

JSDA/ICMA *Global Financial City - Tokyo*

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PwC Japan Group

PricewaterhouseCoopers Aarata LLC

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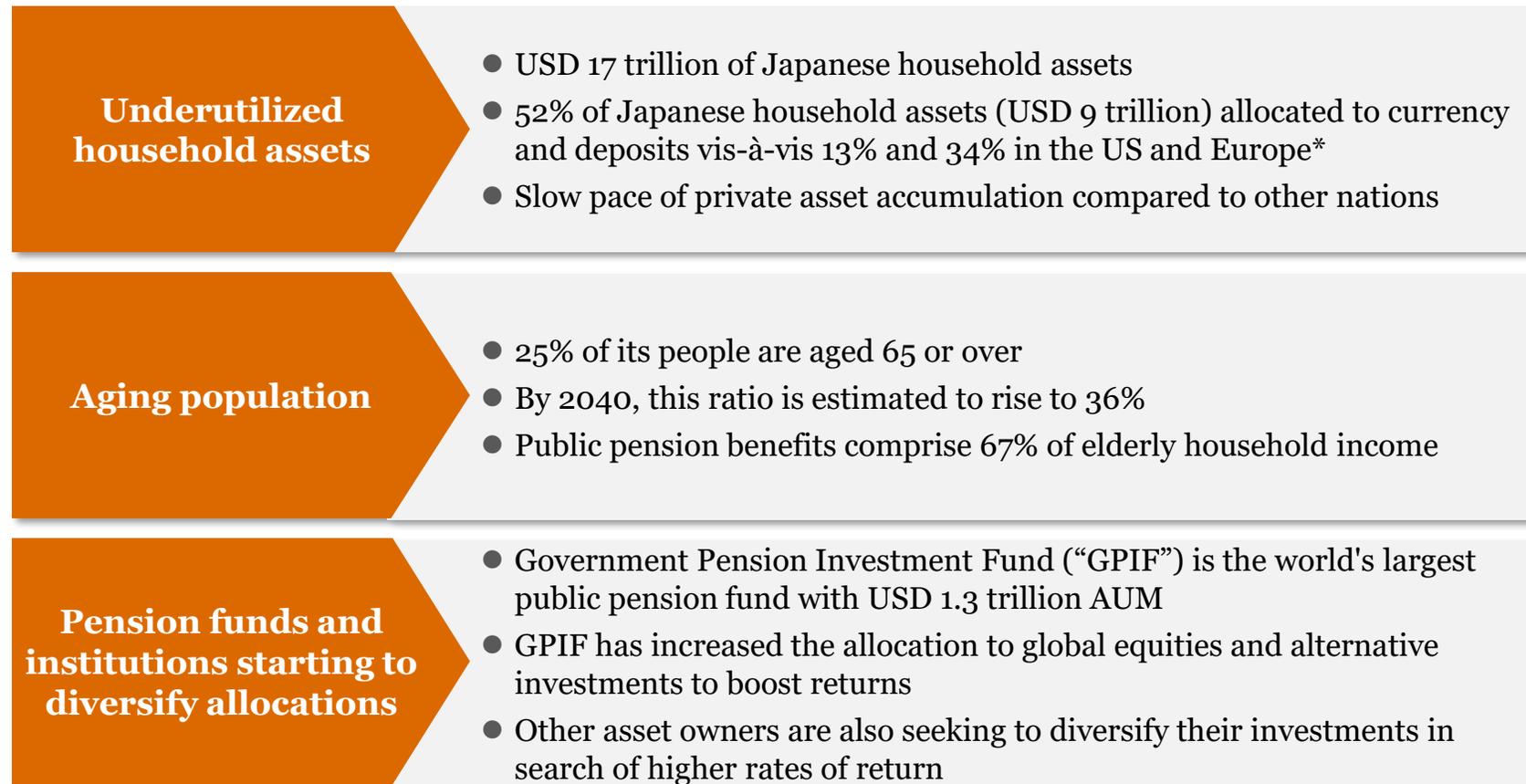
Global Financial City - Tokyo

AGENDA

1. Tokyo's Financial Market Challenges
2. Tokyo Metropolitan Government's Initiatives
3. The Consortium for Japan International Asset Management Center Promotion

1-1. Social imperatives in Japan

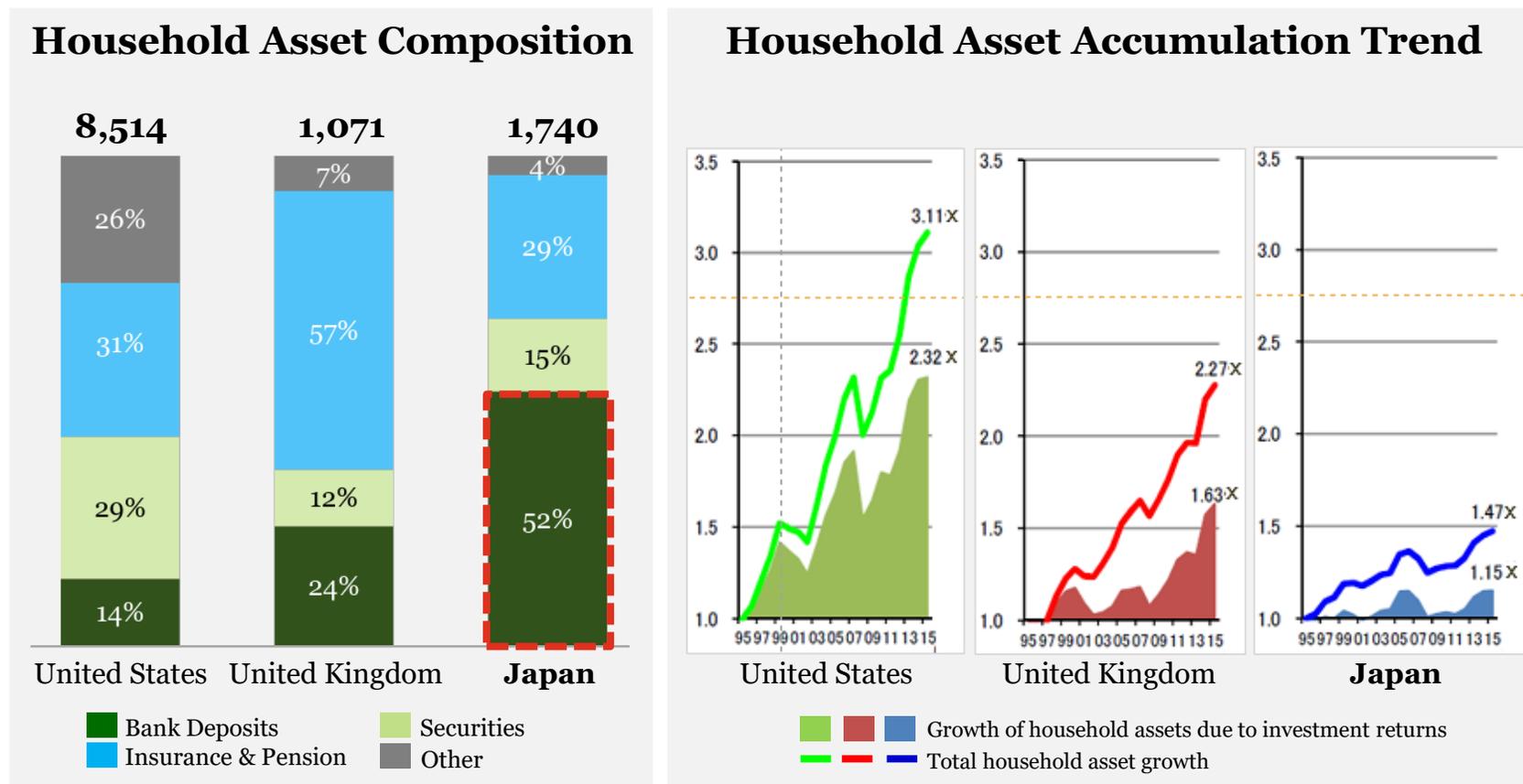
Japan is confronting a number of factors which require a strengthening of its asset management capabilities.



* Source: *Flow of funds, December 22, 2016, Bank of Japan*

1-2. Household assets and asset accumulation

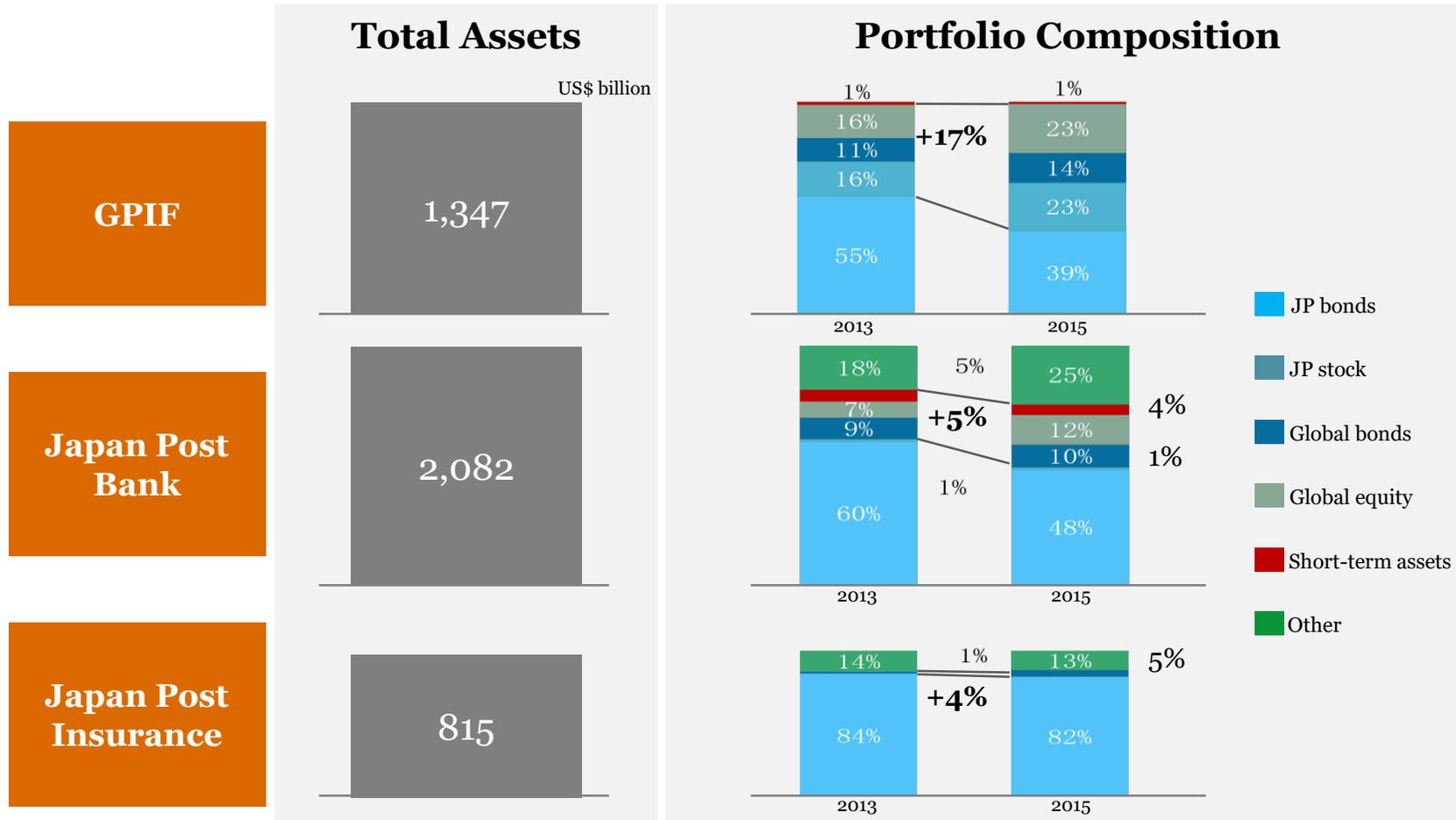
Japan lags far behind other advanced nations in levels of personal investment, and the majority of household assets linger in bank deposits. Over the last 20 years, household assets have grown at a slow pace.



Source: Financial Industry Report, September 2016, Japan Financial Services Agency

1-3. Key asset owner investment trends

Japanese asset owners' asset allocation trends have been changed from JGB concentration to global investments.



Source: website of GPIF, Japan Post Bank, and Japan Post Insurance

1-4. Responses to Japanese social imperatives

Japanese government agencies and industry groups are aligned to redevelop Japan as a leading financial services center, and to cope with Japanese social issues.



2-1. Overview of the immediate measures for attracting foreign financial companies

Foreign financial institutions will be given detailed support at each stage of setting up businesses in Japan, from before entry to actual launch of operations.



Attracting foreign financial institutions

- ✓ Market research, business plan development and preparations for license registration supported by TMG
- ✓ Accelerator program
- ✓ Public-private financial promotion activities
- ✓ Revise the inheritance tax

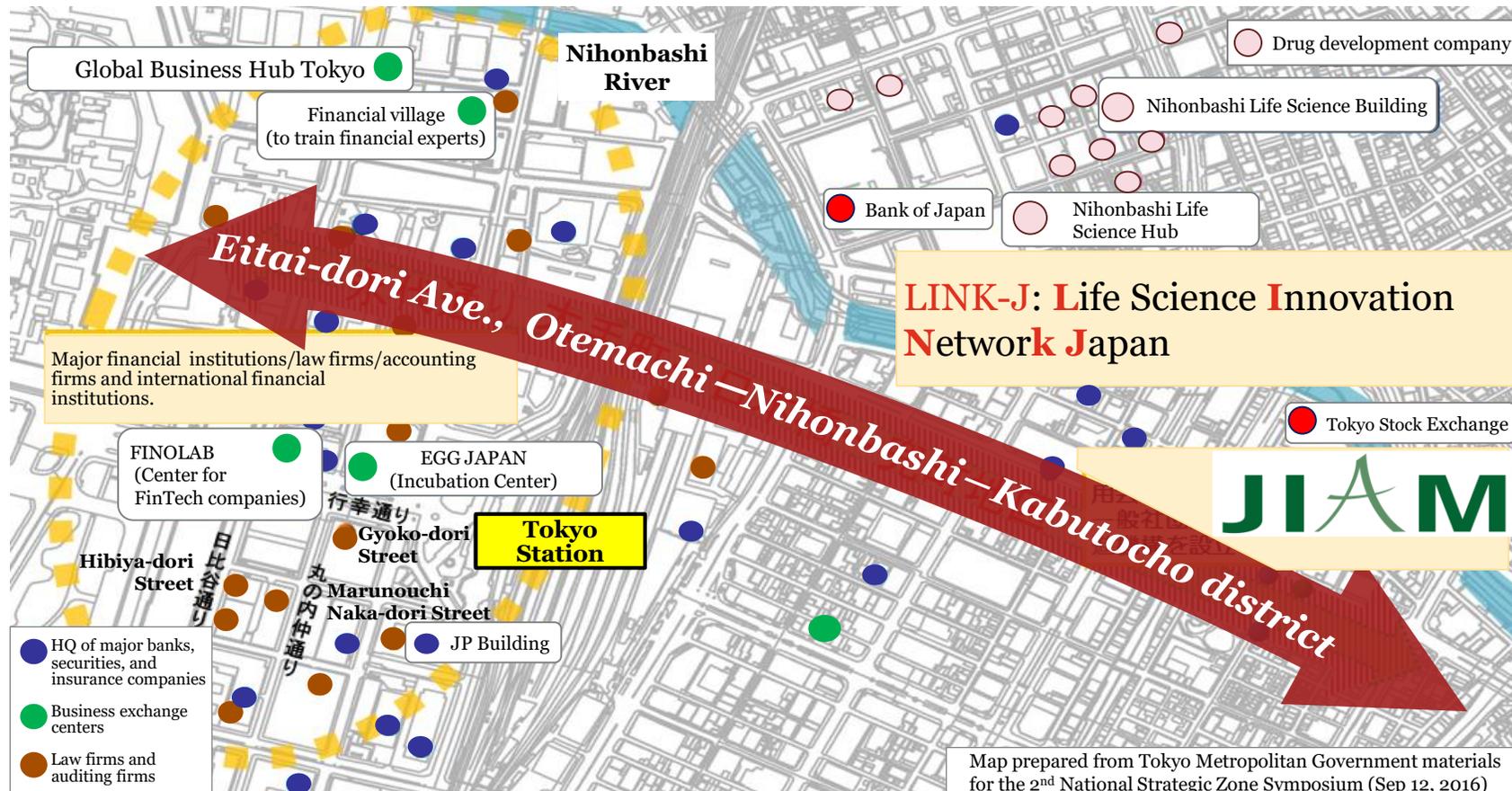
Support for business establishment procedures after entry to Japan

- ✓ Enhance consultation services for financial businesses
 - Launch a financial one-stop support service
 - Expand services provided by “Tokyo One-Stop Business Establishment Center”
 - Establish an FSA central consultation desk
- ✓ Compile an English Guide Book

Source: website of Tokyo Metropolitan Government

2-2. Attracting foreign financial institutions and promotional activities by public-private collaboration

- The ideal form of a public-private promotional organization
- The establishment of a Tokyo version the “Lord Mayor” system
- The expansion of the Consortium for Japan International Asset Management Center Promotion (“JIAM”)



2-3. Matters under current discussion

The following subjects are being discussed in the “Advisory Panel for Global Financial City Tokyo”.

Subject	Challenge to address
Revising the tax system	<ul style="list-style-type: none">• Corporate and individual taxes• Inheritance tax
Optimizing regulations	<ul style="list-style-type: none">• Financial regulations• Fiduciary duty
Building an English language environment	<ul style="list-style-type: none">• Translating laws and regulations into English• Consultations and filing of applications in English at various desks
Cultivating asset managers	<ul style="list-style-type: none">• “Emerging Managers Program” to promote the provision of seed money• Generating opportunities to match up asset managers and institutional investors
Investment education and the nurturing of talent	<ul style="list-style-type: none">• Financial literacy education• High-quality education focused on finance professionals

3-1. JIAM was established to promote Global Financial City Tokyo

JIAM is maintaining close communications with government agencies, industry associations, asset owners and leading service providers to support the development of an internationally competitive and vibrant asset management community.



3-2. JIAM – Service Offerings

JIAM provides support to foreign asset managers to achieve healthy and diversified portfolios of household assets in Japan.

JIAM Service Offerings

- 1** Provide **information and business development** guidance
 - Provide guidance on industry requirements and market entry
 - Support development of business relationships and opportunities
- 2** Support **business establishment**
 - Support in establishing a legal entity in Tokyo and acquiring appropriate licenses
 - Introduce candidate service providers
- 3** Support **operational outsourcing**
 - Provide support for external outsourcing of middle and back-office operations
- 4** **Research and fact finding**
 - Collect and synthesize the "voice" and analyze the requirements of both Japanese and foreign asset managers

Asset Management Community:
Foreign qualified asset managers

JIAM's
ultimate beneficiaries

The Japanese Nation:
Healthy and diversified portfolio of household assets



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