regard to the requirements for investment managers, in the personnel structure. “Unlisted stocks, etc.” refers to stocks and subscription warrant securities issued in Japan by domestic stock companies that are not listed on a financial instruments exchange.
- In addition, please note that if the business of the Investment Management Business is not deemed to have an economic nature equivalent to that of an equity-based crowdfunding business due to a change in the document describing the business and business methods after registration, the business operator will need to satisfy requirements equivalent to those for the personnel structure of other investment management business (discretionary investment business) schemes.

3) Intermediation between an investment management/investment advisory company and its customers (as an agency or intermediary for conclusion of a discretionary investment contract or investment advisory contract)

An intermediary company based in Japan conducts intermediation for an investment management/advisory company which is a foreign group company with respect to the conclusion of a discretionary investment contract or investment advisory contract with its domestic customers

Case

Intermediary company (X) with a business base in Japan conducts intermediation (as an agency or intermediary) for conclusion of a discretionary investment contract/investment advisory contract between foreign investment management company/foreign investment advisory company (A) (a group company of intermediary company (X)) and its customer, which is domestic Investment Management Business Operator or trust bank (B).



Necessary registration (intermediary company (X))

Registration required as: Investment Advisory and Agency Business

Explanation

O Intermediary business by the intermediary company (X)

- To intermediate between investment management company or investment advisory company (A) and its customers as an agency or intermediary for conclusion of a discretionary investment contract or investment advisory contract, intermediary company (X) is required to be registered for Investment Advisory and Agency Business (Article 2(8)(xiii), Article 28(3)(ii), and Article 29).

Note

O Necessity of registration for investment management/investment advisory company (A)

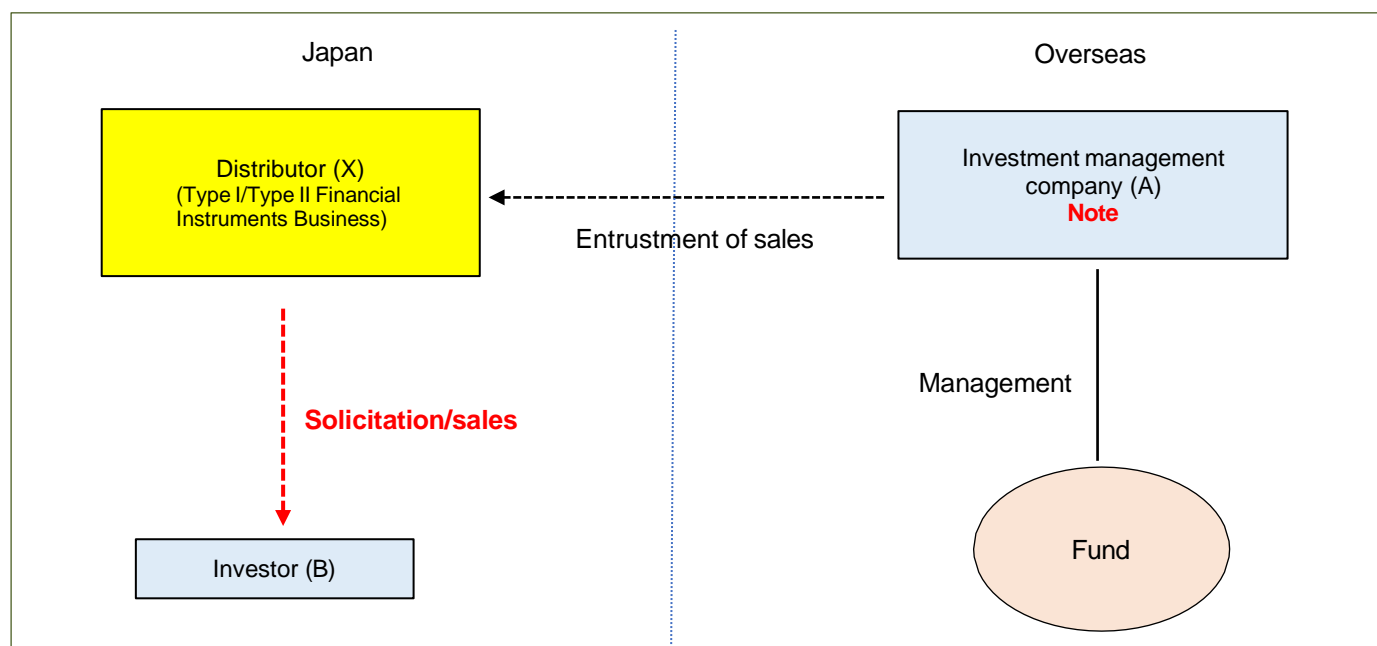
- In principle, even an investment management company or investment advisory company based in a foreign country is required to be registered for Investment Management Business or Investment Advisory and Agency Business when it is to conduct investment management businesses under a discretionary investment contract or investment advisory businesses under an investment advisory contract for customers in Japan (Article 2(8)(xii)(b) and (xi), Article 28(4)(i) and (3)(i), and Article 29 of the Act). However, in a case where an investment management company engaged in discretionary investment business overseas or an investment advisory company engaged in investment advisory business overseas is to conduct business only for domestic Investment Management Business Operators and trust banks, registration for Investment Management Business or Investment Advisory and Agency Business is not necessary as an exception (Article 61(1) and (2) of the Act). Therefore, in this case, as customers are Investment Management Business Operators or trust banks, investment management company/investment advisory company (A) is not required to be registered. For more details, please refer to the business scheme case 2) (v) (p. 29).

4) Solicitation or sales of funds established by other investment management companies

- (i) A distributor based in Japan is entrusted by an investment management company based in a foreign country to conduct solicitation/sales of funds it operates for domestic investors

Case

Distributor with a business base in Japan (X) is entrusted by investment management company (A) based in a foreign country to conduct solicitation/sales of funds managed thereby for domestic investors (B).



Necessary registration (Distributor (X))

Registration required as: Type I Financial Instruments Business or Type II Financial Instruments Business
(see Explanation below)

Explanation

O Solicitation by distributor (X)

- When the distributor (X) is entrusted by investment management company (A) to solicit domestic investors (B) for a fund, registration for Type I Financial Instruments Business is required if shares of the fund are Paragraph 1 Securities, or registration for Type II Financial Instruments Business is required if they are Paragraph 2 Securities (Article 2(8)(ix), and Article 28(1)(i) and (2)(ii) of the Act). For details of Paragraph 1 Securities and Paragraph 2 Securities, see (Reference 1) (1) (Note 2) (p. 104).

Note

O Management business by investment management company (A)

- When investment management company (A) manages a partnership-type fund in a foreign country and accepts investments in the fund by Japanese investors, the executive member of the said partnership-type fund (referring to the person who directly manages the fund such as an unlimited liability partner or general

partner) is required, in principle, to be registered as Investment Management Business Operator with a business base in Japan (Article 2(8)(xv), Article 28(4)(iii), Article 29, and Article 29-4(1)(iv)(b) of the Act). Provided, however, that registration is not required by laws in the cases below, for example. *For more details, please refer to business scheme case 2) (ix) (p. 37).*

a. When the said partnership-type fund is managed by a foreign investment management company and accepts investments in Japan only from Investment Management Business Operators and trust banks (Article 61(3) of the Act)

For details, see (Reference 1) (2) 2) (p. 108).

b. When the said partnership-type fund is a foreign-based fund and its Japanese investors are less than 10 Qualified Institutional Investors or notifiers of Specially Permitted Business for Qualified Institutional Investors, etc., and the amount of investment by Japanese investors accounts for less than one-third of the total amount invested for the fund (Article 16(1)(xiii) of the Cabinet Office Order on Definitions)

For details, see (Reference 1) (2) 7) (p. 111).

c. When the said partnership-type fund accepts investments in Japan only from one or more Qualified Institutional Investors and 49 or less specified investors, and the said executive member has notified the competent authority of the specified matters in advance (Article 63 of the Act)

For details, see (Reference 1) (2) 8) (p. 111).

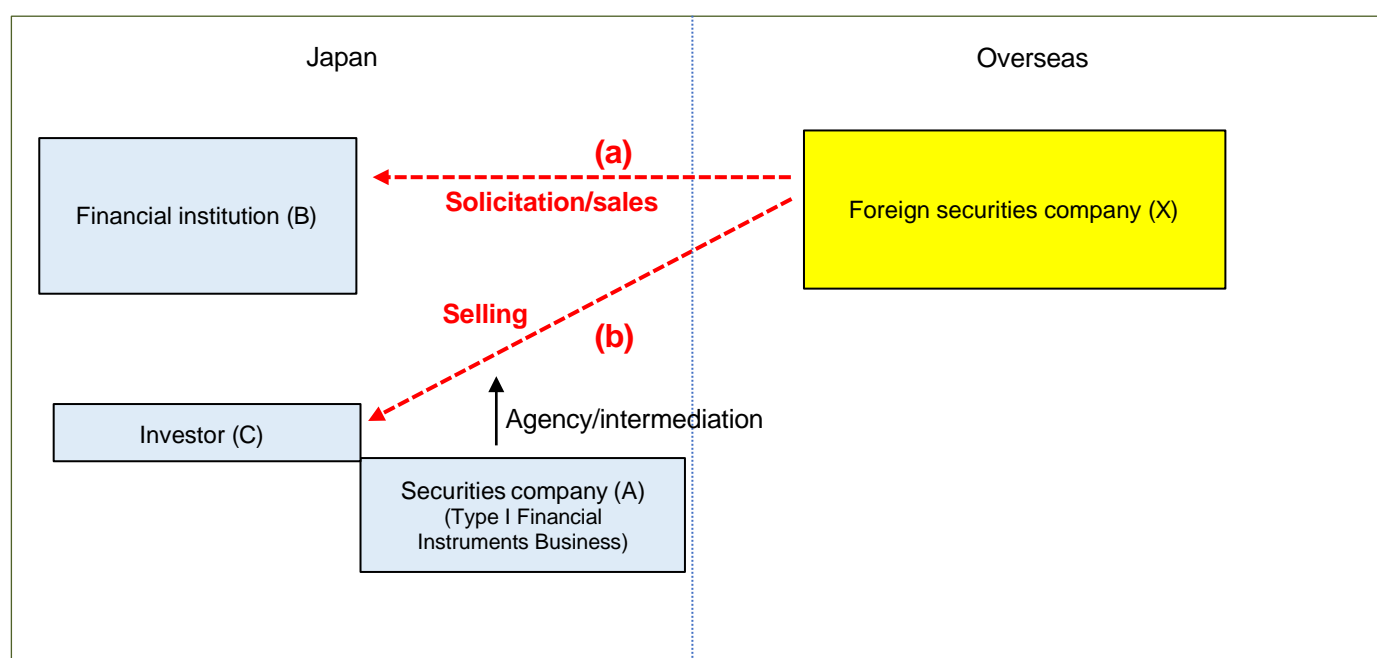
O Specially Permitted Intermediary Service Provider for Unlisted Securities

- To conduct only Specially Permitted Intermediary Service for Unlisted Securities, out of the Type I Financial Instruments Business, requirements for registration, such as capital requirement and capital adequacy ratio, are relaxed. See p.52 for the details regarding Specially Permitted Intermediary Service for Unlisted Securities.

(ii) A securities company based in a foreign country sells funds and other financial instruments to domestic investors (registration not required)

Case

Foreign securities company (X) engaging in businesses pertaining to securities transactions or securities-related derivatives transactions (securities-related business) (a) conducts solicitation/sales of funds or other financial instruments for domestic securities companies, investment management companies, banks, insurance companies and other specified financial institutions (B), or (b) conducts sales of funds or other financial instruments by agency or intermediation by domestic securities company (A), which is a Type I Financial Instruments Business Operator, without conducting solicitation by itself.



Necessary registration (Foreign securities company (X))

Registration is not required if certain conditions are satisfied (see Explanation below).

Explanation

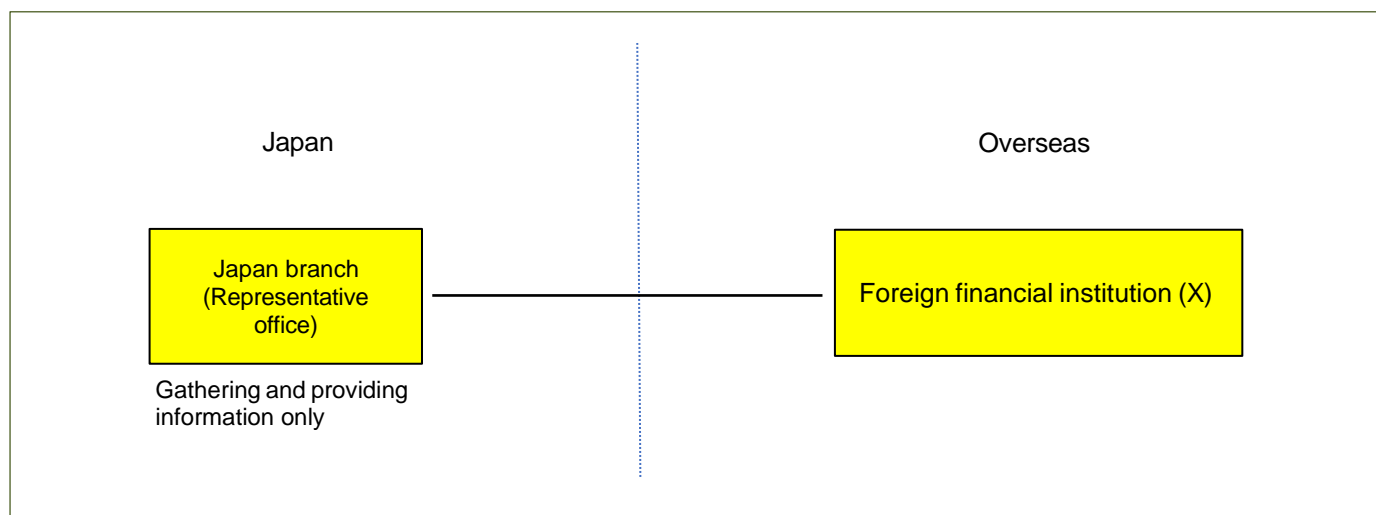
O Solicitation by foreign securities company (X)

- When foreign securities company (X) is to solicit/sell funds or other financial instruments for domestic investors, registration for Type I Financial Instruments Business or Type II Financial Instruments Business is required in principle; provided, however, that registration is not necessary in either of the cases below:
 - (a) The foreign securities company (X) (i) conducts solicitation for financial institutions (B) that are Financial Instruments Business Operators engaged in securities-related business in Japan (Article 58-2 proviso of the Act) or (ii) conducts solicitation from overseas for financial institutions (B) such as banks, insurance companies and Investment Management Business Operators, with regard to their investment activities or investment management businesses (Article 17-3(i) of the Order). *For details, see (Reference 1) (2) 1) (p. 107).*
 - (b) The foreign securities company (X) conducts sales from overseas for Japanese investors (C) by agency or intermediation by the securities company (A) which is a Type I Financial Instruments Business operator engaged in securities-related business, without conducting solicitation by itself (Article 17-3(ii)(b) of the Order). *For details, see (Reference 1) (2) 1) (p. 107)*

5) Establishment of a foreign business operator's representative office for collecting information in Japan

Case

Foreign financial institution (X) conducting securities-related business, investment management business or investment advisory business overseas is to establish a representative office or other facility in Japan to collect and provide information on securities markets.



Necessary registration (Foreign financial institution (X))

Registration not required; provided, however, that prior notification to the Financial Services Agency is necessary. The examples of notification form (Japanese only) is provided at the URLs below:

<Reference URL>

https://www.fsa.go.jp/policy/marketentry/Example_of_Notification.docx

Explanation

O Foreign financial institution (X)'s obligation of notification

- When a foreign financial institution (X) engaged in securities-related business, investment management business or investment advisory business overseas is to set up a representative office or other facility in Japan to collect or provide information on securities markets (including provision of information through such means as marketing or holding seminars that will not constitute investment advisory services or solicitation of specific financial instrument), prior notification is required (Article 62 of the Act).

Investment Management Business for Qualified Investors

“Investment Management Business for Qualified Investors” was introduced aiming to promote entry of Investment Management Business Operators by relaxing registration requirements for Investment Management Business under the following conditions: (i) Rights Holders (referring to, in the case of discretionary investment business, the counterparties of discretionary investment contracts in principle) are limited to “Qualified Investors” (for definition of the scope of “Qualified Investors,” see (Reference 1)(3) (p. 114)) and (ii) the total amount of the investment assets is limited to 20 billion yen at maximum. Specifically, registration requirements are relaxed as follows (Article 29-5(1) of the Act):

- 1) A board of directors is not required (regular Investment Management Business Operator is required to be a company with a board of directors or a foreign company of a type equivalent to a company with a board of directors).
- 2) Minimum capital required is 10 million yen (50 million yen for an general Investment Management Business).

In addition, the Guidelines for Supervision IV-2-7 and VI-3-1-2 provides viewpoints of registration screening concerning control environment for business execution and personnel structure necessary for Investment Management Business for Qualified Investors. *For more details, see Section 3 (2) (starting on p. 69).*

Moreover, for business operators that have registered for Investment Management Business for Qualified Investors, some exceptions are applied concerning investment solicitation for several types of securities including fund shares of investment trusts or investment corporations, for which registration for Type I Financial Instruments Business is required in principle. Specifically, when a registered Investment Management Business Operator for Qualified Investors is to solicit investments exclusively from Qualified Investors by way of private placement* (handling of private placement) for beneficiary certificates of investment trust or investment securities of investment corporation that it manages under entrustment of the whole of the management authority under a discretionary investment contract, the business operator is allowed to conduct such solicitation with registration for Type II Financial Instruments Business (Deemed Type II Financial Instruments Business) (Article 29-5(2) of the Act).

- * The term “private placement” related to beneficiary certificates of an investment trust or investment securities of an investment corporation (Paragraph 1 Securities) means newly issuing securities for which solicitation target is limited to (i) 49 or less investors or (ii) Qualified Institutional Investors or Professional Investors (Article 2(3) of the Act).

(Note 1) It is not allowed to be registered for both the general Investment Management Business and the Investment Management Business for Qualified Investors at the same time. Therefore, please note that if you change the status of your registration from Investment Management Business for Qualified Investors to general Investment Management Business, the exceptions applied to Investment Management Business for Qualified Investors (including treatment as Deemed Type II Financial Instruments Business) will not be applied.

(Note 2) In conducting Investment Management Business for Qualified Investors, it is necessary to implement necessary and appropriate measures to prevent the total amount of investment assets from exceeding 20 billion yen and prevent any person other than Qualified Investors from becoming a rights holder (See VI-3-1-2 (3) of the Guidelines for Supervision).

Investment Management-Related Service Entrusted Business

A voluntary registration system was introduced to ensure the appropriate quality of services provided by Investment Management-Related Service Entrusted Business Operators, who conduct the Investment Management-Related Service ([i] fund's NAV calculation service and [ii] regulatory compliance service) as entrusted by Investment Management Business Operators, etc., from the perspective of facilitating entries of Investment Management Business Operators. The details of the Investment Management-Related Service covered by the registration are as follows:

[i] Fund's NAV calculation service: The service related to the evaluation of the property subject to investment (meaning money or other properties invested by a person that is allowed to engage in the Investment Management Business, etc. pursuant to the provisions of the FIEA on behalf of the rights holders prescribed in Article 42(1) of the FIEA; the same applies below) on the basis of the securities and other assets that constitute the property subject to investment, interest and dividends arising from those assets, and remuneration and other fees for the investment of the property subject to investment; and

[ii] Regulatory compliance service: The service related to guidance for ensuring compliance with laws and regulations (meaning laws and regulations, dispositions by government agencies which are based on laws and regulations, the articles of incorporation and other rules)

* "Investment Management-Related Service" refers to a service with certain continuity and an active nature that may have a decisive influence on the quality of client's Investment Management Business. Other services without such nature (individual dispute resolutions, ad-hoc training sessions, advisory service provided upon a request from an entrusting party, etc.) do not fall under the category of Investment Management-Related Service.

If an Investment Management Business Operator outsources the Investment Management-Related Service to an Investment Management-Related Service Entrusted Business Operator, the Investment Management Business Operator is eligible for the relaxation of registration requirements for Investment Management Business in terms of the development of a personnel structure: they are only required to secure staff with the ability to properly supervise and give appropriate instructions to the outsourcee as necessary, in place of a person who executes the said business outsourced.

An Investment Management Business Operator that outsources Investment Management-Related Service to external service provider (including outsourcing to non-registered service provider) needs to state the intention to outsource its Investment Management-Related Service, the tradename or name of the service provider, and the details of the Investment Management-Related Service outsourced to the service provider, and other particulars in a registration application form (Article 29-2(1)(xii) of the FIEA). Among these, as concrete details of the outsourced Investment Management-Related Service, the Investment Management Business Operator needs to clearly indicate which of the following services are outsourced.

[i] Details of the fund's NAV calculation service

(a) Evaluation of the investment trust asset and verification thereof (including calculation of the constant value of the investment trust property, tabulation of the establishment and cancellation of investment trust for the relevant calculation, checking of asset execution, recording of interest and dividends, etc.) ;

(b) In addition to (a) above, evaluation of the property subject to investment and verification thereof

⇒ If an Investment Management Business Operator outsources any of the businesses stated in (a) or (b) to an Investment Management-Related Service Entrusted Business Operator, it suffices for the Investment Management Business Operator to secure staff with the ability to properly supervise and give appropriate instructions to the outsourcee as necessary, in place of a person who executes the said fund's NAV calculation business outsourced.

[iii] Details of the regulatory compliance service

(a) Regular compliance monitoring of business operations, identification and resolution of issues and other relevant services;

(b) Drafting and managing internal rules and other manuals related to compliance; and

(c) Planning and implementing periodic compliance training and providing information on compliance.

- ⇒ If an Investment Management Business Operator outsources all of the services stated in (a) to (c) above to an Investment Management-Related Service Entrusted Business Operator, it suffices for the Investment Management Business Operator to secure staff with the ability to properly supervise and give appropriate instructions to the outsourcee as necessary, in place of a person who executes the said regulatory compliance business. (in the case of the entrustment of any of the services stated in (a) to (c) above, the Investment Management Business Operator may be eligible for the relaxation of personnel requirements within the scope of the outsourced business).

The Comprehensive Guidelines for Supervision of Investment Management-Related Service Entrusted Business Operators describe supervisory viewpoints regarding the control environment for business execution and the personnel structure, etc. required for Investment Management-Related Service Entrusted Business Operators.

Specially Permitted Intermediary Service for Unlisted Securities

From the perspective of promoting new entries to intermediary service for unlisted securities issued by startups, etc. and activating their distribution, requirements for registration for the Type 1 Financial Instruments Business are relaxed for business operators that intend to conduct specific acts regarding unlisted securities. More specifically, conducting any of the following acts on a regular basis fall under the category of Specially Permitted Intermediary Service for Unlisted Securities.

- 1) The following acts for Securities (limited to Securities that are not listed on financial instruments exchanges and excluding over-the-counter traded securities):
 - (i) intermediation of sale or acts set forth in Article 2(8)(ix) of the FIEA (excluding those conducted with general investors as a counterparty and acts conducted for general investors based on solicitation for the relevant general investors);
 - (ii) intermediation of purchase (excluding that conducted for general investors and intermediation conducted with general investors as a counterparty based on solicitation for the relevant general investors)
- 2) Acceptance of deposits of money from a customer in connection with any of the acts set forth in 1) above (limited to acceptance of money deposits necessary for the settlement of transactions by any of the acts set forth in 1) for which the period of deposit does not exceed one week)

Registration requirements to be relaxed for business operators that conduct only Specially Permitted Intermediary Service for Unlisted Securities, out of the Type I Financial Instruments Business, include the reduction of required amounts of stated capital and net assets and the elimination of the capital adequacy ratio. For the details of the registration requirements, see Section 3.(2) (from p.69).

Emergency Registration Exemption for Foreign Financial Institutions / Asset Managers

(Temporary relief to address overseas business disruptions due to disaster or other reasons)

On July 22, 2020, the Financial Services Agency of Japan (hereinafter the “FSA”) amended the Cabinet Office Order on Definitions under Article 2 of the Financial Instruments and Exchange Act. This amended order introduced a scheme for foreign financial services providers, including asset management companies to be exempted from registration requirements by obtaining confirmation by the FSA, which enables them to conduct their business operations in Japan for a certain period of time when they have difficulty in continuing their financial instruments business in their home jurisdiction due to disaster or other reasons.

Registration as a Financial Instruments Business Operator is not required if a person who is engaged in Type I financial instruments business or investment management business in a foreign state in accordance with the laws and regulations of the foreign state, and faces or is likely to face difficulties in continuing that business in the foreign state due to a disaster or other reasons, carries out that business in Japan for business-continuity's sake by obtaining approval from the Commissioner of the FSA with a given operational period (up to three months). (Article 16(1)(xvii) of the Cabinet Office Order on Definitions)

For details, see (Reference 1) (2) 9) (p. 112).

3. Registration Procedure and Registration Requirements

(1) Overview of registration procedure and registration application documents

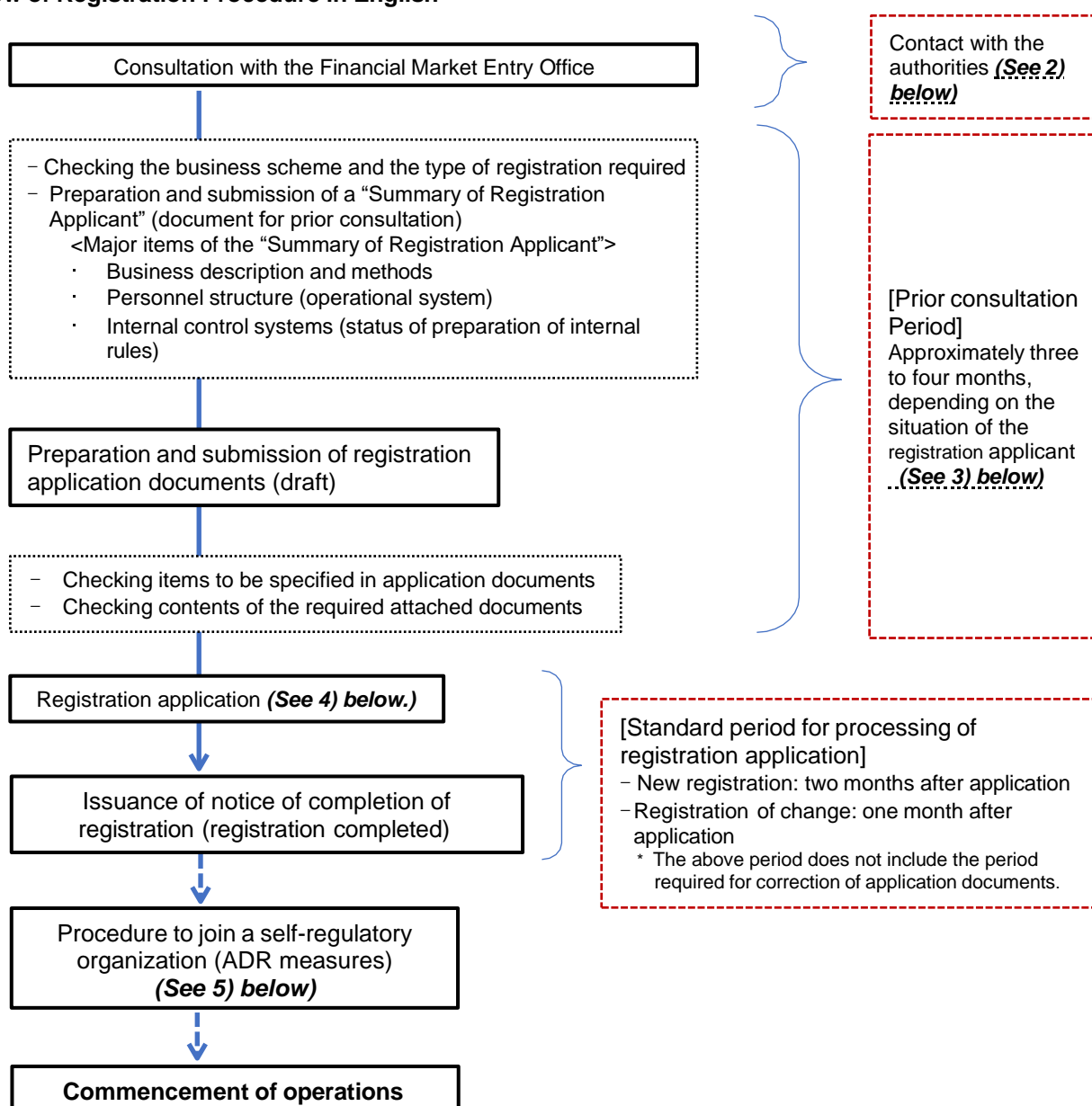
1) Flow of registration procedure

The outline of the procedure for registration of a Financial Instruments Business is generally as described below.

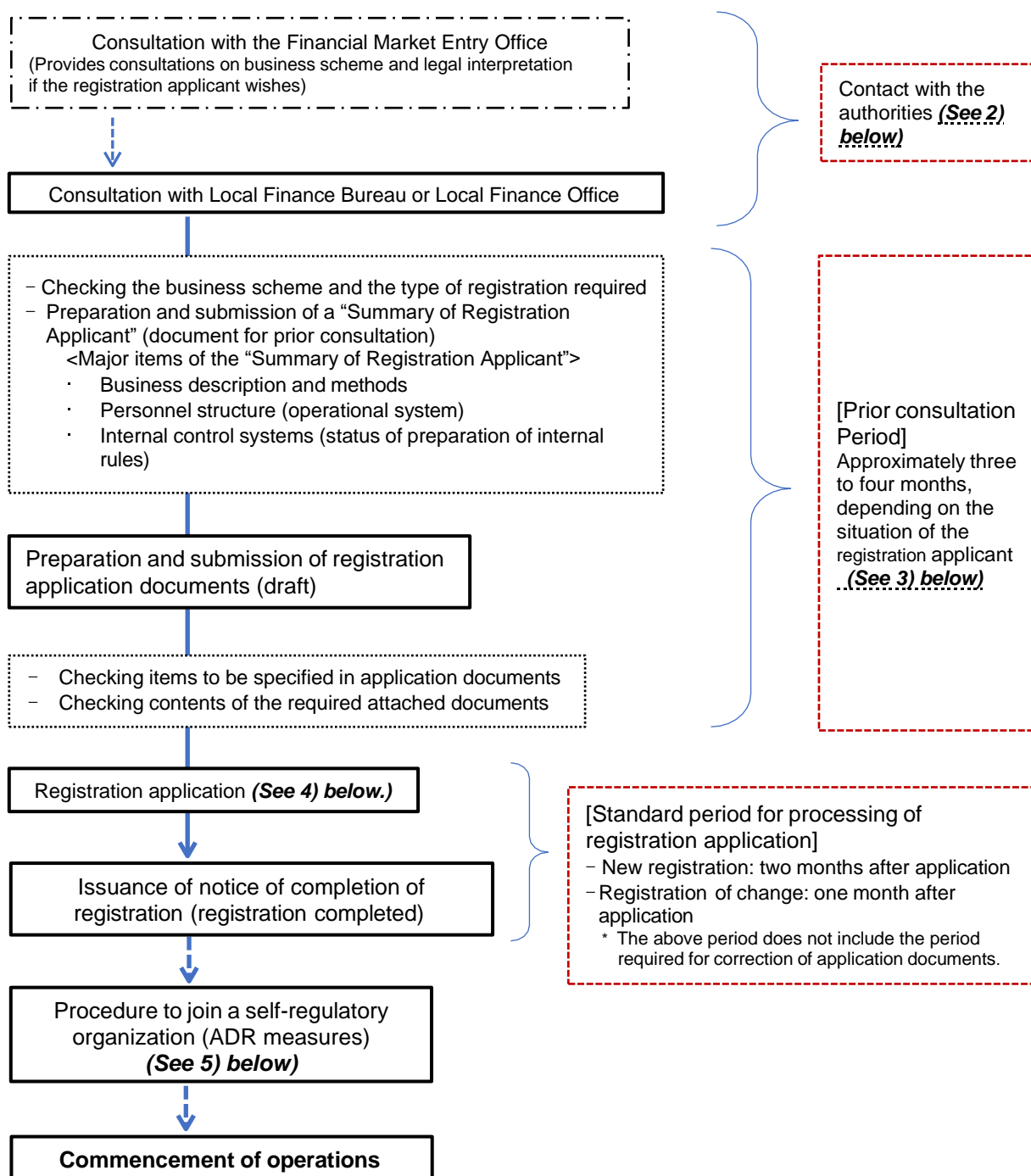
Since the contact point differs depending on whether the procedure for registration is handled in English or Japanese, please see the applicable flowchart. Regarding the eligibility requirements for an applicant to be subject to all-in-English registration procedures, please see “2) Contact with The Financial Market Entry Office /Local Finance Bureau or Local Finance Office” below.

Please note that, to smoothly complete the procedure for registration including prior consultations, the registration applicant should determine in an early stage (i) the specific business description and methods, (ii) personnel structure, and (iii) internal control system.

A. Flow of Registration Procedure in English



B. Flow of Registration Procedure in Japanese



2) Contact with Financial Market Entry Office/Local Finance Bureau or Local Finance Office

< Contact with Financial Market Entry Office >

The Financial Market Entry Office, which was established jointly by the FSA and the Local Finance Bureaus, provides all-in-English one-stop services for registration procedures including pre-application consultation and supervision for foreign asset management firms newly entering the Japanese market. The eligibility requirements for an applicant to be permitted to submit documents in English are as described in (i) and (ii) below. Eligible applicants are subject to the relevant registration procedures and post-registration supervision. For details, please check the Regulatory Notice specifying necessary documents based on Article 2 (1) of the Cabinet Office Order on Financial Instruments Business, etc..

Even while a foreign financial business operator may not meet the eligibility requirements prescribed in (i) or (ii), the Financial Market Entry Office accepts requests for consultations from all types of foreign financial business operators newly entering the Japanese market, including asset management firms, pertaining to: legal interpretation (regulatory applicability screening/assessment) and viability of their business schemes under Japanese applicable laws and regulations in preparation for business registration as a financial instruments business operator; as well as inquiries regarding this Guidebook. Inquiries are accepted both in Japanese and English.

(i) Types of Businesses Eligible to Submit Documents in English:

In the case of any of the following types of business, submission of documents in English is permitted.

- (a) Type-I Financial Instruments Business*1 (Article 28(1) of the FIEA) (item (i) of the Regulatory Notice specifying necessary documents based on Article 2 (1) of the Cabinet Office Order on Financial Instruments Business, etc. (FSA's Regulatory Notice No. 13 of 2022) (referred to below as the "Regulatory Notice on Submission in English"))
- (b) Investment Management Business (Article 28(4) of the FIEA) (item (ii) of the Regulatory Notice on Submission in English)
- (c) Investment Advisory and Agency Business (Article 28(3) of the FIEA) (item (ii) of the Regulatory Notice on Submission in English)
- (d) Type II Financial Instruments Business relevant to asset management business in either of the following cases (item (ii) of the Regulatory Notice on Submission in English)
 - (1) where selling a beneficial certificate of an investment trust or a fund established by itself (Article 28(2)(i) of the FIEA)
 - (2) where selling a partnership-type fund (collective investment scheme interests) managed by a group company of the applicant to professional investors (Article 28(2)(ii) of the FIEA)
 - (3) where conducting a so-called Deemed Type II Financial Instruments Business operated by an Asset Management Company of an Investment Corporation or an Operator of Investment Management Business for Qualified Investors (Article 196(2) of the Act on Investment Trusts and Investment Corporations and Article 29-5(2) of the FIEA)
- (e) Investment Management-Related Service Entrusted Business (Article 2(44) of the FIEA) (item (iii) of the Regulatory Notice on Submission in English)

*1 Type I Financial Instruments Business that is conducted for professional investors and in which the

securities handled are only certain securities, such as beneficiary certificates of foreign investment trusts and foreign investment securities.

(ii) Applicants Eligible to Submit Documents in English:

Applicants who fall under any of the following categories will be permitted to submit documents in English.

- (a) An applicant who is engaged in the business described in (1) through (3) below in a foreign country respectively for the categories set forth in (1) through (3).
 - (1) An applicant wishing to register for the business described in (i)(a) above: Same kind of business as Type I Financial Instruments Business (item (i)(a) of the Regulatory Notice on Submission in English)
 - (2) An applicant wishing to register for the business listed in (i)(b) through (d) above: Same kind of business as Investment Advisory and Agency Business or Investment Management Business (item (ii)(a) of the Regulatory Notice on Submission in English)
 - (3) An applicant wishing to register for the business described in (i)(e) above: Same kind of business as Investment Management-Related Service Entrusted Business (item (iii)(a) of the Regulatory Notice on Submission in English)
- (b) Parent company, etc., subsidiaries, etc., or affiliated companies, etc. of an entity engaged in business prescribed in (ii)(a) above (items (i)(b), (ii)(b) and (iii)(b) of the Regulatory Notice on Submission in English)
- (c) An applicant who was an officer or employee of an entity engaged in business described in (ii)(a) above (items (ii)(c) and (iii)(c) of the Regulatory Notice on Submission in English)
- (d) An applicant any of whose officers or major employees is the person who is or was an officer or employee of an entity engaged in business described in (ii)(a) (items (i)(c), (ii)(c) and (d) and (iii)(c) and (d) of the Regulatory Notice on Submission in English)

<Reference URL>

Financial Market Entry Office (Financial Services Agency / Local Finance Bureaus)

<https://www.fsa.go.jp/en/policy/marketentry/index.html>

Financial Market Entry Office	103-0026	7th Floor, FinGATE TERRACE, 8-1 Nihonbashi- kabuto-cho, Chuo-ku, Tokyo	E-mail: marketentry@fsa.go.jp Phone: +81-3-6667-0551
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* Complex inquiries are best submitted in writing via e-mail with any relevant information attached whenever possible and appropriate, so that the Office can ensure a timely response.

< Contact with Local Finance Bureau/Local Finance Office >

If an applicant does not fall under the category of either (i) or (ii) above (cf. p. 56), the applicant will be referred to the contact point for the specifics of registration at the competent authority (e.g. the competent Local Finance Bureau and/or Local Finance Office) that has jurisdiction over the registered domicile of the applicant's head office. (The Financial Market Entry Office will accept requests for consultations on legal interpretation (regulatory applicability

assessment/screening) and on business scheme viability in preparation for business registration, as well as inquiries regarding this Guidebook.)

Before preparing a Summary of Registration Applicant, an applicant who wishes to be registered as a financial instruments business operator shall contact the competent Local Finance Bureau and/or Local Finance Office that has the jurisdiction over the registered domicile of the applicant's head office (if you are a foreign business operator who wishes to register as an Investment Advisory and Agency Business Operator without a business office in Japan, contact Kanto Local Finance Bureau).

For specific contact points of each local finance bureau/local finance office, please refer to (Reference 2) "Contacts at Local Finance Bureaus/Local Finance Offices" (p. 116 and 117).

< Collaboration with the relevant local authorities >

Depending on the nature of the inquiry, the FSA may collaborate with the relevant local governments and others to offer holistic assistance, by ensuring an integrated one-team approach for foreign asset management companies and others newly entering the Japanese market. Please refer to the following for information on key relevant local governments and others.

<Reference URL>

Financial One-Stop Support Service (Tokyo Metropolitan Government)

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

Global Business Support (Fukuoka City Government)

<https://financialcity.fukuoka.jp/en/finance.html>

Osaka Global Finance One-Stop Support Center (Osaka Prefectural Government and Osaka City Government)

<https://global-financial-city-osaka.jp/en/onestop/>

Sapporo Transnational Expansion and Partnership (Sapporo City Government)

<https://sapporo-step.global/support/>

Invest Japan Business Support Center (IBSC) (Japan External Trade Organization (JETRO))

<https://www.jetro.go.jp/en/>

3) Prior consultations

- The purpose of a prior consultation is to confirm the registration applicants' planned business scheme including its organizational structures, and examine in advance their compliance with laws/regulations and Guidelines for Supervision, as well as the information entered in documents to be submitted.
- In a prior consultation, in general, the registration applicant explains its business schemes including organizational structures, and, as necessary, more specific details are confirmed in interviews and by other methods. In interviews, the registration applicant may use reference documents (e.g. company overview, business scheme diagram and organization chart) for explanation. To confirm the matters required under laws and regulations or the Guidelines for Supervision, the registration applicant should also prepare a "Summary of Registration Applicant" or other document, based on which details will be confirmed.
- Applicants for registration of Financial Instruments Business are asked to prepare a "Summary of Registration Applicant" during the period of prior consultation, with the aim of facilitating smooth dialogue in confirming legal requirements and viewpoints shown in the Guidelines for Supervision. The "Summary of Registration Applicant" should be prepared upon consultation with the Financial Market Entry Office or the competent local finance bureau/local finance office. So if you are to apply for registration, contact the relevant office before preparing a summary.
- In prior consultation, matters listed below, for example, will be confirmed, though they may differ depending on the type of registration and registration applicant's business schemes.
 - Outline of the registration applicant (e.g. amount of capital, number of officers, major shareholders, and main bank)
 - Background and purpose of the application for registration, the management plan and revenue and expenditure plan
 - Business description and methods (e.g. business schemes, kinds of financial instruments to be handled and investment period, customer attributes, method of soliciting and explaining customers)
 - Operating structure of the business (e.g. sufficient personnel structure to properly perform the business, status of preparation of internal rules)
 - Other measures for various obligations and points of attention specified in laws and regulations and the Guidelines for Supervision (e.g. control environment for business execution and customer solicitation/explanation, measures to prevent internal collusion and duty of loyalty)
- After confirmation of the necessary information, the registration applicant prepares drafts of application documents (including attachments) based on which the matters required to be specified and contents of attachments will be confirmed.
- The average period for prior consultation is three to four months, though it may largely differ depending on the scale or complexity of business schemes and various other circumstances. Please note that, if the business scheme changes, additional time for reconfirmation will be required.

4) Registration application (submission of application documents)

- Upon completion of the confirmation of required matters in prior consultation, the registration applicant prepares and submits the application documents. Along with the application, payment of 150,000 yen as registration and license tax is required. Please note that the tax should be paid to the tax office with jurisdiction over the location of each local finance bureau. (Contact the Financial Market Entry Office or the relevant finance bureau to find out which tax office you should pay).
- The registration application form should be submitted along with various attachment documents. Major attachments are as follows:

< Major attachments >

Documents to be attached	Juridical person	Individual (Type II Financial Instruments Business, Investment Advisory and Agency Business Only)	Remarks	Related articles
Affidavit of the registration applicant	○	○		Article 29-2(2)(i) of the Act
Document describing the business and business methods	○	○	For matters to be specified, see Article 8 of the FIB Cabinet Office Order. Refer also to VI-3-1-1 (2) of the Guidelines for Supervision for Investment Management Business and VI-3-1-2 (4) of the Guidelines for Supervision for Investment Management Business for Qualified Investors.	Article 29-2(2)(ii) of the Act, Article 8 of FIB Cabinet Office Order
Documents describing the business execution systems such as personnel structure and organization structure relating to the business	○	○	For matters to be specified, refer to VI-3-1-1 (3) of the Guidelines for Supervision for Investment Management Business and VI-3-1-2 (5) of the Guidelines for Supervision for Investment Management Business for Qualified Investors.	Article 29-2(2)(ii) of the Act, Article 9(i) of FIB Cabinet Office Order
Resumes of officers and major employees	○	—	If an officer of the registration applicant is a juridical person, the background of such juridical person officer	Article 29-2(2)(ii) of the Act, Article 9(ii)(a) of FIB Cabinet Office Order
Extracts of the certificates of residence of officers and major employees	○	—	Or equivalent document (affidavit or similar document), if the individual is a foreigner, or does not reside in Japan. If the officer of the registration applicant is a juridical person, certificate of registered matters or any equivalent document (affidavit or similar document)	Article 29-2(2)(ii) of the Act, Article 9(ii)(b) of FIB Cabinet Office Order

Documents to be attached	Juridical person	Individual (Type II Financial Instruments Business, Investment Advisory and Agency Business Only)	Remarks	Related articles
Certificate that officers and major employees are not bankrupt	○	—	To be issued by the municipality of their registered domicile. Or equivalent document (affidavit or similar document) in the case of foreigners.	Article 29-2(2)(ii) of the Act, Article 9(ii)(d) of FIB Cabinet Office Order
Affidavits of officers and major employees	○	—		Article 29-2(2)(ii) of the Act, Article 9(ii)(e) of FIB Cabinet Office Order
Resumes of the registration applicant and major employees	—	○		Article 29-2(2)(ii) of the Act, Article 9(iii)(a) of the FIB Cabinet Office Order
Extracts of certificates of residence of the registration applicant and major employees	—	○	Or equivalent document (affidavit or similar document), if the individual is a foreigner, or does not reside in Japan.	Article 29-2(2)(ii) of the Act, Article 9(iii)(b) of FIB Cabinet Office Order
Certificate that the applicant and major employees are not bankrupt	—	○	To be issued by the municipality of their registered domicile. Or equivalent document (affidavit or similar document) in the case of foreigners.	Article 29-2(2)(ii) of the Act, Article 9(iii)(d) of FIB Cabinet Office Order
Affidavits of major employees	—	○		Article 29-2(2)(ii) of the Act, Article 9(iii)(e) of FIB Cabinet Office Order
Document describing the status of persons with specified relationships (parent company, etc., subsidiaries, etc., and holding companies)	○	○	Including associated companies (Article 177(6) of FIB Cabinet Office Order) in the case of Type I Financial Instruments Business	Article 29-2(2)(ii) of the Act, Article 9(iv) of FIB Cabinet Office Order
Internal rules concerning financial instruments business	○ (Except Investment Advisory and Agency Business)	—	Required to be submitted only in the case of not joining a Financial Instruments Firms Association (limited to an association whose major association members or members are persons conducting the business that the applicant conducts)	Article 29-2(2)(ii) of the Act, Article 9(v) of FIB Cabinet Office Order

Documents to be attached	Juridical person	Individual (Type II Financial Instruments Business, Investment Advisory and Agency Business Only)	Remarks	Related articles
Document evidencing that the registration applicant does not fall under the criteria provided in Article 13 (ii) of FIB Cabinet Office Order	○ (Type II Financial Instruments Business only)	○ (Type II Financial Instruments Business only)	Required to be submitted only in the case of conducting a Business of Transaction, etc. of Beneficial Interest in Real Property Trust. See <i>section 3 (2) 2) (v) (a)</i> (p. 84).	Article 29-2(2)(ii) of the Act, Article 9(vii) of FIB Cabinet Office Order
Document describing the ability to carry out the Specified Investment Management Business Related to Real Property	○ (Investment Management Business only)	—	Required to be submitted only in the case of conducting a Specified Investment Management Business Related to Real Property. See <i>section 3 (2) 2) (v) (b)</i> (p. 84).	Article 29-2(2)(ii) of the Act, Article 9(viii) of FIB Cabinet Office Order
Documents describing the overview of the crypto-and other assets and financial indicator	○ (Except Investment Advisory and Agency Business)	○ (Type II Financial Instruments Business only)	Required to be submitted only in the case of conducting a Derivative Transaction pertaining to crypto-and other assets or a financial indicator related to a crypto asset (see Article 8(xii) of the FIB Cabinet Office Order). *Derivative Transactions related to crypto-and other assets fall under the category of OTC Transactions of Derivatives, etc. for the time being, and it is necessary to be registered as a Type I Financial Instruments Business Operator.	Article 29-2(2)(ii) of the Act, Article 9(x) of FIB Cabinet Office Order
Copy of the written contract for the entrustment of Investment Management-Related Service	○ (Investment Management Business only)	—	Required to be submitted only in the case of entrusting Investment Management-Related Service to an Investment Management-Related Service Entrusted Business Operator	Article 29-4(1)(i)-2 of the Act, Article 9(xi)(a) of FIB Cabinet Office Order
Resumes and extracts of the certificates of residence of officers or employees supervising Investment Management-Related Service	○ (Investment Management Business only)	—	For extracts of the certificates of residence, an equivalent document (affidavit or similar document) is allowed if the individual is not Japanese or does not reside in Japan.	Article 29-4(1)(i)-2 of the Act, Article 9(xi)(b) and (c) of FIB Cabinet Office Order
Articles of incorporation	○	—		Article 29-2(2)(iii) of the Act

Documents to be attached	Juridical person	Individual (Type II Financial Instruments Business, Investment Advisory and Agency Business Only)	Remarks	Related articles
Certificate of registered matters	○*1	—	Or equivalent documents (which certify the location of the head office and its officers) if the registration applicant is a foreign juridical person who is to register only for Investment Advisory and Agency Business and will not establish an office in Japan.	Article 29-2(2)(iii) of the Act
Final balance sheet (including related footnotes) and income statement (including related footnotes)	○	—		Article 29-2(2)(iii) of the Act, Article 10(1)(i) of FIB Cabinet Office Order
Document describing the calculated net assets	○ (Type I Financial Instruments Business and Investment Management Business only)	—		Article 29-2(2)(iii) of the Act, Article 10(1)(ii)(a) of FIB Cabinet Office Order
Document describing the Major Shareholders' trade name or individual name, and the locations of their head offices or principal offices (in cases where a Major Shareholder is an individual, the domicile or residence), as well as the number of the Subject Voting Rights held by the Major Shareholders	○ (Type I Financial Instruments Business and Investment Management Business only)	—	If the registration applicant is a foreign juridical person, including a document certifying that confirmation by the relevant foreign regulatory authority has been made regard to the persons equivalent to Major Shareholders, or any equivalent document	Article 29-2(2)(iii) of the Act, Article 10(1)(ii)(b) and (c) of FIB Cabinet Office Order

Documents to be attached	Juridical person	Individual (Type II Financial Instruments Business, Investment Advisory and Agency Business Only)	Remarks	Related articles
Document evidencing that the registration applicant is a person conducting the same type of business as Type I Financial Instruments Business in a foreign country in accordance with the laws and regulations of the said country (including a case where the person holding all of its shares or equity in investment engages in the same type of business as Type I Financial Instruments Business)	○ (Only in the case of Type I Financial Instruments Business and when the registration applicant is a foreign juridical person)	—		Article 29-2(2)(iii) of the Act, Article 10(1)(iii)(a) of FIB Cabinet Office Order
Document describing the calculated capital adequacy ratio	○ (Type I Financial Instruments Business only (excluding the case of conducting Specially Permitted Intermediary Service for Unlisted Securities only))	—		Article 29-2(2)(iii) of the Act, Article 10(1)(iii)(b) of FIB Cabinet Office Order
Receipt for payment of registration and license tax	○	○		

*1 Certificate of registered matters of an applicant that is a corporation, which is prescribed as an accompanying document, (Article 29-2(2)(iii) of the Act) is to be obtained by the authority under laws and regulations and does not need to be submitted as an accompanying document.

- In a case where the eligibility requirements prescribed in (i) on p.56 and (ii) on p. 57 are not met, basically, registration application filings shall be prepared in Japanese. For any document that cannot be prepared in Japanese due to special circumstances, the Japanese translation thereof should be attached. That being said, if such documents are articles of incorporation or minutes of a shareholders' meeting or a board of officers' meeting that are prepared in English, a translation of the outline thereof is to be sufficient.
- Samples of the forms of registration application for Type II Financial Instruments Business and Investment Advisory and Agency Business, as well as the examples of a part of the attachments (Japanese only) are

provided at the URLs below:

Type II Financial Instruments Business: https://lfb.mof.go.jp/kantou/kinyuu/kinshotorihou/mokuji_yousikisyuu.htm

Investment Advisory and Agency Business: <https://lfb.mof.go.jp/kantou/kinyuu/toushijogen/tourokuyoshiki.htm>

5) Joining a self-regulatory organization

- Types of self-regulatory organizations (Financial Instruments Firms Associations)

Self-regulatory organizations related to Financial Instruments Businesses in Japan (Financial Instruments Firms Associations) (hereinafter, "Association(s)") and a rough scope of businesses of each Association are as provided below. (For the specific scope of applicable businesses and membership qualifications, please refer to the website of each Association or contact the Association directly.)

Japan Securities Dealers Association	Type I Financial Instruments Business
Japan Investment Advisers Association	Investment Management Business (discretionary investment business and fund management business), Investment Advisory and Agency Business
The Investment Trusts Association, Japan	Investment Management Business (investment corporation asset management business and investment trust management business)
Type II Financial Instruments Firms Association	Type II Financial Instruments Business
The Financial Futures Association of Japan	Currency-related derivatives transactions and other certain derivative transactions

- Membership of an Association

Membership of an Association is not mandatory. However, if a Financial Instruments Business Operator does not join one, except in the case of conducting only Investment Advisory and Agency Business, it is necessary for it to have in place internal rules that have contents equivalent to the articles of incorporation or other rules of the Association and to establish an internal system for compliance with those internal rules (Article 29-4(1)(iv)(d) of the Act). And therefore, explanation of the status of establishment of such internal rules and internal system and submission of supporting documents will be required in the registration screening procedure. At present, Financial Instruments Business Operators conducting Type I Financial Instruments Business or Investment Management Business basically have membership to their applicable Associations.

- ADR measures

Financial Instruments Business Operators are required to implement designated complaint processing and dispute resolution measures (ADR measures) before starting business operations (Article 37-7 of the Act). At present, to conduct Type I Financial Instruments Business, ADR measures using the Financial Instruments Mediation Assistance Center (FINMAC), a Designated Dispute Resolution Organization, should be implemented. FINMAC are also available for other types of Financial Instruments Business Operators by joining their applicable Association. In addition, Type II Financial Instruments Business Operators may use FINMAC as their ADR measures without having a membership to the Type II Financial Instruments Firms Association by making an individual user registration with FINMAC. Although FINMAC is not available for Investment Management Business Operators and Investment Advisory and Agency Business Operators that

do not have membership with an Association, they can take other complaint processing and dispute resolution measures (see Article 37-7 of the Act, Article 115-2 of FIB Cabinet Office Order). So check carefully in advance.

- Membership procedures

Financial Instruments Business Operators are eligible for membership with an Association upon completion of the registration for the Financial Instruments Business Operator. Since the membership procedure takes a certain period of time, it is advisable to discuss with the relevant Association about the membership at the time of the prior consultation with the local financial bureau or local financial office. For details of the membership procedures of each Association, please see the website of each Association or directly contact the appropriate Association.

(2) Requirements for registration by type of Financial Instruments Business

1) Overview of registration requirements specified in the FIEA and the Guidelines for Supervision

< Registration requirements specified in the FIEA >

	Type I Financial Instruments Business	Type II Financial Instruments Business	Investment Management Business	Investment Management Business for Qualified Investors	Investment Advisory and Agency Business	Related articles
The registration applicant or its officers and important employees have not received any specified administrative penalty, punishment or other sanction in the past.	○	○	○	○	○	Article 29-4(1)(i)(a) through (c) of the Act (ii) and (iii) of the same paragraph
Other businesses are not contrary to the public interest.	○	○	○	○	○	Article 29-4(1)(i)(d) of the Act
Found unlikely to destroy the credibility of the Financial Instruments Business in light of a relationship with an organized crime group or an organized crime group member or other circumstances and having a sufficient personnel structure to perform Financial Instruments Business in an appropriate manner *See “Requirements related to personnel structure and systems specified in the Guidelines for Supervision” below.	○	○	○	○	○	Article 29-4(1)(i)(e) of the Act
Having the necessary system in place for performing Financial Instruments Business in an appropriate manner *See “Requirements related to personnel structure and systems specified in the Guidelines for Supervision” below.	○	○	○	○	○	Article 29-4(1)(i)(f) of the Act

	Type I Financial Instruments Business	Type II Financial Instruments Business	Investment Management Business	Investment Management Business for Qualified Investors	Investment Advisory and Agency Business	Related articles
Securing officers or employees with sufficient knowledge and experience required for conducting each service of the Financial Instrument Business for which the registration application is filed *See “Requirements related to personnel structure and systems specified in the Guidelines for Supervision” below.	○	○	○	○	○	Article 29-4(1)(i)-2 and (iii)(a) of the Act
Capital	50 million yen (or 10 million yen, in the case of obtaining registration only for Specially Permitted Intermediary Service for Unlisted Securities)	10 million yen	50 million yen (or 10 million yen, in the case of not accepting deposits of money or securities from customers and not having customers deposit their money or securities to a person having a close relationship with the applicant themselves)	10 million yen	—	Article 29-4(1)(iv)(a) of the Act
Business office in Japan	○	○	○	○	—	Article 29-4(1)(iv)(b) of the Act
(In the case of a foreign judicial person) representative in Japan	○	○	○	○	—	Article 29-4(1)(iv)(c) of the Act
(If not joining an Association), preparation of internal rules that have contents equivalent to the articles of incorporation or other rules of the Association and establishment of an internal system in compliance therewith	○	○	○	○	—	Article 29-4(1)(iv)(d) of the Act

	Type I Financial Instruments Business	Type II Financial Instruments Business	Investment Management Business	Investment Management Business for Qualified Investors	Investment Advisory and Agency Business	Related articles
Legal form as a stock company (limited to one that has a board of directors and either a company auditor/auditors, an audit or supervisory committee or a nominating committee, etc.) or a judicial person of the same kind as a company with a board of directors established in compliance with foreign laws and regulations *In the case where a foreign juridical person seeks to engage in Type I Financial Instruments Business, it is also necessary to be a person that engages in the same kind of business as Type I Financial Instruments Business in a foreign country in compliance with the laws and regulations of said country (including a case where the person holding all of its shares or the equity in investment engages in the same kind of business as Type I Financial Instruments Business).	○	—	○	○ (A board of directors is not required)	—	Article 29-4(1)(v)(a) of the Act
Net assets	50 million yen (or 10 million yen, in the case of obtaining registration only for Specially Permitted Intermediary Service for Unlisted Securities)	—	50 million yen (or 10 million yen, in the case of not accepting deposits of money or securities from customers and not having customers deposit their money or securities to a person having a close relationship with the applicant themselves)	10 million yen	—	Article 29-4(1)(v)(b) of the Act

	Type I Financial Instruments Business	Type II Financial Instruments Business	Investment Management Business	Investment Management Business for Qualified Investors	Investment Advisory and Agency Business	Related articles
No business that compromises investor protection due to difficulties in managing the risk of losses	○	—	○	○	—	Article 29-4(1)(v)(c) of the Act
No non-qualified Major Shareholders	○	—	○	○	—	Article 29-4(1)(v)(d) through (f) of the Act
Capital adequacy ratio	120% (In the case of obtaining registration only for Specially Permitted Intermediary Service for Unlisted Securities, it is not necessary to calculate the capital adequacy ratio.)	—	—	—	—	Article 29-4(1)(vi)(a) of the Act
Not using a trade name that another Type I Financial Instruments Business Operator is already using or a trade name that could give rise to the misconception that it is another Financial Instruments Business Operator	○	—	—	—	—	Article 29-4(1)(vi)(b) of the Act
Deposit	—	10 million yen (Limited to individuals)	—	—	5 million yen	Article 31-2 of the Act
Rights holders consist exclusively of Qualified Investors.	—	—	—	○	—	Article 29-5(1)(i) of the Act
The total amount of investment assets is 20 billion yen or less.	—	—	—	○	—	Article 29-5(1)(ii)

<Reference URL>

- FAQ (Section 6 Financial Instruments Business Operators, etc. – Business regulation, Q12, Q15 and Q16)
https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section06.html#06-12

< Requirements related to personnel structure and systems specified in the Guidelines for Supervision >

	Type I Financial Instruments Business	Type II Financial Instruments Business	Investment management business	Investment management business for qualified investors	Investment advisory/agency business
Top managers	Top managers must be sufficiently qualified to conduct Financial Instruments Business in a fair and appropriate manner, in terms of their backgrounds and capabilities.	Same	Same	Same	Same
Managing directors	Managing directors must understand the viewpoints regarding governance indicated in the FIEA and various other laws and regulations, and have sufficient knowledge and experience to conduct governance, in addition to sufficient knowledge and experience regarding compliance and risk management to conduct Financial Instruments Business in a fair and appropriate manner.	Same	Same ("Sufficient knowledge and experience regarding compliance and risk management to conduct Financial Instruments Business fairly and appropriately" means knowledge and experience with which managing directors can make decisions appropriately with regard to compliance and risk management necessary for conducting Financial Instruments Business fairly and appropriately, and it does not matter whether they have experience in engaging in service related to Investment Management Business in the past.)	Same	Same as Type I Financial Instruments Business

	Type I Financial Instruments Business	Type II Financial Instruments Business	Investment management business	Investment management business for qualified investors	Investment advisory/agency business
Staff	The staff must include two or more permanent officers or employees with more than three years of experience regarding the relevant Type I Financial Instruments Business (or in the case of conducting a certain range of service out of the Specially Permitted Intermediary Service for Unlisted Securities, the staff must include at least one permanent officer or employee with more than one year of experience regarding the relevant Type I Financial Instruments Business (including the business prescribed in Article 29-5(2) of the FIEA); Also refer to IV-4-1(2)(i)(C) of the Guidelines for Supervision.)	—	—	—	—

	Type I Financial Instruments Business	Type II Financial Instruments Business	Investment management business	Investment management business for qualified investors	Investment advisory/agency business
Persons in charge of asset management or investment advice.	—	—	Persons with sufficient knowledge and experience regarding investment assets must be secured for the position responsible for making asset investment on behalf of rights holders. In the case of entrusting the management authority, persons with sufficient knowledge and experience regarding investment assets must be secured for the position responsible for presiding over the department that supervises entrusted business.	With regard to the position responsible for making asset investment on behalf of rights holders, whether at least one or two persons who fall under either of the following items have been secured as persons with sufficient knowledge and experience regarding investment assets. A. A person who has been engaged in the business of providing advice or managing the relevant assets for no less than one year B. A person equivalent to A	Persons with sufficient knowledge and experience regarding the values of securities and financial instruments must be secured for the position of providing advice on investment decisions based on the analysis of the values of securities or financial instruments and other items.

	Type I Financial Instruments Business	Type II Financial Instruments Business	Investment management business	Investment management business for qualified investors	Investment advisory/agency business
Personnel structure of each division	<p>The Financial Instruments Business Operator must be staffed and organized so that managers in charge of internal control are appropriately allocated, and personnel necessary for conducting relevant business in an appropriate manner are allocated to individual divisions. (Regarding the conduct of underwriting business in particular, it is necessary to ensure a sufficient control environment and secure staff to conduct the business in a fair and appropriate manner.)</p>	<p>The Financial Instruments Business Operator must be staffed and organized so that managers in charge of internal control are appropriately allocated, and personnel necessary for conducting relevant business in an appropriate manner are allocated to individual divisions.</p>	<p>Same as Type II Financial Instruments Business</p>	<p>Same as Type II Financial Instruments Business</p>	<p>The Financial Instruments Business Operator must be staffed and organized so that managers in charge of internal control and personnel necessary for conducting relevant business in an appropriate manner are appropriately allocated.</p>

	Type I Financial Instruments Business	Type II Financial Instruments Business	Investment management business	Investment management business for qualified investors	Investment advisory/agency business
Staff in charge of compliance	The compliance division (staff in charge of compliance) must be independent from the sales division and staffed with personnel who have necessary knowledge and experience.	Same as Type I Financial Instruments Business	The compliance division (staff in charge of compliance) must be independent from the asset investment division and staffed with personnel with sufficient knowledge and experience. (In the case of entrusting all of the Investment Management-Related Service set forth in (ii)(a)-(c) on p. 51 to Investment Management-Related Service Entrusted Business Operators, it suffices to secure staff with the ability to appropriately supervise the relevant Investment Management-Related Service.*1; Also refer to VI-3-1-1(1)(i)(D) of the Guidelines for Supervision.)	With regard to establishment of an independent compliance division (staff in charge of compliance), whether at least one or two persons who fall under either of the following items have been secured as persons in charge of compliance. (In the case of outsourcing a compliance-related service, it suffices to secure staff who supervises the relevant outsourcee.) A. A person who has been engaged in the service pertaining to guidance for ensuring compliance with laws and regulations, etc. with regard to the Financial Instruments Businesses for no less than one year B. A person equivalent to A	Persons with sufficient knowledge and experience to be in charge of compliance must be secured.

	Type I Financial Instruments Business	Type II Financial Instruments Business	Investment management business	Investment management business for qualified investors	Investment advisory/agency business
Appointment of staff capable of setting up the internal structure for the relevant business	Staff capable of conducting the following processes should be secured, with regard to the relevant business: a. Compilation and management of account books, reports and other documents b. Disclosure c. Segregated management of customer assets d. Risk management e. Computer system management f. Trading management, customer management g. advertisement screening h. Customer information management i. Processing of complaints and disputes j. Internal audits	Staff capable of conducting the following processes should be secured, with regard to the relevant business: a. Compilation and management of account books, reports and other documents b. Disclosure c. Risk management d. Computer system management e. Trading management, customer management f. Advertisement screening g. Customer information management h. Processing of complaints and disputes i. Internal audits	Staff capable of conducting the following processes should be secured, with regard to the relevant business: a. Compilation and management of account books, reports and other documents b. Disclosure c. Segregated management of investment assets d. Risk management e. Computer system management f. Trading management and customer management by relevant management divisions g. Management of sensitive corporate information h. Advertisement screening i. Customer information management j. Processing of complaints and disputes k. Execution of asset management business by the investment division l. Internal audits m. Evaluation of the property subject to investment and verification thereof (In the case of outsourcing the Investment Management-Related Service set forth in (i)(a) or (b) on p.50 to Investment Management-	Whether at least one or two personnel needed for the same processes as Investment Management Business (excluding those not required for the relevant business to be conducted in an appropriate manner, considering the investment policy, the amount of assets managed and other circumstances of the Investment Management Business for Qualified Investors) have been secured. (In cases where arrangements and procedures for enabling proper compliance with laws and regulations are deemed to have been established, the same personnel as the staff in charge of compliance may be appointed.)	Staff capable of conducting the following processes should be secured, with regard to the relevant business: a. Compilation and management of account books, reports and other documents. b. Disclosure c. Risk management d. Computer system management e. Customer management f. Advertisement screening g. Customer information management h. Processing of complaints and disputes i. Internal audits

			Related Service Entrusted Business Operators, it suffices to secure staff with the ability to appropriately supervise the outsourcee; Also refer to VI-3-1-1(1)(i)(F) of the Guidelines for Supervision.)		
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*1 Staff with the ability to appropriately supervise the Investment Management-Related Service refers to a person with the ability to understand and grasp the details of the Investment Management-Related Service outsourced to Investment Management-Related Service Entrusted Business Operators and to give appropriate instructions to those Investment Management-Related Service Entrusted Business Operators, and it does not matter whether the person has knowledge and experience necessary for directly performing the relevant Investment Management-Related Service and experience in engaging in service related to Investment Management Business in the past.

<Reference URL>

- FAQ (Section 6 Financial Instruments Business Operators, etc. – Business regulation, Q13 and Q14)
https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section06.html#06-13

2) Personnel requirements

The personnel and internal structure for each business operator will be determined on a case-by-case basis depending on the business scheme of each registration applicant. It is therefore impossible to set uniform standards, but please note the points below.

(i) Outsourcing of regulatory compliance service

As stated in 1) above (“Requirements related to personnel structure and systems specified in the Guidelines for Supervision,” the row of “Staff in charge of compliance”), a Financial Instruments Business Operator is required to have a compliance division/staff in charge, in principle. However, a person who can operate Investment Management Business, etc. may be eligible for the relaxation of requirements in terms of the development of a personnel structure by outsourcing regulatory compliance service to an Investment Management-Related Service Entrusted Business Operator.

○ Business operators outsourcing Investment Management-Related Service

Points of attention regarding business operators that entrust Investment Management-Related Service are described in the Guidelines for Supervision as follows (VI-3-1-1(7) of the Guidelines for Supervision). When examining the frameworks of business operators outsourcing Investment Management-Related Service to Investment Management-Related Service Entrusted Business Operators, in addition to conforming to III-2-7(2) of the Guidelines for Supervision, for example, it is necessary to pay attention to the following points:

- (a) whether a framework has been developed to provide the Investment Management-Related Service Entrusted Business Operator with information necessary for performing the outsourced Investment Management-Related Service on a timely basis;
- (b) whether a framework has been developed to appropriately reflect what is pointed out by the Investment Management-Related Service Entrusted Business Operator; and
- (c) whether a framework has been developed to enable staff secured in line with the proviso to VI-3-1-1(1)(i)(D) and the proviso to VI-3-1-1(1)(i)(F) of the Guidelines for Supervision to properly supervise the Investment Management-Related Service outsourced to the Investment Management-Related Service Entrusted Business Operator and to give appropriate instructions, etc. to the relevant Investment Management-Related Service Entrusted Business Operator as necessary.

○ Investment Management Business for Qualified Investors (Specially Permitted Services for Foreign Investors and Specially Permitted Services for the Transitional Period)

For Investment Management Business for Qualified Investors, however, points to be noted in outsourcing compliance operations are provided in the Guidelines for Supervision as follows (Guidelines for Supervision VI-2-7-1(2)). The following points are provided as general supervisory viewpoints, and additional examination may be required in view of the business operations of the

Investment Management Business for Qualified Investors.

- (a) Whether the business operator has clearly specified a policy and procedures for selecting the contractors.
- (b) In cases where compliance work is entrusted to a group corporation in Japan or overseas, whether the business operator can evaluate that a system has been developed for compliance of an Investment Management Business Operator for Qualified Investors, considering the degree to which the said corporation possesses compliance functions and its execution of the outsourced business.
- (c) In cases where compliance work is entrusted to an attorney, a legal professional corporation or a person equivalent thereto (collectively, "attorney, etc."), whether the business operator has considered the following points,
 - A. Whether the attorney, etc. entrusted with the work is a person recognized as being capable of properly carrying out the necessary guidance, etc. for complying with laws and regulations regarding Financial Instruments Business.
 - B. Whether the following items have been stipulated in the outsourcing contract concluded with the said attorney, etc.:
 - a. Identification and examination of actual business conditions from a perspective of legal compliance
 - b. Preparation and management of a compliance manual, and periodic implementation of compliance training
 - c. Periodic preparation of a report on compliance, as well as the storing and provision of reports to the trustor
 - d. System of communication between the trustor and contractor (including responses in the event of a dispute)
 - e. Other matters in addition to those listed in a. through d. above, which are needed for compliance work pertaining to the Investment Management Business for Qualified Investors

(ii) Independence of staff in charge of compliance

In Type I Financial Instruments Business, Type II Financial Instruments Business, and Investment Management Business, division/staff in charge of compliance must be independent from sales division and asset management division, and staff members in charge of compliance are not allowed to concurrently serve for such divisions. See Guidelines for Supervision IV-4-1(2)1 E, V-3-1(1)1D, VI-3-1-1(1)1D.

(iii) Separation of division for making investment decisions from division for taking orders

In the case of a general Investment Management Business, the division for making investment decisions and the division for taking orders should be separated in the execution of a transaction at an average unit price or a transaction through the placement of a bulk order (in cases where organizational separation is difficult, at least different persons should be responsible for these roles). See Guidelines for

Supervision VI-2-2-1 (2) 1) and 2), VI-2-3-1 (2) 1) and 2), VI-2-5-1 (2) 1) and 2). In the case of an Investment Management Business for Qualified Investors, on the other hand, it is allowed not to separate the division (or personnel) in charge of making investment decisions from the division (or personnel) in charge of taking orders if measures have been implemented for preventing prohibited acts applicable to Investment Management Business, in view of the investment policy, the amount of assets under management and other circumstances of the Investment Management Business for Qualified Investors. See Guidelines for Supervision VI-2-7-1(1).

(iv) Examples

As stated above, the personnel structure necessary for each business operator should be determined on a case-by-case basis, given the actual conditions of each business scheme. Although this does not mean to determine the number of personnel required, some examples of personnel structure of business operators that have been actually registered are shown below for your reference.

Please note that these are provided just for reference, and each Financial Instruments Business Operator should carefully examine and determine its personnel structure necessary to properly conduct its business operations, in view of the type of business, kind of financial instruments it handles, scale of business or other features of planned business schemes.

(a) Investment Management Business (discretionary investment business)

- Business description

Engaged in only management of funds for foreign institutional investors (discretionary investment business) and not conducting solicitation of investors by itself. Customers are expected to be one to three companies.

- Six persons: (1) director in charge of asset management (two persons), (2) person in charge of asset management, (3) officer and staff in charge of compliance and various administrative operations (excluding internal audit operations), (4) auditor, and (5) part-time officer (whose responsibilities include internal audit operations).

Both (4) auditor and (5) part-time officer (whose responsibilities include internal audit operations) reside overseas.

(b) Investment Management Business for Qualified Investors (discretionary investment business)

- Business description

Engaged in only management of funds for foreign institutional investors (discretionary investment business) and not conducting solicitation of investors by itself.

- Five persons: (1) director in charge of asset management, (2) staff in charge of various administrative operations, (3) director (whose responsibilities include compliance), (4) statutory auditor and (5) staff in charge of internal audit. Part of compliance services are outsourced to a law firm.

(c) Investment Management Business (investment trust management business)

- Business description

Establishing and managing publicly offered investment trusts (for individual investors) and privately offered investment trusts (for institutional investors) (investment trust management business). Sells investment trusts via distributors and will not solicit investors by itself.

- 11 persons: (1) director in charge of asset management, (2) staff in charge of asset management, (3) staff in charge of sales (three persons), (4) staff in charge of compliance, (5) staff in charge of various administrative operations (two persons) and (6) part-time officers (three persons, including one auditor and one internal auditor)

(d) Type II Financial Instruments Business

- Business description

Sales of foreign-based funds (Article 2(2)(vi) of the Act) targeting only domestic Qualified Institutional Investors (such as banks, insurance companies, investment management business operators and trust banks) (handling of private placements)

- Six persons: (1) director in charge of sales (two persons), (2) corporate auditor in charge of internal audit, (3) staff in charge of compliance, (4) staff in charge of various administrative operations (excluding internal audit operations) (two persons)

(e) Investment Advisory and Agency Business

- Business description

A. Investment advisory services for foreign group company, and intermediary services for discretionary investment contracts between the foreign group company and domestic institutional investors

- Three persons: (1) director in charge of investment advisory operations and sales, (2) staff in charge of compliance, and (3) director; (1) director in charge of investment advisory operations and sales being on a full-time basis and residing in Japan, and (3) director being part-time and residing overseas. Outsourcing various compliance operations and other administrative operations to a foreign group company, while conducting compliance operations in cooperation with Japanese law firms, etc.

B. Only intermediary services for discretionary investment contracts between the foreign group company and domestic institutional investors

- Three persons: (1) director in charge of sales, (2) staff in charge of compliance and (3) director; (1) director in charge of sales being on a full-time basis and residing in Japan, and (3) director being part-time and residing overseas.

Outsourcing various compliance operations and other administrative operations to a foreign group company, while conducting compliance operations in cooperation with Japanese law firms, etc.

(v) Additional requirements in the case of conducting real estate-related business

In the case of handling real estate-related financial instruments, it is necessary to allocate personnel with professional knowledge on the real estate business and establish necessary systems. When conducting any of the businesses below, for example, additional requirements for personnel structure described below should be satisfied.

(a) Business of Transaction, etc. of Beneficial Interest in Real Property Trust (Type II Financial Instruments Business)

To conduct business related to purchase and sale or any other transaction of trust beneficiary interests relating to real estate as trust asset or partnership-type funds investing said trust beneficiary interests (Business of Transaction, etc. of Beneficial Interest in Real Property Trust), the requirements below should be satisfied (Article 13(ii) of the FIB Cabinet Office Order).

- Officer(s) or employee(s) having expert knowledge of and experience in transactions related to real estate are assigned to each of the following divisions:
 - (i) division in charge of supervising the Business of Transaction, etc. of Beneficial Interest in Real Property Trust
 - (ii) division in charge of internal audits
 - (iii) division in charge of the affairs related to the service pertaining to guidance for ensuring compliance with laws and regulations, etc.
- Officer(s) or employee(s) conducting the Business of Transaction, etc. of Beneficial Interest in Real Property Trust have sufficient expert knowledge of and experience in transactions of real estate which enable them to provide customers with necessary explanations in an appropriate manner and to the appropriate extent.

(b) Specified Investment Management Business Related to Real Property (Investment Management Business [discretionary investment business or fund management business])

To conduct a discretionary investment business or fund management business, out of Investment Management Business, that manages beneficial interests in real property trust or equities in funds investing mainly in beneficial interests in real property trust (Specified Investment Management Business Related to Real Property), the business operator must be registered as a comprehensive real estate investment advisory business operator as defined in Article 3(1) of Rules on Registration of Real Estate Investment Advisory Business (public notice of Ministry of Construction No. 1828 of 2000) or must be found to have sufficient knowledge and experience to perform the Specified Investment Management Business Related to Real Property in a fair and appropriate manner at the same level as those who have the said registration in light of its personnel structure and have sufficient social credibility (Article 13(iii) of FIB Cabinet Office Order, Determining Requirements for Conducting a Specified Investment Management Business Related to Real Property [public notice of Financial Services Agency No. 54 of 2007]).

(c) Management of a registered investment corporation or investment trust investing in real estate (Investment Management Business [investment corporation asset management business or

investment trust management business])

To conduct management of a registered investment corporation or investment trust (investment trust fund with instruction by trustor) investing in real estate, the business operator is required to have the license of a Real Estate Broker under Article 3(1) of Real Estate Brokerage Act (Article 3(i) and Article 199(i) of the Investment Trust Act). In addition, in a case where the said registered investment corporation or investment trust is aimed at investing over 50% of the assets under management in real estate, the business operator should also be authorized by the Minister of Land, Infrastructure, Transport and Tourism for Entrustment-based Agency Services for Transactions as defined in Article 50-2 of the Real Estate Brokerage Act (Article 3(ii), Article 199(ii) of the Investment Trust Act).

4. Specially Permitted Business for Foreign Investors, etc. / Specially Permitted Business during Transition Period

In order for Japan's capital market to fulfill its function as an international financial center, an entry system with simplified procedures (only notification required) has been established for the following two cases (effective from November 22nd, 2021).

- (i) Entry scheme for GP managers with overseas qualified clients (non-Japanese corporations and individuals domiciled abroad with a certain amount of assets)
- (ii) Pre-registration entry scheme for those (managing only offshore funds) with authorization granted by regulatory bodies and having a proven track record in specified foreign jurisdictions (temporary measure for 5 years)

Please note that the descriptions below do not cover all of the cases and requirements provided for in the relevant provisions. For more details, please refer to the provisions of the applicable laws and regulations.

(1) Specially Permitted Business for Foreign Investors, etc.

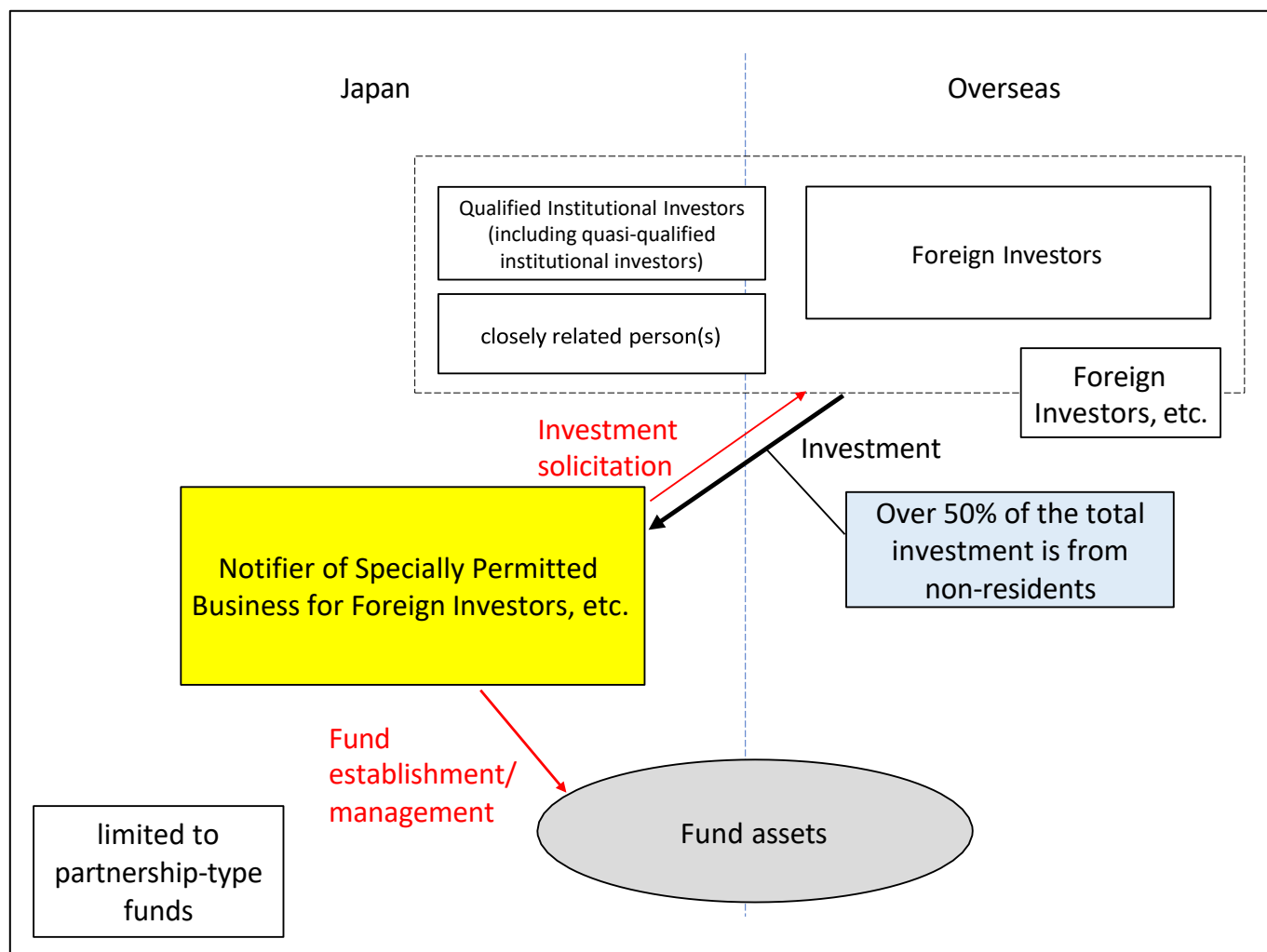
Registration for Investment Management Business (fund management business) and Type II Financial Instruments Business (including private placement, etc.) is not required if notification of certain matters is made in advance, in the case of a partnership-type fund engaging in , (i) the act of managing money invested by Foreign Investors, etc.*¹ (limited to the case where more than 50% of the money invested is invested by non-residents*²) and (ii) the offering or private placement*³ to Foreign Investors, etc. in relation to the above act prescribed in (i) that is conducted at business offices or offices in Japan. (Article 63-8, 63-9 of the Act)

*¹ For the scope of "Foreign Investors, etc.," please refer to p. 92.

*² The term "non-resident" means a natural person or corporation other than a resident (Article 63-8(1)(i) of the Act, Article 6(1)(vi) of the FEFTA). The term "resident" means a natural person having a domicile or residence in Japan, or a corporation having its principal office in Japan; whereas a non-resident's office in Japan, such as a branch office and local office, is deemed to be a resident even if the non-resident's principal office is located in a foreign country, regardless of whether the office in Japan has the legal authority to represent the non-resident (Article 6(1)(v) of the FEFTA).

*³ A "public offering" of a partnership-type fund (collective investment scheme) refers to a solicitation for the acquisition of 500 or more investors who respond to the offering and acquire equity of the fund, and a "private placement" refers to a solicitation for the acquisition that does not constitute a public offering (Article 2(3)(iii) of the Act, Article 1-7-2 of the Order).

○ Outline of Specially Permitted Business for Foreign Investors, etc.



(2) Specially Permitted Business during Transition Period

1) When a foreign investment manager performs Specially Permitted Business during Transition Period

Registration for Type I Financial Instruments Business, Type II Financial Instruments Business, or Investment Management Business is not required if notification of certain matters has been given in advance, in the case that a foreign investment manager (with a business track record of three years or more) that has obtained a license or approval, etc. from a foreign authority engages in any of the following activities at business offices or offices in Japan (Article 3-3(1), (5) of the Supplementary Provisions of the Act).

- (i) Any of the following acts performed in a foreign country in accordance with the laws and regulations of that country
 - discretionary investment management business for Foreign Investors, etc.*¹
 - investment trust management business for foreign investment trusts with Foreign Investors, etc. as investors
 - fund management business for foreign partnership-type funds with Foreign Investors, etc. as investors
- (ii) Offering or private placement of beneficiary securities of foreign investment trusts, foreign investment securities or interests in foreign partnership-type funds and/or handling thereof in connection with the investment management activities described in (i) above.

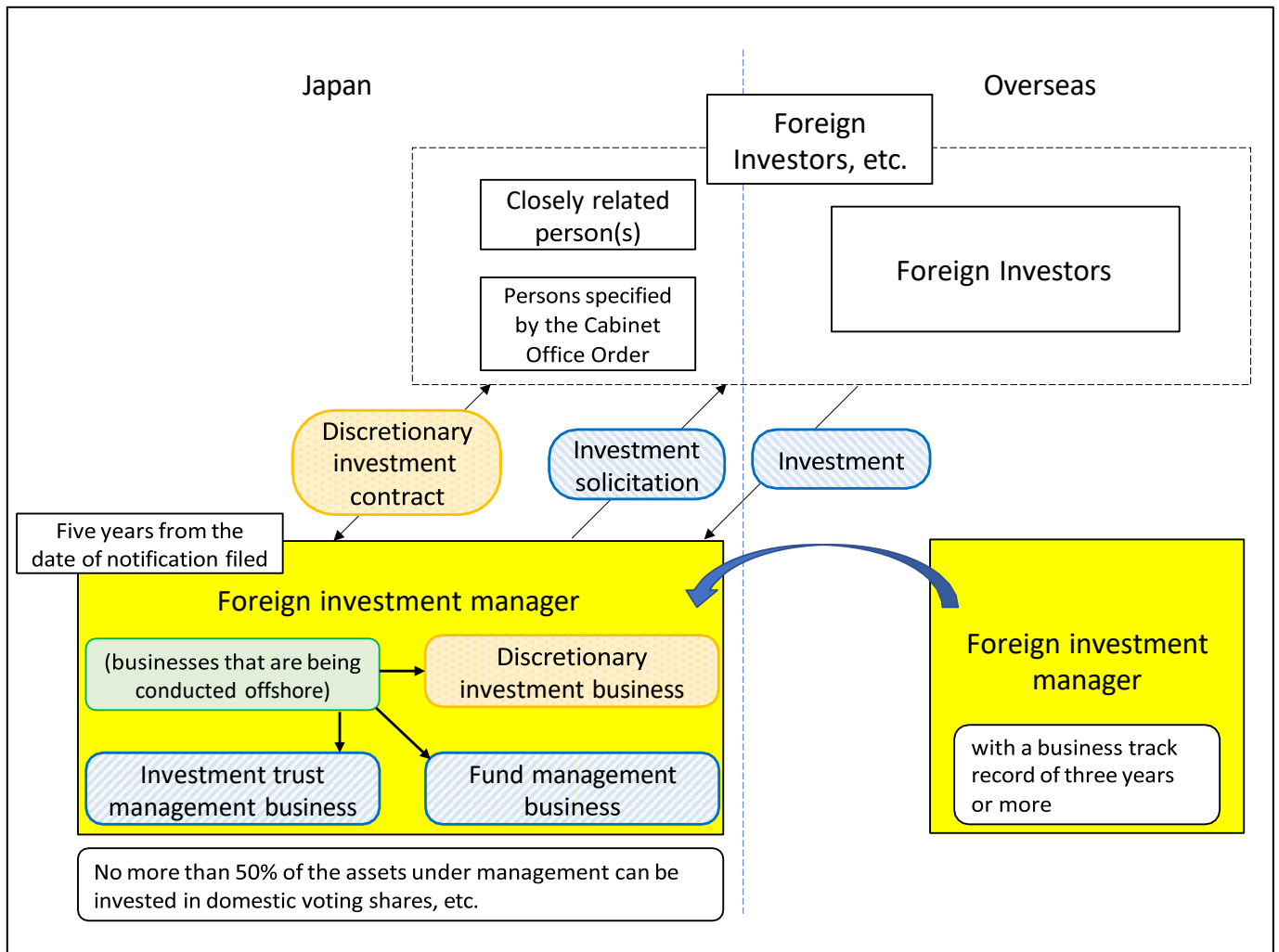
*¹ For the scope of "Foreign Investors, etc.," please refer to p. 92.

Please note that more than 50% of the assets under management cannot be invested in domestic stocks, etc. having voting rights when conducting the Specially Permitted Business during Transition Period (Article 3-3(3)(i)(f), of the Supplementary Provisions of the Act, Paragraph 6 of the Supplementary Provisions of the Order, and Article 38 of the Supplementary Provisions of the FIB Cabinet Office Order).

This Specially Permitted Business during Transition Period is a time-limited measure that will be in effect until November 21st, 2026, and notifications regarding the Specially Permitted Business during Transition Period must be submitted by that date. Also, Specially Permitted Business during Transition Period can only be performed for a maximum of five years from the date of notification, and if you plan to continue operations after that, you will need to register or submit alternative notification (Article 3-3(3)(i), (ii) of the Supplementary Provisions of the Act).

Please note that even a foreign investment manager that engages in Specially Permitted Business during Transition Period is allowed to use an exemption for investment management and advisory services for domestic financial institutions (Article 61 of the Act and Article 17-11 of the Enforcement Order) (see p. 108) (from abroad). However, it is not permitted to conduct business related to the said exemption in Japan, such as at a branch office in Japan.

○ Outline of Specially Permitted Business during Transition Period



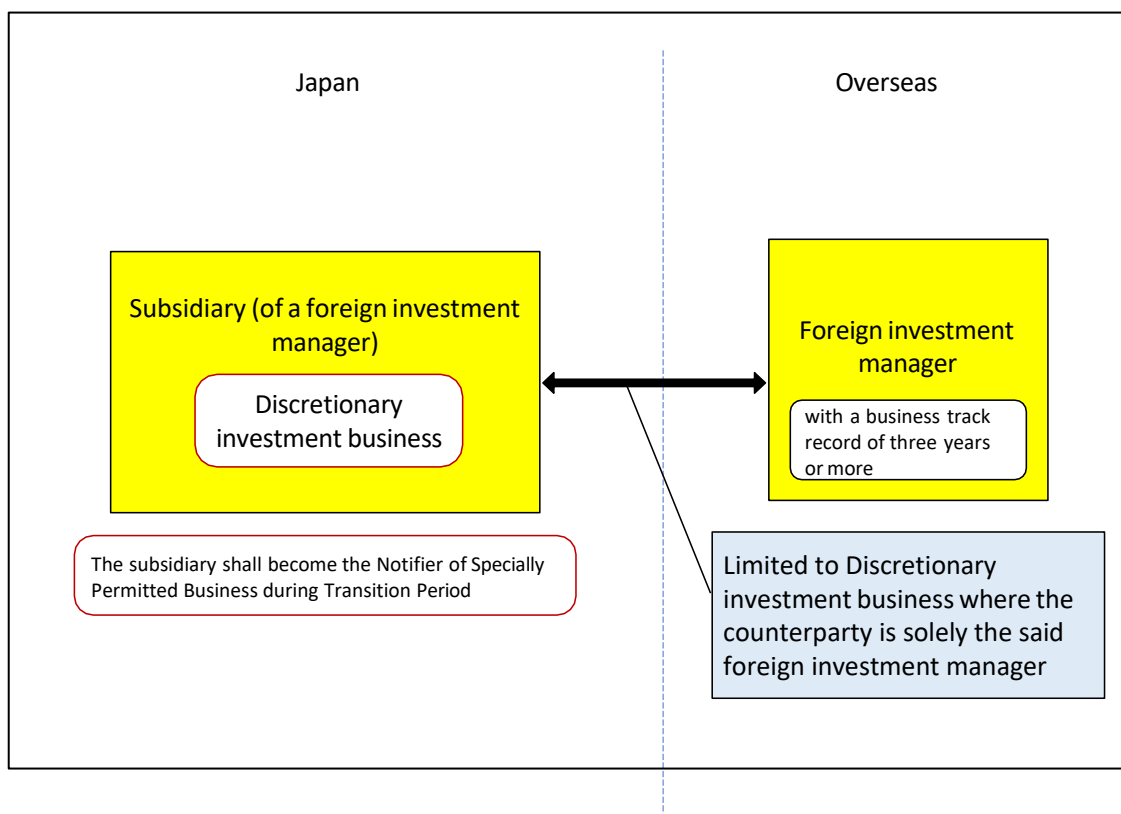
2) When a subsidiary of a foreign investment manager conducts Specially Permitted Business during Transition Period

Registration for Investment Management Business (discretionary investment management business) is not required if notification of certain matters has been given in advance, in the case where a subsidiary of a foreign investment manager (with a business track record of three years or more) that has obtained a license or approval, etc. from a foreign authority conducts discretionary investment management business with the foreign investment manager at a business office or office established in Japan (Article 3-3(7) and (1) of the Supplementary Provisions of the Act). In this case, it is not the foreign investment manager but its subsidiary that should submit the notification of the Specially Permitted Business during Transition Period.

Other than that, besides the provisions regarding grounds for disqualification also applying to the foreign investment manager (parent company) (Article 3-3(7) of the Supplementary Provisions of the Act), the basic requirements, etc. (see 1), (3) 3)) are the same as the case where the foreign investment manager performs the Specially Permitted Business during Transition Period^{*1}.

^{*1} With respect to the restriction on investing more than 50% of assets under management in domestic stocks, etc. with voting rights, whether or not the restriction is violated will be calculated based on the percentage of domestic stocks, etc. in the assets under management of the foreign investment manager (parent company), even if the subsidiary conducts Specially Permitted Business during Transition Period.

○ Outline of Specially Permitted Business during Transition Period (when a subsidiary of a foreign investment manager engages in Specially Permitted Business during Transition Period)



3) Foreign countries (countries or regions) subject to the Specially Permitted Business during Transition Period

When a foreign investment manager conducts Specially Permitted Business during Transition Period, the foreign investment manager must be registered under the same type of registration as that under Japanese law (including permission or other administrative disposition similar to registration) for conducting investment management business in the respective foreign countries in accordance with the provisions of any of the following applicable foreign laws and regulations (Article 3-3(3)(i)(a) of the Supplementary Provisions of the Act, Article 34 of the Supplementary Provisions of the FIB Cabinet Office Order, the Regulatory Notice Specifying Countries or Regions Based on the Provisions of Article 34 of the Supplementary Provisions of the FIB Cabinet Office Order (The FSA's Regulatory Notice No.101 of November 10, 2021)). Please note that even if a subsidiary of a foreign investment manager conducts Specially Permitted Business during Transition Period, it is the foreign investment manager that needs to be registered, not the subsidiary.

- The United States of America
- The United Kingdom
- Australia
- Singapore
- Switzerland
- Germany
- France
- Hong Kong

(Sorting by word order in Japanese)

■ The scope of "Foreign Investors, etc."

The scope of "Foreign Investors, etc." in Specially Permitted Business for Foreign Investors, etc. and Specially Permitted Business during Transition Period differ as follows.

Specially Permitted Business for Foreign Investors, etc. (Article 63-8(2) of the Act)	Specially Permitted Business during Transition Period (Article 3-3(6) of the Supplementary Provisions of the Act)
A foreign corporation or an individual domiciled in a foreign state, which satisfies the requirements specified by a Cabinet Office Order in consideration of such individual's knowledge, experience and the state of its assets.	A foreign corporation or an individual domiciled in a foreign state.
<p>(FIB Cabinet Office Order)</p> <p>(i) A foreign corporation</p> <p>(ii) An individual domiciled in a foreign state, who falls under any of the following</p> <p>(A) The fulfillment of all of the following</p> <p>(a) Net assets of 300 million yen or more</p> <p>(b) Investable financial assets of 300 million yen or more</p> <p>(c) One year has passed since the opening of a securities or derivatives account</p> <p>(B) The fulfillment of any of the following, and (A) (c)</p> <p>(a) Net assets of 500 million yen or more</p> <p>(b) Investable financial assets of 500 million yen or more</p> <p>(c) Income of 100 million yen or more in the previous year</p> <p>(C) The average number of trading contracts, etc. related to securities or derivatives per month during the previous one-year period is four or more, and falling under (A)(a) or (b), and falling under (A)(c)</p> <p>(D) A person with specific knowledge and experience^{*1}, who falls into one of the following categories and falls into (A)(c).</p> <p>(a) Net assets of 100 million yen or more</p> <p>(b) Investable financial assets of 100 million yen or more</p> <p>(c) Income of 10 million yen or more in the previous year</p> <p>(E) A person who is equivalent to a Professional Investor under the applicable laws and regulations of a foreign country</p>	—
Qualified Institutional Investors (including persons specified by a Cabinet Office Ordinance as being equivalent thereto, but excluding persons set forth in the	Other than those listed in the preceding item, persons specified by an Order as having a close relationship with a foreign investment manager.

preceding item).	
(FIB Cabinet Office Order)	(Order)
(i) Professional Investors	(i) Officers and employees of foreign investment managers
(ii) Employees' pension funds or corporate pension funds under applicable foreign laws (mainly for the purpose of retirement pension management and benefits)	(ii) Parent company, etc. of foreign investment manager
	(iii) Person(s) specified by a Cabinet Office Order
	(FIB Cabinet Office Order)
	(i) Subsidiaries of the foreign investment manager
	(ii) A person/entity entrusted with the investment management or investment advice by the foreign investment manager
	(iii) Officers or employees of a parent company, subsidiary, etc., or of a person/an entity entrusted with investment management or investment advice by the foreign investment manager
	(iv) Relative(s) within the third degree of kinship of the foreign investment manager, etc.
Other than those listed in the preceding two items, person(s) specified by a Cabinet Order as having a close relationship with the Notifier.	Persons specified by Cabinet Office Order as being equivalent to those listed in the preceding two items
(Cabinet Order)	(FIB Cabinet Office Order)
(i) Officers and employees of the Notifier	(i) Financial instruments business operators, etc. conducting investment management business
(ii) Parent company, etc. of the Notifier	
(iii) Persons specified by a Cabinet Office Order	
(FIB Cabinet Office Order)	
(i) Subsidiaries of a foreign investment manager	
(ii) A person/entity entrusted with investment management or investment advice by the Notifier	
(iii) Officers or employees of a parent company, subsidiary, etc., or of a person entrusted with investment management or investment advice by the Notifier	
(iv) A relative within the third degree of kinship of the Notifier," etc.	

*1 "A person with specific knowledge and experience" is a person who falls under any of the following (Article 62(3) of FIB Cabinet Office Order).

- (i) A person who has been engaged in the financial business for at least one year in total.
- (ii) A person who has held a teaching or research position in economics or business administration for at least one year in total.
- (iii) Securities analyst, 1st or 2nd grade Securities Broker Representative, 1st or 2nd grade Certified Skilled Professional of Financial Planning, or Small and Medium Enterprise Management Consultant, who has been engaged in the practice for at least one year in total.
- (iv) A person such as one who has been engaged in the management consulting business for at least one year in total, with knowledge and experience equivalent or superior to those in (i) through (iii) above.

(3) Notification procedures and requirements

1) Flow of notification procedure

If you plan to conduct Specially Permitted Business for Foreign Investors, etc., and the Specially Permitted Business during Transition Period, please contact the Financial Market Entry Office. After the notification and attached documents have been checked and accepted, you may start your business.

If you have any questions or concerns regarding the Specially Permitted Business for Foreign Investors, etc. and the Specially Permitted Business during Transition Period, please contact Financial Market Entry Office.

<Reference URL>

Financial Market Entry Office (The Financial Services Agency / Local Finance Bureaus)

<https://www.fsa.go.jp/en/policy/marketentry/index.html>

Financial Market Entry Office	103-0026	7th Floor, FinGATE TERRACE, 8-1 Nihonbashi- kabuto-cho, Chuo-ku, Tokyo	E-mail: marketentry@fsa.go.jp Phone: +81 3-6667-0551
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* Complex inquiries are best submitted in writing via e-mail with any relevant information attached whenever possible and appropriate, so that the Office can ensure a timely response.

2) Preparation of notification documents

A notification form for the Specially Permitted Business for Foreign Investors, etc. and the Specially Permitted Business during Transition Period must be prepared in accordance with the prescribed format. This notification form can be prepared in English in accordance with the Japanese format (Article 246-11(2) of the FIB Cabinet Office Order, Article 31(2) of the Supplementary Provisions of the FIB Cabinet Office Order).

Please refer to the following FSA web page for the format and examples of the notification form and some attached documents.

<Reference URL>

<https://www.fsa.go.jp/en/news/2021/20211122/index.html>

<Main attachments> (Specially Permitted Business for Foreign Investors, etc.)

Documents to be attached ^{*1}	Juridical person	Individual	Remarks	Relevant provisions
Affidavit of the Notifier	○	○		Article 63-9(2)(i),(ii) of the Act
Articles of incorporation	○	—		Article 63-9(2)(i) of the Act
Certificate of registered information	○ ^{*2}	—		Article 63-9(2)(i) of the Act

Documents to be attached ^{*1}	Juridical person	Individual	Remarks	Relevant provisions
Documents stating the Notifier's business execution system, such as its personnel structure and the organizational structure pertaining to the business	○	○		Article 63-9(2)(iii) of the Act, Article 246-15(1)(i) of FIB Cabinet Office Order
Internal rules concerning Specially Permitted Business for Foreign Investors, etc.	○	○		Article 63-9(2)(iii) of the Act, Article 246-15(1)(ii) of FIB Cabinet Office Order
Resumes of the officers and important (major) employees	○	—	If the officer of the registration applicant is a juridical person, a document containing the background of such juridical person officer shall be filed.	Article 63-9(2)(iii) of the Act, Article 246-15(1)(iii)(a) of FIB Cabinet Office Order
Extracts of the certificates of residence of the officers and important (major) employees	○	—	In cases where extracts from the certificate of residence are not available (such as where the applicant (individual) does not reside in Japan, or is a foreigner), any other document in lieu thereof (e.g. affidavit, etc.) shall be filed. If the officer of the Notifier is a juridical person, certificate of registered information or any other document in lieu thereof (affidavit, etc.) shall be filed.	Article 63-9(2)(iii) of the Act, Article 246-15(1)(iii)(b) of FIB Cabinet Office Order
Certification that officers and important (major) employees are not bankrupt	○	—	Certificates to be issued by the respective municipalities where the applicants' domiciles are located. In cases where the applicants are foreigners, any other document in lieu thereof shall be filed (e.g. affidavit, etc.)	Article 63-9(2)(iii) of the Act, Article 246-15(1)(iii)(d) of FIB Cabinet Office Order
Affidavits of officers and important (major) employees	○	—		Article 63-9(2)(iii) of the Act, Article 246-15(1)(iii)(e) of FIB Cabinet Office Order
Documents stating the number of the Subject Voting Rights held by the Major Shareholders	○	—		Article 63-9(2)(iii) of the Act, Article 246-15(1)(iii)(f) of FIB Cabinet Office Order
Resumes of the Notifier and important (major) employees	—	○		Article 63-9(2)(iii) of the Act, Article 246-15(1)(iv)(a) of FIB Cabinet Office Order
Extracts of the certificates of residence of the Notifier and important (major) employees	—	○	Extracts of the certificates, or any other document in lieu thereof, in cases where the individual (applicant) is a foreigner, or does not reside in Japan.	Article 63-9(2)(iii) of the Act, Article 246-15(1)(iv)(b) of FIB Cabinet Office Order

Documents to be attached ^{*1}	Juridical person	Individual	Remarks	Relevant provisions
Certification that the Notifier and important (major) employees are not bankrupt	—	○	Certificate to be issued by the municipalities of their registered domiciles. Or any other document in lieu thereof (e.g. affidavit, or etc.) in the case where the registration applicants are foreigners.	Article 63-9(2)(iii) of the Act, Article 246-15(1)(iv)(d) of FIB Cabinet Office Order
Affidavits of important (major) employees	—	○		Article 63-9(2)(iii) of the Act, Article 246-15(1)(iv)(e) of FIB Cabinet Office Order
Documents stating the following matters <ul style="list-style-type: none"> ● Type of investors ● If there are any residents among the investors, the total amount of planned investment by resident and non-resident among the investors. ● If an investor falls under the category of a Professional Investor under applicable foreign laws and regulations, a summary of such foreign laws and regulations 	○	○		Article 63-9(2)(iii) of the Act, Article 246-15(1)(v) of FIB Cabinet Office Order

^{*1} The above attachments can be prepared in English (Article 246-15(2) of the FIB Cabinet Office Order).

^{*2} The certificate of registered information of the Notifier, which is required by law to be submitted as an attachment (Article 63-9(2)(i) of the Act), is obtained by the authorities and does not need to be submitted as an attachment.

<Main attachments> (Specially Permitted Business during Transition Period)

Documents to be attached ^{*1}	Juridical person	Individual	Remarks	Relevant provisions
Affidavit of the Notifier	○	○		Article 3-3(4), of the Supplementary Provisions of the Act, Article 63-9(2)(i), (ii) of the Act
Articles of incorporation	○	—		Article 3-3(4), of the Supplementary Provisions of the Act, Article 63-9(2)(i) of the Act
Certificate of registered information	○ ^{*2}	—		Article 3-3(4), of the Supplementary Provisions of the Act, Article 63-9(2)(i) of the Act
Certificate proving that the foreign investment manager has obtained registration, etc. in the foreign country	○	○		Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(i) of the Supplementary Provisions of the FIB Cabinet Office Order
Documents stating the outline of the investment	○	○		Article 3-3(4), of the Supplementary Provisions of

Documents to be attached*1	Juridical person	Individual	Remarks	Relevant provisions
management business conducted by a foreign investment manager in the foreign country				the Act, Article 44(1)(ii) of the Supplementary Provisions of the FIB Cabinet Office Order
Certificate proving that three years have passed since the foreign investment manager started investment management business in the foreign country	○	○		Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(iii) of the Supplementary Provisions of the FIB Cabinet Office Order
Copy of the latest business report submitted by the foreign investment manager to the foreign authority	○	○		Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(iv) of the Supplementary Provisions of the FIB Cabinet Office Order
Documents related to administrative disposition(s) which the foreign investment manager has received in a foreign country	○	○	Documents shall be filed in a case where the Notifier has been subject to an adverse disposition under applicable foreign laws and regulations equivalent to the Act within three years prior to the date of notification.	Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(v) of the Supplementary Provisions of the FIB Cabinet Office Order
Documents stating the Notifier's business execution system, such as its personnel structure and the organizational structure pertaining to the business	○	○		Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(vi) of the Supplementary Provisions of the FIB Cabinet Office Order
Internal rules concerning Specially Permitted Business during Transition Period	○	○		Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(vii) of the Supplementary Provisions of the FIB Cabinet Office Order
Document stating the changes in investment ratio in domestic stocks with voting rights, etc. for the latest business year	○	○		Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(viii) of the Supplementary Provisions of the FIB Cabinet Office Order
Resumes of officers and important (major) employees	○	—	If an officer of the registration applicant is a juridical person, a document containing the background of such juridical person officer shall be filed.	Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(ix)(a) of the Supplementary Provisions of the FIB Cabinet Office Order

Documents to be attached*1	Juridical person	Individual	Remarks	Relevant provisions
Extracts of the certificates of residence of officers and important employees	○	—	In cases where extracts from the certificate of residence are not available (such as where the applicant (individual) does not reside in Japan, or is a foreigner), any other document in lieu thereof (e.g. affidavit, etc.) shall be filed. If the officer of the Notifier is a juridical person, certificate of registered information or any other document in lieu thereof (e.g. affidavit, etc.) shall be filed.	Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(ix)(b) of the Supplementary Provisions of the FIB Cabinet Office Order
Certification that officers and important employees are not bankrupt	○	—	Certificate to be issued by the municipalities of their registered domiciles. In the case where the officers and important (major) employees are foreigners, any other document in lieu thereof (e.g. affidavit, etc.) shall be filed.	Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(ix)(d) of the Supplementary Provisions of the FIB Cabinet Office Order
Affidavits of officers and important employees	○	—		Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(ix)(e) of the Supplementary Provisions of the FIB Cabinet Office Order
Documents stating the number of the Subject Voting Rights held by the Major Shareholders	○	—		Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(ix)(f) of the Supplementary Provisions of the FIB Cabinet Office Order
Resumes of the Notifier and important (major) employees	—	○		Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(x)(a) of the Supplementary Provisions of the FIB Cabinet Office Order
Extracts of the certificates of residence of the Notifier and important (major) employees	—	○	Extracts of certificates of residence, or any other document in lieu thereof (affidavit, etc.), if the individual is a foreigner, or does not reside in Japan.	Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(x)(b) of the Supplementary Provisions of the FIB Cabinet Office Order

Documents to be attached*1	Juridical person	Individual	Remarks	Relevant provisions
Certification that the Notifier and important (major) employees are not bankrupt	—	○	Certificate to be issued by the municipalities of their registered domiciles. In the case where the officers and important (major) employees are foreigners, any other document in lieu thereof (e.g. affidavit, etc.) shall be filed.	Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(x)(d) of the Supplementary Provisions of the FIB Cabinet Office Order
Affidavits of important (major) employees	—	○		Article 3-3(4), of the Supplementary Provisions of the Act, Article 44(1)(x)(e) of the Supplementary Provisions of the FIB Cabinet Office Order
Affidavit (of the foreign investment manager)	○	—	<u>If the subsidiary of a foreign investment manager conducts Specially Permitted Business during Transition Period (the same below).</u>	Article 3-3(7) and (4), of the Supplementary Provisions of the Act, Article 44(1)(xi)(a) of the Supplementary Provisions of the FIB Cabinet Office Order
Articles of incorporation (of the foreign investment manager)	○	—		Article 3-3(7) and (4), of the Supplementary Provisions of the Act, Article 44(1)(xi)(a) of the Supplementary Provisions of the FIB Cabinet Office Order
Certificate of registered information (of the foreign investment manager)	○*2	—		Article 3-3(7) and (4), of the Supplementary Provisions of the Act, Article 44(1)(xi)(a) of the Supplementary Provisions of the FIB Cabinet Office Order
Documents stating the Notifier's business execution system, such as its personnel structure and the organizational structure pertaining to the business (of the foreign investment manager)	○	—		Article 3-3(7) and (4), of the Supplementary Provisions of the Act, Article 44(1)(xi)(b) of the Supplementary Provisions of the FIB Cabinet Office Order
Resumes of officers and important (major) employees (of the foreign investment manager)	○	—		Article 3-3(7) and (4), of the Supplementary Provisions of the Act, Article 44(1)(xi)(c) of the Supplementary Provisions of the FIB Cabinet Office Order
Extracts of the certificates of residence of officers and important (major) employees (of the foreign investment manager)	○	—	Extracts of certificates of residence, or any other document in lieu thereof (affidavit, etc.), in the case where an individual is a foreigner, or does not reside in Japan.	Article 3-3(7) and (4), of the Supplementary Provisions of the Act, Article 44(1)(xi)(d) of the Supplementary Provisions of the FIB Cabinet Office Order

Documents to be attached ^{*1}	Juridical person	Individual	Remarks	Relevant provisions
			If the officer of the Notifier is a juridical person, certificate of registered information or any other document in lieu thereof (affidavit, etc. shall be filed).	
Certification that officers and important employees are not bankrupt (of the foreign investment manager)	○	—	Certificate to be issued by the municipalities of their registered domiciles. In the case where the officers and important (major) employees are foreigners, any other document in lieu thereof (e.g. affidavit, etc.) shall be filed.	Article 3-3(7) and (4), of the Supplementary Provisions of the Act, Article 44(1)(xi)(f) of the Supplementary Provisions of the FIB Cabinet Office Order
Affidavits of officers and important (major) employees (of the foreign investment manager)	○	—	If an officer of the foreign investment manager is a juridical person, a document containing the background of such juridical person officer shall be filed.	Article 3-3(7) and (4), of the Supplementary Provisions of the Act, Article 44(1)(xi)(g) of the Supplementary Provisions of the FIB Cabinet Office Order
Documents stating the number of the Subject Voting Rights held by the Major Shareholders (of the foreign investment manager)	○	—		Article 3-3(7) and (4), of the Supplementary Provisions of the Act, Article 44(1)(xi)(h) of the Supplementary Provisions of the FIB Cabinet Office Order

^{*1} The above attachments can be prepared in English (Article 44(2) of the Supplementary Provisions of the FIB Cabinet Office Order).

^{*2} The certificate of registered information of the Notifier (Article 3-3(4) of the Supplementary Provisions of the Act, Article 63-9(2)(i) of the Act) is obtained by the authorities and do not need to be submitted as attachments.

3) Notification requirements specified in the FIEA

	SPBFI	SPBTP	SPBQII*1	Relevant provisions
The Notifier or its officers and important (major) employees have not received a certain administrative penalty, punishment or any other sanction in the past.	○	○	○	Article 63-9(6)(i)(a), (2)(a), (3)(a) of the Act
				Article 3-3(3)(i)(c), (ii)(a), (iii)(a) of the Supplementary Provisions of the Act
				Article 63(7)(i)(a), (b), (ii)(a), (b) of the Act
Having a sufficient personnel structure to conduct Specially permitted business in an appropriate manner	○	○	—*2	Article 63-9(6)(i)(b)(2) of the Act
				Article 3-3(3)(i)(d)(2) of the Supplementary Provisions of the Act
No member, etc. of an organized crime group is among the officers or important (major) employees.	○	○	○	Article 63-9(6)(i)(b)(1) of the Act
				Article 3-3(3)(i)(d)(1) of the Supplementary Provisions of the Act
				Article 63(7)(i)(c), (ii)(c) of the Act
Having a necessary system in place for conducting Specially Permitted Business in an appropriate manner	○	○	—*2	Article 63-9(6)(i)(c) of the Act, Article 246-19 of the FIB Cabinet Office Order
				Article 3-3(3)(i)(e) of the Supplementary Provisions of the Act, Article 37 of the Supplementary Provisions of the FIB Cabinet Office Order
(In the case of a judicial person) Business office, etc. in Japan	○	○	—	Article 63-9(6)(ii)(b) of the Act
				Article 3-3(3)(ii)(b) of the Supplementary Provisions of the Act
(In the case of a foreign judicial person) Representative, etc. in Japan	○	○	○ (including an individual domiciled in a foreign country)	Article 63-9(6)(ii)(c) of the Act
				Article 3-3(3)(ii)(c) of the Supplementary Provisions of the Act
				Article 63(7)(i)(d), (ii)(d) of the Act
(In the case of a foreign judicial person) Guarantee by the foreign authority where the principal place of business, etc. is located, to the effect that it will respond to a request for cooperation in an investigation	○	○	○ (including an individual domiciled in a foreign country)	Article 63-9(6)(ii)(d) of the Act
				Article 3-3(3)(ii)(d) of the Supplementary Provisions of the Act
				Article 63(7)(i)(e), (ii)(e) of the Act

	SPBFI	SPBTP	SPBQII ^{*1}	Relevant provisions
(In the case of a judicial person) No non-qualified Major Shareholders	○	○	—	Article 63-9(6)(ii)(e), (f) of the Act Article 3-3(3)(ii)(e), (f) of the Supplementary Provisions of the Act
(In the case of a judicial person) Securing officers or employees with sufficient knowledge and experience required for conducting Specially Permitted Business	○	○	—	Article 63-9(6)(ii)(g) of the Act Article 3-3(3)(ii)(g) of the Supplementary Provisions of the Act
(In the case of individual) Address in Japan (the individual shall be domiciled in Japan)	○	○	—	Article 63-9(6)(iii)(b) of the Act Article 3-3(3)(iii)(b) of the Supplementary Provisions of the Act
(In the case of individual) Having sufficient knowledge and experience required for conducting Specially Permitted Business	○	○	—	Article 63-9(6)(iii)(c) of the Act Article 3-3(3)(iii)(c) of the Supplementary Provisions of the Act
More than 50% of the money invested or contributed must come from non-residents.	○	—	—	Article 63-8(1)(i) of the Act
Registered to engage in investment management business in a foreign country	—	○	—	Article 3-3(3)(i)(a) of the Supplementary Provisions of the Act
Three years have passed since the commencement of the investment management business in a foreign country	—	○	—	Article 3-3(3)(i)(b) of the Supplementary Provisions of the Act, Paragraph 4 of the Supplementary Provisions of the Order
No more than 50% of the assets under management are invested in domestic stocks with voting rights	—	○	—	Article 3-3(3)(i)(f) of the Supplementary Provisions of the Act
The investor must be Foreign Investors ^{*3}	○	○	—	Article 63-8 of the Act, Article 3-3(5) of the Supplementary Provisions of the Act
One or more Qualified Institutional Investors and 49 or fewer Investors Subject to Specially Permitted Business ^{*4}	—	—	○	Article 63(1)(i) of the Act, Article 17-12(1), (3) of the Order

^{*1} "Specially Permitted Business for Qualified Institutional Investors, etc." For details, see (Reference 1) (2) 8) (p. 111).

^{*2} In accordance with the scale of Specially Permitted Business for Qualified Institutional Investors, etc., it is necessary to ensure appropriate business operations in light of the Guidelines for Supervision (see IX).

^{*3} The scope of "Foreign Investors, etc." in Specially Permitted Business for Foreign Investors, etc. and Specially Permitted Business during Transition Period differ. For details, see p. 92.

^{*4} For the scope of "Qualified Institutional Investors" and "Investors Subject to Specially Permitted Business," please refer to (Reference 1) (3) "Classification of investors" (p. 114).

(Reference 1)

Supplementary explanations on the Financial Instruments and Exchange Act

(1) Classification of financial instruments businesses

Types of registration		Major business operations with obtaining registration ^{*1}	Corresponding business scheme cases
Type I Financial Instruments Business		A. Following businesses related to Paragraph 1 Securities ^{*2} (a) Purchase and sale of securities, market derivatives transactions (b) Intermediation, brokerage or agency for purchase and sale of securities or market derivatives transactions (c) Intermediation, brokerage or agency for entrustment of purchase and sale of listed securities or market derivatives transactions (d) Secondary distribution of securities (e) Handling of public offering, secondary distribution or private placement of securities	2 (2) 2) (vi) (p. 30) 2 (2) 4) (i) (p. 45) 2 (2) 4) (ii) (p. 47)
		B. Over-the-counter derivatives transactions	—
		C. Operation of the Proprietary Trading System (PTS)	—
		D. Underwriting of securities	—
		E. Accepting deposits of cash or securities	—
Type II Financial Instruments Business		A. Following businesses related to Paragraph 2 Securities ^{*2} (a) Purchase and sale of securities, market derivatives transactions (b) Intermediation, brokerage or agency for purchase and sale of securities or market derivatives transactions (c) Intermediation, brokerage or agency for entrustment of market derivatives transactions (d) Secondary distribution of securities (e) Handling of public offering, secondary distribution or private placement of securities	2 (2) 4) (i) (p. 45) 2 (2) 4) (ii) (p. 47)
		B. Public offering or private placement (self-offering) of certain types of securities such as beneficiary certificates of investment trusts that the business operator manages as the investment trust management company, and interests in collective investment schemes that it manages as the executive partner (such as unlimited liability partner and general partner) ^{*3}	2 (2) 2) (vii) through (x) (p. 32 to 40)
Investment Management Business	(Regular) Investment Management Business	A. Management of assets held by registered investment corporations under an asset management contract_ (Investment corporation asset management business)	2 (2) 2) (x) (p. 39)
		B. Management of customer assets under a discretionary investment contract, performed by means of investment in securities or derivatives transactions (Discretionary investment business)	2 (2) 2) (i) through (vi) (p. 23 to 31)
		C. Management of investment trusts as an investment trust management company (Investment trust management business) ^{*4}	2 (2) 2) (vii) (p. 32)

Types of registration		Major business operations with obtaining registration ^{*1}	Corresponding business scheme cases
		D. Self-management of cash contributed by the right holders of trust beneficiary rights (except beneficiary certificates of investment trusts) or collective investment schemes, where over 50% of the assets under management are invested in securities or derivatives transactions (Fund management business) ^{*4}	2 (2) 2) (viii) (p. 32) 2 (2) 2) (ix) (p. 37)
	Investment Management Business for Qualified Investors	Same as regular investment Management Business (but limited to cases where rights holders consist exclusively of Qualified Investors and the total amount of assets under management is 20 billion yen or less)	Same as regular Investment Management Business
Investment Advisory and Agency Business		A. Provision of advices on values, etc. of securities or investment decisions based on analysis of values, etc., of financial instruments, under an investment advisory contract (investment advisory business)	2 (2) 1) (p. 21) 2 (2) 2) (v) (p. 29)
		B. Intermediary or agency for conclusion of investment advisory contracts or discretionary investment contracts	2 (2) 3) (p. 43)

<Reference URL>

- FAQ (Section 2 Definitions - Financial Instruments Business, Q16 and Q17)
https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section02.html#02-16
- FAQ (Section 6 Financial Instruments Business Operators, etc. – Outline, Q1 to Q8)
https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section06.html#06-01

Note 1: For Type I Financial Instruments Business and Type II Financial Instruments Business, businesses related to asset management business are mainly provided and not all businesses are covered. For details, please refer to relevant provisions (Article 2(8), Article 28 of the Act).

Businesses other than those listed above include, for example, businesses related to brokerage for clearing of securities (Type I and Type II Financial Instruments Business) and book-entry transfer of corporate bonds and other securities (Type I Financial Instruments Business). Among market derivatives business transactions, intermediation, brokerage, or agency of commodity-related market derivatives transactions is classified as Type I Financial Instruments Business and the market derivatives transactions related to items other than securities and commodities are classified as Type II Financial Instruments Business.

Note 2: Major securities that are classified as “Paragraph 1 Securities” (securities defined in Article 2, Paragraph 1 of the Act) and “Paragraph 2 Securities” (securities defined in Paragraph 2 of the same Article) are as follows:

Paragraph 1 securities	<ul style="list-style-type: none"> - National government bonds, local government bonds - Corporate bonds - Stocks, warrants - Beneficiary certificates of investment trusts^{*1} - Investment certificates, warrants and investment corporation bonds issued by investment corporations - Rights that must be indicated on securities and others set forth above - Electronically Recorded Transferable Rights^{*2}
Paragraph 2 securities	<ul style="list-style-type: none"> - Trust beneficiary rights (excluding beneficiary certificates of investment trusts)

	<ul style="list-style-type: none"> - Membership rights of a general partnership company, limited partnership company, or limited liability company (including foreign companies having similar characteristics) - Interests in collective investment schemes^{*3}
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*1: "Investment trust" refers to a trust investing in securities, rights to derivatives transactions, real estate, commodities and other specified assets (Specified Assets), which is established under the Investment Trust Act, and trusts similar thereto that are established overseas in accordance with the relevant foreign laws (foreign investment trusts) (Article 2(3) and (24) of the Investment Trust Act).

*2: "Electronically Recorded Transferable Rights" are the rights set forth in the items of Article 2(2) of the Financial Instruments and Exchange Act (but only if they are indicated on property value (limited to that which is recorded on an electronic device or any other object by electronic means) which can be transferred by using an electronic data processing system (excluding the cases that are specified Article 9-2(1) by Cabinet Office Order on Definitions (Article 2(3) of the FIEA))). (E.g. tokens (token rights) that are based on a distributed ledger technology such as block-chain) With regard to the conformity to Electronically Recorded Transferable Rights, also refer to 2-2-2 and 2-2-3 of the Points to Note for the Financial Instruments and Exchange Act (FIEA), etc. (Guidelines for the FIEA, etc.).

<Reference URL>

- Guidelines for the Financial Instruments and Exchange Act, etc. (Japanese only)
<https://www.fsa.go.jp/common/law/kinshouhou.pdf>

*3: "Interests in collective investment schemes" refer to rights based on various partnership contracts, membership rights of incorporated associations and other rights that allow investors to receive dividends of profits arising from business that is conducted using money invested or contributed by the investors ("invested businesses") or distribution of assets pertaining to the said invested businesses, excluding the securities separately defined in Article 2(1) and (2) of the Act (such as beneficiary certificates of investment trusts, investment certificates of investment corporations) and other specified rights. Typical interests in collective investment schemes are shares of partnership-type funds. For more details, see Article 2(2)(v) and (vi) of the Act.

<Reference URL>

- To Those who Operate Fund-Related Businesses in Japan (Financial Services Agency)
<https://www.fsa.go.jp/en/news/2007/20071119.html>
- FAQ (Section 2 Definitions - Interests in collective investment schemes (funds), Q5 to Q9)
https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section02.html#02-05

Note 3: Where an Investment Management Business Operator newly issues the shares of fund such as an investment trust, registered investment corporation and collective investment scheme (partnership-type fund) established and managed by itself (primary offering), the business operator may solicit investments from investors with registration for Type II Financial Instruments Business (Article 2(8)(vii) and Article 28(2)(i) of the Act, Article 196(2) of the Investment Trust Act). Even in the case of new issuance of fund (primary offering), however, where any other party (including distributor and person managing the fund under entrustment by the investment management company directly in charge of management of the fund) conducts solicitation (handling of public offering or private placement), registration for Type I Financial Instruments Business or Type II Financial Instruments Business is required depending on the type of

securities for transactions. Also, in a case where a person conducts solicitation related to purchase and sale of the issued rights (secondary offering), registration for Type I Financial Instruments Business or Type II Financial Instruments Business is required.

<Reference URL>

- FAQ (Section 2 Definitions - Financial Instruments Business, Q17)
https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section02.html#02-17

Note 4: Even in the case of managing an investment trust or partnership-type fund, if such management businesses are conducted under entrustment by a person who directly established the said investment trust or partnership-type fund (such as investment trust management company of an investment trust or unlimited liability partner of an investment limited partnership), it shall be classified as discretionary investment business and does not constitute investment trust management business or fund management business.

(2) Major exemptions from application for Financial Instruments Businesses

The FIEA specifies some reasons for exemption from application to enable certain businesses to be conducted without obtaining registration as a Financial Instruments Business Operator. Details and requirements for such exemptions are specified in relevant provisions (among others, Article 1-8-6 of the Order, Article 16 of the Cabinet Office Order on Definitions, Article 58-2, Article 61, and Article 63 of the Act). Major reasons for exemption include the following. Please note that the descriptions below don't cover all of the cases and requirements provided for in the relevant provisions and, for more details, please refer to the provisions. (The "applicable businesses" below refer to the businesses provided in the table of (Reference 1) "Classification of financial instruments businesses.")

- 1) Exceptions pertaining to sales of securities by foreign securities service providers (Article 58-2 proviso of the Act, Article 17-3(i) and (ii) of the Order)

(Applicable businesses: Type I Financial Instruments Business A., B., C., Type II Financial Instruments Business A.)

In a case where a business operator is governed by foreign laws and regulations and engaged in purchase and sale of securities or other securities transactions or securities-related derivatives transactions (securities-related business) in a foreign country (foreign securities services provider) is to conduct any of the businesses listed below, registration for Type I Financial Instruments Business or Type II Financial Instruments Business is not necessary.

- (a) (i) Purchase and sale, brokerage, solicitation and other securities-related businesses only with Financial Instruments Business Operators conducting securities-related businesses in Japan (Article 58-2 proviso of the Act); and (ii) purchase and sale, brokerage, solicitation and other specified securities-related businesses only with the government or banks, insurance companies, Investment Management Business Operators and other specified financial institutions, conducted from overseas regarding their own investment activities and investment management businesses (Article 17-3(i) of the Order)
- (b) Without making solicitation,* (i) purchase and sale and brokerage of securities and other specified securities-related businesses conducted with customers in Japan as the counterparty thereto upon receiving orders from the customers (Article 17-3(ii)(a) of the Order); and (ii) purchase and sale of securities and other specified securities-related businesses conducted with customers in Japan as the counterparty thereto through the agency or intermediary service performed by a Type I Financial Instruments Business operator engaged in securities-related businesses (Article 17-3(ii)(b) of the Order)

* See X-1-2 of the Guidelines for Supervision for solicitation activities using internet by foreign securities service providers.

- For business scheme cases, see section 2 (2) 4) (ii) (p. 47).

Note: When conducting investment solicitation (handling of a public offering or a private placement) for beneficiary certificates of a foreign investment trust or foreign investment securities issued by a foreign investment corporation in Japan, the issuer thereof is required to notify the competent authority of specified matters in advance (Article 58(1), Article 220(1) of the Investment Trust Act).

<Reference URL>

- FAQ (Section 6 Financial Instruments Business Operators, etc. - Foreign Business Operators, Q57 and Q58)
https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section06.html#06-57
- FAQ (Section 6 Financial Instruments Business Operators, etc. - Foreign Business Operators, Q9) (Definition of securities-related business)
https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section06.html#06-09

2) Exemptions pertaining to management/advisory businesses by foreign asset manager (Article 61 of the Act, Article 17-11 of the Order)

(Applicable businesses: Investment Management Business B. D., Investment Advisory and Agency Business A.)

Registration for Investment Management Business or Investment Advisory and Agency Business is not required (a) when a corporation engaged in Investment Management Business (discretionary investment business) overseas is to conduct Investment Management Business (discretionary investment business) for Investment Management Business Operators or trust banks conducting Investment Management Business (discretionary investment business), (b) when a corporation engaged in Investment Management Business (fund management business) overseas is to conduct Investment Management Business (fund management business) for Investment Management Business Operators or trust banks (limited to those conducting Investment Management Business), and (c) when a person engaged in Investment Advisory Business overseas is to conduct Investment Advisory Business for Investment Management Business Operators or trust banks (limited to those conducting Investment Management Business).

- For business scheme cases, see section 2 (2) 2) (i) (p. 23), (ii) (p. 25), (v) (p. 29), (ix) (p. 37), 3) (p. 43), and 4) (i) (p. 45).

<Reference URL>

- FAQ (Section 6 Financial Instruments Business Operators, etc. - Foreign Business Operators, Q57 and Q59)
https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section06.html#06-57

3) Exemptions pertaining to businesses carried out under entrustment from a group company engaged in a Financial Instruments Business in a foreign country (Article 16(1)(ii) and (viii) of Cabinet Office Order on Definitions)

(Applicable businesses: Type I Financial Instruments Business A., Type II Financial Instruments Business A.)

Registration for Type I Financial Instruments Business or Type II Financial Instruments business is not required to conduct a business related to intermediation, brokerage, or agency for purchase and sale of securities or derivatives transactions under entrustment from a group company engaging in Investment Management Business in a foreign country in compliance with the laws and regulations of the said country

(affiliated foreign investment specialist) if the following conditions are satisfied (Article 16(1)(ii) of Cabinet Office Order on Definitions):

- (a) the person to conduct said business has been registered as a Financial Instruments Business Operator for the Investment Management Business;
- (b) the business is intermediation, brokerage or agency for purchase and sale of securities or derivatives transactions that the affiliated foreign investment specialist conducts as its investment management; and
- (c) The customers as counterparties of the intermediation, brokerage or agency consist of Financial Instruments Business Operators or Registered Financial Institutions (except in transactions conducted at financial instruments exchanges).

(Applicable business: Investment Management Business B.)

Registration for Investment Management Business (discretionary investment business) is not required when a Financial Instruments Business Operator is entrusted by a group company (affiliated foreign financial instruments business operator) engaged in Type I Financial Instruments Business or Type II Financial Instruments Business in a foreign country in compliance with the laws and regulations of the said country to conduct any of the businesses listed below (Article 16(1)(viii) of Cabinet Office Order on Definitions).

- (a) Purchase and sale of securities or a derivatives transaction conducted under a contract in which it is provided that, upon obtaining consent from the affiliated foreign financial instruments business operator for purchase or sale as well as the issues of the securities, said financial instruments business operator may decide the volume and price
- (b) Purchase and sale of securities or a derivatives transaction conducted under a discretionary trading contract with the affiliated foreign financial instruments business operator in which it is provided that the Financial Instruments Business Operator decides on purchase or sale of the securities and on the issues, volume and price in connection with a transaction on the account of the affiliated foreign financial instruments business operator, and with regard to which the Financial Instruments Business Operator has notified the competent authority of the specified matters in advance

- 4) Exemptions pertaining to businesses for management of foreign investment trusts (Article 16 (1) (ix)-2 of Cabinet Office Order on Definitions)

(Applicable business: Investment Management Business C.)

Registration for Investment Management Business (investment trust management business) is not required when a person engaging in investment trust management business in a foreign country in compliance with the laws and regulations of the said country (such as management company of a foreign-based trust-type fund) is to invest money contributed by a person who holds the rights indicated on the beneficiary securities of a foreign investment trust.

- 5) Exemptions pertaining to management businesses of a partnership-type fund conducted by entrusting all of the investment authority to an Investment Management Business Operator or Registered Financial Institution

(collectively, the "Investment Management Business Operator, etc.") (Article 16(1)(x) of Cabinet Office Order on Definitions)

(Applicable business: Investment Management Business D.)

Registration for Investment Management Business (fund management business) is not required when a person engaging in investment management (self-management) of a partnership-type fund enters into a discretionary investment contract with an Investment Management Business Operator, etc. to entrust all of its fund management authority to the said Investment Management Business Operator, etc. and when all of the requirements below are satisfied.

- (a) In an investment contract (such as partnership agreement), (i) a statement to the effect that all of the fund management authority is entrusted, and the trade name and name of said Investment Management Business Operator, etc., (ii) an outline of the discretionary investment contract, and (iii) the amount of remuneration to be paid under the discretionary investment contract, are specified.
- (b) In the investment contract and discretionary investment contract, (i) that said Investment Management Business Operator, etc. will engage in the Investment Management Business for investors in a loyal manner, and (ii) that said Investment Management Business Operator, etc. will carry out Investment Management Business, etc. while paying the due care of a prudent manager for investors, are specified.
- (c) In the investment contract and discretionary investment contract, the transactions with the Investment Management Business Operator, etc. itself or its officers or with other funds managed by itself are restricted by specified means.
- (d) The person engaging in investment management of the fund (self-management) manages the invested assets separately from its own property and other managed assets and said Investment Management Business Operator, etc. supervises such segregated management.
- (e) The Investment Management Business Operator, etc. has notified the competent authority of the specified matters in advance (any change arising later in the notified matters also should be notified.)
- For business scheme cases, see section 2 (2) 2) (viii) (p. 34).

- 6) Exemptions pertaining to management businesses of a two-tiered fund based on a silent partnership for investments in beneficial interest in real property trust (Article 16(1)(xi) of Cabinet Office Order on Definitions)

(Applicable business: Investment Management Business D.)

Registration for Investment Management Business (fund management business) is not required to conduct Investment Management Business of the baby fund (self-management) of a two-tiered fund based on a silent partnership (anonymous partnership) contract for investments in real property trust beneficiary rights, and when all of the following requirements are satisfied.

- (a) Investors of the baby fund consist exclusively of a single fund under the silent partnership contract (mother fund), and the business operator of the mother fund is an Investment Management Business Operator or a notifier of Specially Permitted Business for Qualified Institutional Investors, etc.
- (b) The business operator of the mother fund has notified the competent authority of the specified matters in advance (any change arising later in the notified matters also should be notified.)
- For business scheme cases, see section 2 (2) 2) (viii) (p. 34).

- 7) Exemptions pertaining to management business for a foreign-based partnership-type fund with a small number of domestic investors (Article 16(1)(xiii) of Cabinet Office Order on Definitions)

(Applicable business: Investment Management Business D.)

Registration for Investment Management Business (fund management business) is not required to conduct investment management of a foreign-based partnership-type fund where: (a) investors in Japan that directly invest in the fund (direct equity holders) consist exclusively of Qualified Institutional Investors* or notifiers of Specially Permitted Business for Qualified Institutional Investors, etc.; (b) investors in Japan that invest in the fund using a fund-of-funds strategy (indirect equity holders) consisting exclusively of Qualified Institutional Investors; (c) the total of the number of direct equity holders and indirect equity holders is less than 10; and (d) the amount of money contributed by direct equity holders does not exceed one-third of the total amount invested for the fund.

* Please refer to (Reference 1) (3) "Classification of Investors" (p. 114) for the scope of "Qualified Institutional Investors."

- For business scheme cases, see section 2 (2) 2) (ii) (p. 25), (ix) (p. 37), and 4) (i) (p. 45).

<Reference URL>

- FAQ (Section 6 Financial Instruments Business Operators, etc. - Foreign Business Operators, Q59)

https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section06.html#06-59

- 8) Exemptions pertaining to investment solicitation and management businesses for a partnership-type fund for professionals (Specially Permitted Business for Qualified Institutional Investors, etc.) (Article 63 of the Act)

(Applicable businesses: Type II Financial Instruments Business B., Investment Management Business D.)

Registration for Investment Management Business (fund management business) or Type II Financial Instruments Business is not required when an executive partner (such as unlimited liability partner or general partner) of the fund conducts investment management and investment solicitation by means of private placement^{*2} of a partnership-type fund of which Japanese investors consist exclusively of one or more Qualified Institutional Investors^{*1} and 49 or less specified investors and where the executive partner notified the competent authority of the specified matters in advance.

*1: Please refer to (Reference 1) (3) "Classification of Investors" (p. 114) for the scope of "Qualified Institutional Investors."

*2: "Private placement" for a partnership-type fund (collective investment scheme) refers to investment solicitation accepted by less than 500 investors (Article 2(3)(iii) of the Act, Article 1-7-2 of the Order).

Note: Regarding the Specially Permitted Businesses for Qualified Institutional Investors, etc., various changes were made in 2015 revisions to the Financial Instruments and Exchange Act, such as expansion of the scope of matters to be notified and documents to be attached, enhancement of behavior regulations, and limitation of the scope of allowable investors. For more details, please refer to the links below.

- For business scheme cases, see section 2 (2) 2) (ii) (p. 25), (viii) (p. 34), (ix) (p. 37), and 4) (i) (p.45).

<Reference URL>

- To Those who Operate Fund-Related Businesses in Japan (Financial Services Agency)
<https://www.fsa.go.jp/en/news/2007/20071119.html>
- Introduction of a new system (requirement for additional notifications, etc.) regarding Specially Permitted Businesses for Qualified Institutional Investors, etc., and Specially Permitted Investment Management Businesses following 2015 revisions to the Financial Instruments and Exchange Act (Financial Services Agency)
<https://www.fsa.go.jp/en/news/2016/20160203-2.html>
- Changes in notification procedures due to law revisions regarding Specially Permitted Businesses for Qualified Institutional Investors, etc. (SPBQII) and Specially Permitted Investment Management Businesses (SPIMB) (Financial Services Agency)
<https://www.fsa.go.jp/en/news/2016/20160203-1.html>
- Specially Permitted Businesses for Qualified Institutional Investors, etc. (Kanto Local Finance Bureau)
<https://lfb.mof.go.jp/kantou/kinyuu/kinshotorihou/pagekthp032000272.html>

9) Emergency Registration Exemption for Foreign Financial Institutions / Asset Managers (Temporary relief to address overseas business disruptions due to disaster or other reasons) (Article 16(1)(xvii) of Cabinet Office Order on Definitions)

(Applicable business: Type I Financial Instruments Business, Investment Management Business, etc.)

Registration as a Financial Instruments Business Operator is not required if a person/entity who is engaged in Type I financial instruments business or investment management business in a foreign state in accordance with the laws and regulations of the foreign state, and faces or is likely to face difficulties in continuing that business in the foreign state due to a disaster or other reasons, carries out that business in Japan for business-continuity's sake, by filing a written application for approval with the Commissioner of the FSA, thereby obtaining the Commissioner's approval with a given operational period (up to three months). (Article 16(1)(xvii), and Article 16(5)&(6) of the Cabinet Office Order on Definitions)

(a) Application Form for Confirmation Process (<https://www.fsa.go.jp/en/news/2020/20200924/02.pdf>)

(b) Documents to be attached

- Document pledging not to fall under any of the grounds for refusal of registration as a financial instruments business operator
(<https://www.fsa.go.jp/en/news/2020/20200924/02-1.pdf>)
- Document equivalent to a Certificate of Registered Information of the applicant
- Resume of the representative person in Japan
- Document evidencing that the person/entity has been granted license(s) from or had received administrative disposition(s), if any, by a foreign authority.

Note: Both (a) Application Form for Confirmation Process and (b) Documents to be attached can be filled out in English (Article 16(7) of the Cabinet Office Order on Definitions).

<Reference URL>

- Emergency Registration Exemption for Foreign Financial Institutions / Asset Managers
(Temporary relief to address overseas business disruptions due to disaster or other reasons)
<https://www.fsa.go.jp/en/news/2020/20200924/20200831.html>

10) Entry scheme for GP managers with overseas qualified clients (non-Japanese corporations and individuals domiciled abroad with certain amount of assets) (Specially Permitted Business for Foreign Investors, etc.)
(Article 63-8 of the Act)

(Applicable business: Type II Financial Instruments Business B., Investment Management Business D., etc.)

For more details, see Section 4 (1) (p. 86)

11) Pre-registration entry scheme for those (who only managed offshore funds) with authorization by regulatory bodies and a proven track record in specified foreign jurisdictions (Specially Permitted Business during Transition Period) (Article 3-3 of the Supplementary Provisions of the Act)

(Applicable business: Type I Financial Instruments Business A., Type II Financial Instruments Business A., B., Investment Management Business B., C., D., etc.)

For more details, see Section 4 (2) (p. 88)

(3) Classification of investors

Some exemptions specified in the FIEA are often applicable to a limited scope of investors who are considered to have sufficient knowledge and experience concerning investment. While the scope of such eligible investors varies depending on the exemption, investors are generally classified into 1) Qualified Institutional Investors, 2) Professional Investors, 3) Qualified Investors and 4) Investors Subject to Specially Permitted Business. Specific examples of each category are as follows. (For more details, please refer to each relevant provision.)

1) Qualified Institutional Investors (Article 10 of Cabinet Office Order on Definitions)

Financial Instruments Business Operators (limited to those engaged in Type I Financial Instruments Business that falls under securities-related business or Investment Management Business), investment corporations, banks and other financial institutions that receive deposits or savings, insurance companies, call brokers, venture capitals with a capital of at least 500 million yen that have made notification to the FSA Commissioner, investment limited liability partnerships, pension funds with net assets of at least 10 billion yen that have made notification to the FSA Commissioner, investment-type trust companies that have made notification to the FSA Commissioner, those with 1 billion yen or more in the balance of securities that have made notification to the FSA Commissioner (in the case of individuals, limited to those who opened an account for trading of securities at least a year ago), executive partners of a partnership fund with 1 billion yen or more in the balance of securities who have made notification to the FSA Commissioner, the specified purpose companies with 1 billion yen or more in the balance of securities that have made notification to the FSA Commissioner, etc.

<Reference URL>

- Information on qualified institutional investors (Japanese only)
<https://www.fsa.go.jp/common/law/tekikaku/index.html>
- FAQ (Section 2 Definitions - Public Offering, Secondary Distribution, etc., Q15)
https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section02.html#02-15

2) Professional Investors (Article 2(31) of the Act, Article 23 of Cabinet Office Order on Definitions)

Qualified Institutional Investors, the State, the Bank of Japan, specified purpose companies, listed companies, stock companies with a capital of at least 500 million yen, Financial Instruments Business Operators, notifier of Specially Permitted Business for Qualified Institutional Investors, etc., foreign corporations, etc.

<Reference URL>

- Information on professional investors (Japanese only)
<https://www.fsa.go.jp/common/law/tokutei/index.html>

3) Qualified Investors (Article 29-5(3) and (4) of the Act, Article 15-10-7 of the Order, Article 16-6 of FIB Cabinet Office Order)

Besides Qualified Institutional Investors and Professional Investors, the following persons:

- Persons equivalent to Professional Investors

Corporations with a capital or net assets of 50 million yen or more (including affiliated companies thereof), pension funds with 10 billion yen or more of investment-based assets, those with 100 million yen or more of investment-based assets (in the case of individuals, limited to those who opened an account for trading of securities at least a year ago), affiliated companies of Financial Instruments Business Operators or listed companies, etc.

- Persons that have a close relationship with related Investment Management Business Operators for Qualified Investors

Affiliated companies of the Investment Management Business Operators for Qualified Investors, officers and employees, and relatives thereof, of the Investment Management Business Operators for Qualified Investors or its affiliated companies, and subcontractors of the management business of the Investment Management Business Operators for Qualified Investors, etc.

4) Investors Subject to Specially Permitted Business (Article 63(1)(a) of the Act, Article 17-12(1) of the Order, Article 233-2 of the FIB Cabinet Office Order)

The State, the Bank of Japan, municipalities, Financial Instruments Business Operators, fund asset managers, persons that have close relationship with related fund asset managers, listed companies, corporations with a capital or net assets of 50 million yen or more, specified purpose companies, pension funds with 10 billion yen or more of investment-based assets, those with 100 million yen or more of investment-based assets (in the case of individuals, limited to those who have had their accounts opened for trading of securities for at least one year), affiliated companies of Financial Instruments Business Operators or listed companies, and persons that have a close relationship with related Investment Management Business Operators for Qualified Investors etc.

Also, when the so-called "venture fund exception" is applied, the scope of Investors Subject to Specially Permitted Business will be expanded. (Article 17-12(2) of the Order)

(Reference 2)**Contacts of Local Finance Bureaus/Local Finance Offices**

Local finance bureau, governing head office of applicant	Department in charge	Postal code	Address	Telephone FAX
Kanto Local Finance Bureau (Ibaraki, Tochigi, Gunma, Saitama, Chiba, Kanagawa, Niigata, Yamanashi, Nagano)	(i) 2nd Securities Business Surveillance Section Investment management business, investment advisory/agency business (ii) 1st Securities Business Surveillance Section Type I Financial Instruments Business (iii) 3rd Securities Business Surveillance Section Type II Financial Instruments Business, Specially Permitted Business for Qualified Institutional Investors, etc.	330-9716	1-1 Shintoshin, Chuo-ku, Saitama-city, Saitama Saitama Shintoshin Common Government Building No. 1	(i) 2nd Securities Business Surveillance Section Investment management business 048-600-1296 (Direct line) Investment advisory/agency business 048-600-1156 (Direct line) (ii) 1st Securities Business Surveillance Section 048-600-1154 (Direct line) (iii) 3rd Securities Business Surveillance Section Type II Financial Instruments Business 048-600-1293 (Direct line) Specially Permitted Business for Qualified Institutional Investors, etc. 048-614-0044 (Direct line)
Tokyo Local Finance Office	(i) Financial Section 7 Investment management business, investment advisory/agency business (ii) Financial Section 6 Type I Financial Instruments Business (iii) Financial Section 8 Type II Financial Instruments Business, Specially Permitted Business for Qualified Institutional Investors, etc.	113-8553	4-6-15 Yushima, Bunkyo-ku Yushima Local Common Government Building	(i) Financial Section 7 03-5842-7145 (Direct line) (ii) Financial Section 6 03-5842-7016 (Direct line) (iii) Financial Section 8 Type II Financial Instruments Business 03-6852-8316 (Direct line) Specially Permitted Business for Qualified Institutional Investors, etc. 03-6682-3824 (Direct line)
Kinki Local Finance Bureau	2nd Securities Business Surveillance Section	540-8550	4-1-76 Otemae, Chuo-ku, Osaka-city Osaka Common Government Building No. 4	06-6949-6257 (Direct line)
Tokai Local Finance Bureau	Securities Business Surveillance Section	460-8521	3-3-1 Sannomaru, Naka-ku, Nagoya-city	052-951-2498 (Direct line)

Local finance bureau, governing head office of applicant	Department in charge	Postal code	Address	Telephone FAX
Hokkaido Local Finance Bureau	3rd Financial Business Surveillance Section	060- 8579	2-chome, Kita Hachijo Nishi, Kita- ku, Sapporo-city Sapporo 1st Common Government Building	011-709-2311 (Representative)
Tohoku Local Finance Bureau	3rd Financial Business Surveillance Section	980- 8436	3-3-1 Honcho, Aoba-ku, Sendai- city Sendai Common Government Building	022-263-1111 (Representative)
Hokuriku Local Finance Bureau	1st Financial Business Surveillance Section	921- 8508	4-3-10 Shinkanda, Kanazawa-city Kanazawa Shinkanda Common Government Building	076-292-7855 (Direct line)
Chugoku Local Finance Bureau	3rd Financial Business Surveillance Section	730- 8520	6-30 Kami-Hatchobori, Naka-ku, Hiroshima-city Hiroshima Common Government Building No. 4	082-221-9221 (Representative)
Shikoku Local Finance Bureau	1st Financial Business Surveillance Section	760- 8550	3-33 Sunport, Takamatsu-city	087-811-7780 (Representative)
Kyushu Local Finance Bureau	3rd Financial Business Surveillance Section	860- 8585	2-10-1 Kasuga, Nishi-ku, Kumamoto-city Kumamoto Local Common Government Building	096-206-9764 (Direct line)
Fukuoka Local Financial Branch Bureau	3rd Financial Business Surveillance Section	812- 0013	2-11-1 Hakataeki-Higashi, Hakata-ku, Fukuoka-city Fukuoka Common Government Building 4th floor	092-412-3011 (Direct line)
Okinawa General Bureau	2nd Financial Business Surveillance Section	900- 0006	2-1-1 Omoromachi, Naha-city Naha 2nd Local Common Government Building No. 2	098-866-0095 (Direct line)

(Reference 3)

Useful Links

1) Laws

- Financial Instruments and Exchange Act (the FIEA or the Act)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3986>
- Order for the Enforcement of the Financial Instruments and Exchange Act (the Order)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3712>
- Cabinet Office Order on Definitions under Article 2 of the Financial Instruments and Exchange Act (the Cabinet Office Order on Definitions)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3714>
- Cabinet Office Order on Financial Instruments Business, etc. (the FIB Cabinet Office Order)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3955>
- Act on Investment Trusts and Investment Corporations (the Investment Trust Act)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3605>
- Foreign Exchange and Foreign Trade Act (FEFTA)
<https://www.japaneselawtranslation.go.jp/ja/laws/view/3700>

2) Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. (the Guidelines for Supervision)

https://www.fsa.go.jp/common/law/guide/kinyushohin_eng.pdf

3) Comprehensive Guidelines for Supervision of Investment Management-related Service Entrusted Business Operator

https://www.fsa.go.jp/common/law/guide/im-rs/im-rs_eng.pdf

4) Asset Managers & FinTech Companies Registration Guidebook (Tokyo Metropolitan Government)

<https://www.seisakukikaku.metro.tokyo.lg.jp/en/pgs/gfct/business-and-living/guidebook.html>

5) FAQ on Financial Instruments and Exchange Act (Financial Services Agency) (English only) (FAQ)

https://www.fsa.go.jp/en/laws_regulations/faq_on_fiea/index.html

6) To Those who Operate Fund-Related Businesses in Japan (Financial Services Agency)

<https://www.fsa.go.jp/en/news/2007/20071119.html>

7) To those engaging in High Speed Trading

<https://www.fsa.go.jp/en/regulated/hst/index.html>

8) Financial Market Entry Office (Financial Services Agency, Local Finance Bureaus)

<https://www.fsa.go.jp/en/policy/marketentry/index.html>

- 9) Financial One-Stop Support Service (Tokyo Metropolitan Government)
https://www.startup-support.metro.tokyo.lg.jp/for_foreign/financial_support/en/
- 10) Global Business Support (Fukuoka City Government)
<https://growth-next.com/startupcafe/en>
- 11) Osaka Global Finance One-Stop Support Center (Osaka Prefectural Government and Osaka City Government)
<https://global-financial-city-osaka.jp/en/onestop/>
- 12) Sapporo Transnational Expansion and Partnership (Sapporo City Government)
<https://sapporo-step.global/support/>
- 13) Invest Japan Business Support Center (IBSC) (Japan External Trade Organization (JETRO))
<https://www.jetro.go.jp/en/>
- 14) Structure of Financial Instruments and Exchange Act (Kanto Local Finance Bureau) (Japanese only)
<https://lfb.mof.go.jp/kantou/kinyuu/kinshotorihou/mokuji.htm>
- 15) List of Registered Financial Instruments Business Operators
<https://www.fsa.go.jp/menkyo/menkyoj/kinyushohin.pdf>
- 16) Self-regulatory organizations (financial instruments firms associations)
 - Japan Securities Dealers Association
<https://www.jsda.or.jp/en/>
 - Japan Investment Advisers Association
https://www.jiaa.or.jp/index_e.html
 - The Investment Trusts Association, Japan
<https://www.toushin.or.jp/english/index.html>
 - Type II Financial Instruments Firms Association
<https://www.t2fifa.or.jp/en/>
 - The Financial Futures Association of Japan
<https://www.ffaj.or.jp/en/>
- 17) Financial Instruments Mediation Assistance Center (FINMAC)
<https://www.finmac.or.jp/english/>
- 18) Real Estate Investment Advisory Businesses (Ministry of Land, Infrastructure, Transport and Tourism) (Japanese only)
https://www.mlit.go.jp/totikensangyo/const/1_6_bt_000262.html

Note: The web pages of the links provided in this Guidebook, including the links above, may not be the latest information reflecting all the revisions of the relevant laws and regulations.

Revision History

Edition	Item	Page	Main Revisions
Ver. 1.0 (2020/1/10)	-	-	Created a new entry
Ver. 3.5 (2022/6/30)	4	92	Revised the scope of Foreign Investors, etc. in Specially Permitted Business for Foreign Investors, etc., in accordance with the modification of requirements for Professional Investors.
Ver. 3.6 (2022/8/9)	3. (2) 2)	82	Added actual examples of personnel structure.
Ver. 3.7 (2022/10/31)	3. (1) 2)	56	Expanded types of business to be subject to English registration procedures.
Ver. 3.8 (2025/3/6)	2. (2) 2)	41	Added examples of Investment management business (including investment solicitation for funds you have established)
Ver. 4.0 (2025/7/23)	2.(2) 2) 4), 3.(1)1) 2) 4), 3.(2),4.(3)	23, 31, 46, 50, 52, 54, 56, 61, 69, 80, 94	Changes in registration requirements accompanying the creation of Investment Management-related Service Entrusted Business and Specially Permitted Intermediary Service for Unlisted Securities