

Japanese government's initiative

First, I would like to thank FinCity. Tokyo for inviting us to this great opportunity. Today, I came here as the representative of Japan FSA, or the representative of the Japanese Government, to deliver only one message to you all. The message is: "The Japanese Government will make Japan a Global and Asian International Financial Hub." Many of you may be thinking that you have heard such a fairy tale from the government in the past several times. In reply I say, "This time is different." Why so? Allow me to elaborate.

Why is this time different?

As many other aspects of lives and business, COVID-19 is the game changer. Suddenly we are trapped in a country, or even worse, within a single city after the Covid outbreak. We cannot travel from one Asia-Pacific Headquarters to other important business locations in the region. This means that we must now reconsider the excessive concentration in one business location. Thinking of the growing volume and diversity of Asia-Pacific business, it's time to consider having multiple business locations in the Asia-Pacific region. And Japan will be an inevitable part of your multiple-location strategy in the Asia-Pacific area.

Of course, Covid should be beaten. The current restriction of international travel will be and should be lifted in the near future. But our experience of Covid has shown us that the way of conducting business before the disease was fragile and needs to be reconsidered.

Another driving force for multiple locations is the need to deal with growing global risks. I don't think I have to mention the current U.S.-China relations to warn you of the growing geopolitical risk in the region, while climate change and related natural disaster risk are obviously growing. Having multiple locations would mitigate these risks of your country and help strengthen the resilience of the global financial system at the same time.

The strengths and weaknesses of Japan as a location for financial business in Asia

Now, let me move onto the next topic. When you reconsider where to be located in the Asia-Pacific region, what can Japan offer you?

Japan has overwhelming strengths: a stable and mature political system; a reliable legal system; a wide variety of natural attractions, from powder snow in Hokkaido to tropical beach resorts in Okinawa; and a rich culture and entertainment. Moreover, we have the capital market of the third largest economy and more-than-19-trillion-dollar financial assets of Japanese households. This is a huge opportunity.

Of course, Japan has some weaknesses in comparison to other financial hubs in Asia: the language barrier in business and everyday life, slow financial regulatory processes and other business processes, difficulties in finding or bringing domestic helpers and nannies, and the tax burden.

What will the Japanese Government do?

Being aware of the sea change underway in the choice of business locations in the Asia-Pacific region, at the Japanese Government we will never leave these weaknesses unattended. We will fix them.

First, English-only and swift registration processes at JFSA and its local offices. At the JFSA, we will undertake registration and other regulatory processes in English for foreign asset-management firms, which consider entering the Japanese market. We are going to make an official announcement in the near future, but if you have any inquiries, send an e-mail to our “Financial Market Entry Consultation Desk,” a link to which you can find on the top page of the JFSA English Website. We will also try our best to shorten the time from application to registration. The desk has supported the smooth entry of 22 firms so far, and there was a case in which we almost halved the time needed for registration. We will further try to strengthen and make more use of this desk to speed-up the registration process.

Second, support with non-financial regulatory business procedures and everyday life for foreign companies and businesspersons. Even though JFSA supports you in financial regulatory procedures, you also need to go through some other business procedures, such as establishing a company, finding an office, and hiring staff. You also need to find a house as well as a proper school for your children and maybe clinics or hospitals. FinCity, Tokyo and the Tokyo Metropolitan Government are here to help you in the Tokyo area. The JFSA is already cooperating with them closely.

Third, domestic helpers and nannies. Unlike Hong Kong and Singapore, domestic helpers and nannies are not very common among ordinary Japanese people, but we are aware that they support the family lives of highly skilled

financial professionals in many cases. Together with FinCity, Tokyo and relevant ministries, at the JFSA we are looking into this issue and will find out what we can do.

Last but not least, the tax burden. I am aware that most of you here are interested in what I have to say about tax issues. To be frank, I would not say that our tax level will ever be like that in Singapore or Hong Kong. However, we are thinking hard to achieve whatever policy measures are needed to help you enter the Japanese market. Along with the tax level, we also want you to take into account price levels and rent for an office and residence when you estimate disposable income in the case of moving to Japan. It is often misunderstood, but nowadays Japanese price levels and rent are lower than those in Singapore and Hong Kong. This should be one of the key factors when you consider your business location strategy.

These are just a few of our efforts to welcome you to the international financial hub Japan, and we do not intend to stop here. Rather, we will continue to create better policies going forward. Please stay tuned to hear about our initiatives. At the same time, the JFSA welcomes your input for any ideas or thoughts about how we could encourage market entry by foreign financial institutions like you. We are looking forward to constructive discussions and candid opinions today so that we can better understand the true needs for our policy responses.

Thank you very much.