

Cash Flow Support for Businesses regarding Rent (Request)

The Financial Services Agency has issued requests to financial institutions concerning cash flow support for businesses and individuals.

The FSA has also been working to grasp the businesses' current situation and the financial institutions' efforts through special interviews with financial institutions and consultations from businesses' received at our consulting desk. On March 27, the FSA publicized efforts taken by some financial institutions for the purpose of informing other financial institutions and businesses (updated on April 20).

We understand that SMEs face serious challenges in paying rent, and real estate owners (hotels, leisure facilities, commercial buildings, etc.) suffer funding difficulties. At meetings with financial institutions, JFSA's Commissioner has made the following request:

"Businesses, renting or operating hotels and leisure facilities in particular, are expressing anxiety and requesting modifications of loan terms due to sharp decreases in tourism. Rent has been attracting attention in other countries as well. On March 31, the Ministry of Land, Infrastructure, Transport and Tourism requested companies leasing real estates, including owners of commercial buildings, to consider taking flexible measures such as granting tenants moratoriums on payments of rent in consideration of their current circumstances. We also request financial institutions to flexibly respond to requests for modification of loan conditions from SMEs and individuals that face difficulties in paying rent or repaying home loans."

Considering the seriousness of the current situations, financial institutions are required further efforts.

Therefore, the FSA issues the following requests from the perspective of further facilitating prompt and appropriate modification of loan terms, including deferment of principal payments, and provision of new loans.

1. For SMEs and individuals facing difficulties in paying rent, promptly and flexibly provide new loans or bridge loans using the newly introduced substantially no-interest and unsecured loan system or other loan programs, or modify terms

for existing loans such as granting reduction or deferment of payments on principal and interests.

2. For owners of hotels, leisure facilities, and commercial buildings, promptly and flexibly provide new loans or bridge loans, or alter conditions for existing loans such as granting reduction or deferment of payments on principal and interests.

In particular, when owners are granting tenants reduction or deferment on payments of rent for a certain period of time, financial institutions are urged to take prompt and flexible measures for the relevant period of time, granting reduction or deferment on payments of loans.

3. With regard to fees and penalty charges that are normally required upon modification of terms for existing loans, give special consideration in light of each customer's circumstances.

The FSA and Local Finance Bureaus will check private financial institutions' efforts for supporting companies regarding the points mentioned above as one of our priority issues in special interviews we have been holding. When there arises a need to check efforts put in place by any financial institution, we will conduct special inspections (an on-site inspection under Article 25 of the Banking Act) on a timely basis.

(Reference) Requests to financial institutions concerning cash flow support, etc.

- February 7 "Request for the Implementation of Measures against COVID-19 (Novel Coronavirus) Outbreak"
- March 6 "Cash Flow Support for Companies as Impact of COVID-19 (Novel Coronavirus) Outbreak Grows (Request)"
- March 24 "Cash Flow Support for Companies as Impact of COVID-19 (Novel Coronavirus) Outbreak Grows (Request)"
- April 7 "Cash Flow Support for Companies in Consideration of the Novel Coronavirus Disease (COVID-19) Emergency Economic Package (Request)"
- April 13 "Notice regarding the request for consideration for employment maintenance in relation to the COVID-19 infection"
- April 13 "Notice regarding the request for reducing attendance at work by 70% (information dissemination)"
- April 16 "Notice regarding the handling of negotiable instruments and checks, etc. in consideration of the impact of the COVID-19 (novel coronavirus) infection"
- April 21 "Further Strengthening of Cooperation with the Japan Finance Corporation, etc. (Request)"
- April 27 Cash Flow Support for Businesses following the "Emergency Economic Measures to cope with COVID-19"