

**CAPITAL MARKETS NEWS IN JAPAN****Japan's Financial Services Agency Is Scheduled to Commence Handling, in English, Registration Procedures and Supervision, in January 2021****November 12, 2020**

On November 6, 2020, the FSA announced that it would commence handling, in English, registration procedures and supervision in January 2021, to encourage new entries by overseas funds. The relevant Cabinet Office Ordinance will be revised.

As Hong Kong, the financial center of Asia, shakes amidst political discontent, Japan's position as an international financial city will be enhanced by removing language barriers.

The FSA will establish a base, within the FSA, to receive requests for prior consultations and registration applications in English, and the FSA will also respond to on-line requests.

The contemplated schedule is as follows:

November 6, 2020	<ul style="list-style-type: none"><li>- Commencement of Acceptance of Requests for Advance Registration Consultations in English</li><li>- Publication of the Amendment, etc. (Draft) of the Cabinet Office Ordinance</li></ul>
In and after January 2021 (scheduled)	<ul style="list-style-type: none"><li>- Establishment of "Financial Market Entry Office"</li><li>- Enforcement of the Amendment, etc. of the Cabinet Office Ordinance</li><li>- Commencement of accepting registration applications in English</li><li>- Commencement of handling supervision and inspections in English</li></ul>

The more details are as follows:

## **Briefing**

### **1. Concerning the establishment of a support office (Financial Market Entry Office) for the establishment of a base of an overseas fund**

In January 2021, the Joint FSA/Local Finance Bureaus will launch the Financial Market Entry Office, which provides, in English, one-stop prior consultation on registrations, registration procedures, and post-registration supervision of new overseas asset management companies that enter Japan.

Any prospective applicant can also use videoconferencing to receive, in Japan or overseas, advance online consultations. As a result, the FSA looks forward to expediting the registration of overseas asset management companies, etc., which had previously been required to respond in Japanese. At the same time, the Kanto Local Finance Bureau, which has a large number of new registration applications, will establish a new office in Kasumigaseki for registration reviews in English. The Local Finance Bureaus in charge of registration reviews will implement measures to strengthen the system.

At present, the FSA has established the "Support Desk for Establishing a Long-Term Business Base" as a contact point for receiving requests for consultations from all overseas financial business operators, including asset management companies, concerning procedures under finance-related laws and regulations related to the establishment of a Japanese base. Although this new system will apply to only applications for registrations in the English language, submitted, on or after the date of enforcement of the amendment, etc. of the Cabinet Office Ordinance, by overseas asset management companies, etc. which will newly enter the Japanese market, any request for consultation on registration in English will be accepted, on or after November 6, 2020, at the Support Desk for Establishment of Bases in the Financial Services Industry.

The content of the inquiry will be handed over to the new Financial Market Entry Office, along with the function to receive inquiries from any overseas financial companies currently handled by the Support Desk for Establishment of Bases in the Financial Services Industry.

### **2. Amendment, etc. of Cabinet Office Ordinance enabling registration applications, etc. in English**

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On November 6, 2020, the FSA published the draft of the Cabinet Office Ordinance on Partial Revision of the Cabinet Office Ordinance on Financial Instruments Business, etc. and the draft of the new public notice (hereinafter, collectively, referred to as the "Bill for Revision of the Cabinet Office Ordinance") to enable the submission of documents in English in order to apply for registration and supervise Type II financial instruments business (sales business of funds, etc. managed in-house) related to investment management business, investment advisory and agency business, and investment management business by overseas asset management companies, etc. newly entering Japan. A summary of the contents of the Bill for Revision of the Cabinet Office Ordinance is as follows:

(a) Cases where the submission of documents written in English is possible:

In the event of any of the following, an application for registration in English may be made:

(1) where a person (including an affiliated company) who engages in investment management business or investment advisory business in a foreign country files an application; or

(2) where a person who has worked in any of those organizations referred to in clause (1) above (or a person who was an executive officer thereof) newly applies for registration (or applies for registration as an executive officer or important employee).

(b) Cases to which this new system will apply:

This new system will apply to registrations of any of the following businesses:

(1) investment management business (Article 28(4) of the Financial Instruments and Exchange Act (hereinafter referred to as the "Act"));

(2) investment advisory and agency business (Article 28(3) of the Act); and

(3) any of the following type II financial instruments businesses related to operations business:

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(i) a case where a management company conducts the sales business of investment trusts and funds established by itself (Article 28(2)(i) of the Act);  
or

(ii) a case where an asset management company of an investment corporation or an investment management business operator for a qualified investor conducts business pertaining to deemed Type II financial instruments business (Article 196(2) of the Act on Investment Trusts and Investment Corporations, Article 29-5(2) of the Act).

(c) Documents that can be submitted in English:

Please refer to <https://www.fsa.go.jp/news/r2/shouken/20201106-2/01.pdf> (written in Japanese) for a list of documents that can be submitted in English.

(d) Implementing, in English, Supervision and Inspection:

As a result of this measure, the FSA/Local Financial Bureaus will implement, in English, the supervision and inspection of newly registered overseas asset management companies in English.

Specifically, in or after January 2021, as shown in the list of the above-mentioned documents enumerated in said website, it will be possible to submit, in English, such documents that need to be submitted to the authorities, and to communicate with the authorities in English in connection with the relevant supervision and inspections.

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