

Implementation Guidelines for Application Procedures for Registering

1. Significance of the Asia Region Funds Passport framework

The memorandum of co-operation on the establishment and implementation of the Asia Region Funds Passport (ARFP) (hereinafter referred to as the “ARFP MoC”) came into effect on June 30, 2016. The ARFP framework intends to standardize a mutual participation conditions consisting of APEC member countries and regions signatory to the ARFP MoC who meet certain requirements and funds (investment trusts and investment corporations) operated in accordance with the ARFP MoC. This will promote clarity and efficiency of registration standards in ARFP fund exporter countries (hereinafter referred to as “home country”) and authorization procedures in ARFP fund importer countries (hereinafter referred to as “host country”).

The ARFP framework is expected to revitalize the investment management industry in the Asia region and contribute to sound economic development by pursuing greater investor protection, transparency and stability of financial markets and efficiency in financial services, in addition to spreading ARFP funds based on superior governance.

2. Application procedure for registration of export funds under the ARFP framework

When exporting funds from Japan based on the ARFP MoC, the application procedure shall be as follows if registration as an ARFP fund is made under the Financial Services Agency.

The applicant (the operator of the fund exported from Japan) prepares attachment 1 “A Confirmation List of ARFP Application Documents” (hereinafter referred to as the “ARFP Confirmation list”), addressed to the Financial Services Agency, and submits the documents to the Investment Trusts Association, Japan (hereinafter referred to as “JITA”). These application documents are sent to the Financial Services Agency after receipt and confirmation by JITA. Upon receiving the application documents, the Financial Services Agency confirms the fund’s conformity as an ARFP fund based on the ARFP MoC, and notifies the applicant of the result.

Applicants receiving notification from the Financial Services Agency of their fund’s conformity with the ARFP requirements shall notify the Financial Services Agency of the basic terms and conditions of the investment trust under Article 4 of the Act on Investment Trusts and Investment Corporations (hereinafter referred to as the “Investment Trust Act”), submit attachment 2 “Confirmation of the ARFP Registration” (documentation certifying fulfillment of ARFP registration requirements), and receive confirmation of their ARFP application for registration.

The Financial Services Agency will issue an ARFP receipt number to the applicant, post the registration confirmation on the Financial Services Agency website, and inform the authorities in the host country that the fund has been registered as an ARFP fund.

3. Application procedure for authorization of import funds under the ARFP framework

When importing funds to Japan based on the ARFP MoC, the application procedure shall be as follows if authorization as an ARFP fund is made under the Financial Services Agency.

The applicant (operator of the fund importing to Japan) is required to establish an agent in Japan when exporting ARFP-registered funds in its home country. The agent shall submit to the Agent Association Member the documentation (including copies of documentation certifying compliance with the ARFP rules issued by the home country) that form the basis of the “Statement of Notification of Dealing in Foreign Investment Trust Securities” to be submitted to the Japan Securities Dealers Association (hereinafter referred to as “JSDA”), certificates relating to the fulfillment of selection criteria, and any other documentation deemed necessary by the JSDA (hereinafter collectively referred to as “the Statement of Notification of Dealing in Foreign Investment Trust Securities, etc.”), which are, in accordance with Article 18, paragraph 1 of the Rules Concerning Foreign Securities Transactions prescribed by the JSDA, to be submitted by the Agent Association Member of foreign investment trust securities prescribed in Article 16, paragraph 1, item 3 of the Rules Concerning Foreign Securities Transactions. The Agent Association Member shall submit the “Statement of Notification of Dealing in Foreign Investment Trust Securities, etc.” to the JSDA upon confirming the conformity status to the selection criteria, etc.

The JSDA shall review the “Statement of Notification of Dealing in Foreign Investment Trust Securities, etc.” with the selection criteria of the foreign investment trust securities prescribed in Article 16 or Article 17 of the Rules Concerning Foreign Securities Transactions, and notify the Agent Association Member of the result. The Agent Association Member receiving the result will inform the agent of the said result.

The agent receiving the notification submits the notification documents (Statement of Notification of Dealing in Foreign Investment Trust Securities, etc. and other documents forming its basis, as well as copies of documentation certifying compliance with ARFP rules issued by the home country) to the Financial Services Agency. The Financial Services Agency confirms conformity as an ARFP fund based on the ARFP MoC, and notifies the agent of the result.¹

The agent receiving notification from the Financial Services Agency on the conformity with the ARFP requirements shall notify the Financial Services Agency under the Investment Trust Act, either Article 58 for foreign investment trusts or Article 220 for foreign investment corporations.

¹If the funds do not conform to the ARFP MoC requirements, the Financial Services Agency will inform the agent and the home country authorities.