

Guidelines for Granting of Fukuoka Prefecture Subsidy for Business Base Establishment of Financial Institutions

1. Purpose

The purpose of these Guidelines is to provide financial support within the budget for the expenses required for foreign/foreign-affiliated financial institutions and FinTech companies to establish new business bases in Fukuoka Prefecture (hereinafter, the "Prefecture"), thereby facilitating the concentration and vitalization of financial functions, which will contribute to the economic development of the Prefecture.

- 2) The granting of this subsidy shall be governed by the provisions of these Guidelines in addition to the Fukuoka Prefecture Regulations for Granting of Subsidies, etc. (Fukuoka Prefecture Regulations No. 5 of 1958) (hereinafter, the "Regulations").

2. Definitions of Terms

As used in these Guidelines, the definitions of the terms listed in the following items shall be as specified in the respective items.

(1) Foreign/foreign-affiliated financial institution

A bank or asset management business operator that is established under a foreign law or in which at least one-third of the capital contribution is from a foreign corporation

(2) Bank

A party that is licensed by the Prime Minister as stipulated in Article 4, Paragraph 1 of the Banking Act

(3) Asset management business operator

A business operator that handles financial instruments with investment characteristics as stipulated in the Financial Instruments and Exchange Act

(4) FinTech company

A company that provides innovative financial services that make full use of IT technology

(5) Business base

A facility that is the head office, branch office, sales office or research (development) laboratory of a foreign/foreign-affiliated financial institution or FinTech company that wishes to receive the subsidy and that is used exclusively as a place of business to conduct its business

(6) Fiscal year

The period from April 1 of a given year to March 31 of the following year

(7) Full-time employment

Employment of a person who has a certificate of residence in the Prefecture as an insured person pursuant to Article 7 of the Employment Insurance Act

(8) Office, etc.

In addition to a regular office, a space that can be used for work, such as a private-room-type shared office that is available as a rental space

3. Parties Eligible for the Subsidy

Parties eligible for this subsidy (hereinafter, "Parties Eligible for the Subsidy") shall be the parties who meet all the requirements listed in the following items.

- (1) A foreign/foreign-affiliated financial institution or a FinTech company that will establish a new business base in the Prefecture.
- (2) A party shall submit to the Prefecture a business plan (Form No. 1) for prior consultation and explain the details of the plan before finalizing the business base establishment plan.
- (3) A party shall not have a business base in the Prefecture at the time of establishing the business base related to this subsidy.
- (4) A party shall employ at least one resident of the Prefecture on a full-time basis until the end of the second fiscal year following the fiscal year containing the date on which the business base is established.

4. Parties Ineligible for the Subsidy

Parties listed in the following items shall not be eligible for the subsidy.

- (1) An organized crime group or a member of an organized crime group
- (2) A business operator whose business owner or officer is a member of an organized crime group
- (3) A business operator that has a close relationship with an organized crime group or a member of an organized crime group
- (4) A business operator engaged in a business that falls under the category of the amusement business as prescribed in Article 2, Paragraph 1 of the Act on Control and Improvement of Amusement Business or of a sex-related business as prescribed in Article 2, Paragraph 5 of the same Act

5. Expenses Eligible for the Subsidy

The subsidy shall be granted for the expenses deemed necessary and appropriate by the Prefectural Governor, among the following expenses required for the establishment of a business base; provided, however, that expenses that do not fall under the consideration for the provision of services, such as the amount equivalent to consumption tax and local consumption tax, and costs paid to government offices shall be excluded.

- (1) Expenses for consultation with experts

Expenses paid to lawyers, administrative scriveners, tax accountants, certified social insurance labor consultants, etc. for such services as consultation and preparation and submission of documents in connection with the acquisition of licenses for financial instruments business, etc. and legal and tax affairs.

- (2) Recruitment expenses

Expenses paid to a fee-charging employment placement service provider licensed under Article 30 of the Employment Security Act or to an overseas fee-charging employment placement service provider prior to the establishment of a business base for the employment of human resources who are introduced by such service provider and will work at said business base.

An overseas fee-charging employment placement service provider eligible for the subsidy shall be a provider who has obtained approval for the notification, license, or application in the country, etc. of said provider.

(3) Initial costs for the office

Key money and other non-refundable costs required when moving into an office, etc.

6. Amount of the Subsidy

The amount of the subsidy shall be not more than one-half of the expenses eligible for the subsidy and up to 6,000,000 yen.

2) Any fraction less than one thousand yen in the calculated amount shall be rounded down.

7. Application for the Subsidy

A foreign/foreign-affiliated financial institution or FinTech company that wishes to receive the subsidy (hereinafter, the “Applicant”) shall confirm these Guidelines and then file an application with the Governor by attaching an Application Form (Form No. 2), a Business Overview (Form No. 3) and the following documents.

Each Applicant may apply for the subsidy only once within one year after the establishment of its business base.

[Common]

(1) A document that shows the representative of the Applicant (e.g., certified copy of commercial registration)

(2) A document that shows the address of the Applicant (same as above)

(3) List of officers of the Applicant (Form No. 4)

(4) A document that shows the business performance in the past two years (e.g., a document related to financial statements)

(5) A document that shows the business plan for the fiscal year containing the date on which the business base is established and for the subsequent two fiscal years

(6) A document that provides the grounds for the subsidy amount applied for (e.g., receipt)

(7) Other documents deemed necessary by the Prefecture

[Foreign/foreign-affiliated financial institutions and foreign/foreign-affiliated FinTech companies]

(8) A document that shows that the Applicant falls under the category of a foreign/foreign-affiliated financial institution or foreign/foreign-affiliated FinTech company

[Expenses for consultation with experts]

(9) A document that shows the content, number of times, and period of consultations, etc.

[Recruitment expenses]

(10) A document that shows that the employee(s) related to the relevant expenses is employed on a full-time basis (e.g., employment agreement)

(11) If an overseas fee-charging employment placement service provider is used, a document that clarifies that said provider has obtained approval for the notification, license, or application in the country, etc. of said provider.

[Initial costs for the office]

(12) A document that shows that the office, etc. related to the relevant expenses is secured (e.g., lease agreement)

2) If any of the documents listed in the preceding paragraph is written in a language other than Japanese or English, a translation in Japanese or English shall be attached.

8. Approval of the Subsidy

If the application for the subsidy is properly filed in accordance with Section 7 and it is deemed appropriate to grant the subsidy, the Governor shall approve the subsidy.

- 2) If the subsidy is approved pursuant to the provisions of the preceding paragraph, the Applicant shall be promptly notified of the approved amount of subsidy and other necessary matters by means of a Notice of Approval (Form No. 5).
- 3) Upon approval of the subsidy, the necessary conditions shall be attached.
- 4) If the subsidy is disapproved, the Applicant shall be notified by means of a Notice of Disapproval (Form No. 6).

9. Payment of the Subsidy

The subsidy shall be granted in Japanese yen to a bank account in Japan.

If the expenses eligible for the subsidy are paid in a foreign currency, the exchange rate applied shall be the telegraphic transfer middle rate (foreign exchange quotation) of MUFG Bank on the payment date of said expenses eligible under the subsidy or the date deemed appropriate by the Prefecture (any fraction less than one yen shall be rounded down).

10. Obligation to Continue Business Operations

Unless there are any reasons not attributable to the subsidized party, the business operations shall be continued in the Prefecture until the end of the second fiscal year following the fiscal year containing the date on which the business base is established.

11. Obligation to Report

The subsidized party shall report to the Governor the business activities for the fiscal year containing the date on which the business base is established and for the subsequent two fiscal years by June 30 of the year following the relevant fiscal year by means of a Business Activity Report (Form No. 7).

12. Notification of Change

The subsidized party shall promptly submit a Notification of Change (Form No. 8) to the Governor if any of the following events occurs during the period from the fiscal year containing the date on which the business base is established to the end of the second fiscal year following that year.

- (1) Change to the name of the subsidized party
- (2) Change to the address of the subsidized party
- (3) Change to the representative of the subsidized party

- 2) In addition to the provisions of the preceding paragraph, in case of any event that makes it impossible to fulfill the requirements specified in Section 3 during the period from the fiscal year containing the date on which the business base is established to the end of the second fiscal year following that year, a Notification of Change shall also be submitted by providing the details of such event.

13. Cancellation of Approval of the Subsidy

The Governor may cancel all or part of the approval of the subsidy for the subsidized party if the subsidized party falls under any of the following items.

- (1) When fraudulent or other improper means are used to receive the subsidy
- (2) When the conditions attached to the subsidy or other laws and regulations are violated
- (3) When the requirements specified in Section 3 become unable to be fulfilled during the period from the fiscal year containing the date on which the business base is established to the end of the second fiscal year following that year
- (4) When the obligation to continue business operations specified in Section 10 is violated
- (5) When other instructions under these Guidelines are violated

2) If cancellation is decided pursuant to the provisions of the preceding paragraph, the subsidized party shall be notified by means of a Notice of Cancellation of Approval (Form No. 9).

14. Refund of the Subsidy

If the approval of the subsidy is cancelled pursuant to the provisions of Section 13, the subsidized party shall refund it to the Prefecture in accordance with the provisions of the Regulations.

2) The Governor shall notify of the matters concerning the refund of the subsidy by means of a Refund Request (Form No. 10).

15. On-Site Inspection, etc.

The Governor may have prefectural government employees conduct an on-site inspection of a business base to the extent necessary for the enforcement of these Guidelines.

16. Publication of the Contents of the Subsidy, etc.

The Governor may publish the name, representative name, contents of the subsidy, etc. of the subsidized party.

17. Miscellaneous Provisions

In addition to the matters stipulated in these Guidelines, other matters necessary for the enforcement of these Guidelines shall be stipulated separately.

Supplementary Provisions

These Guidelines shall come into effect from April 1, 2022, and shall apply to the subsidy for the period from FY2022 to FY2024.