

“Global Financial City: Tokyo” Vision 2.0

～ Realizing a Sustainable Recovery to Become a
Global Financial City Leading the World ～

November 2021

Tokyo Metropolitan Government

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I Introduction

The global financial situation is in the midst of dramatic change.

The environment surrounding international finance is changing at a rapid pace, as seen in the changes in the situation in Asia and in European financial markets following the UK's exit from the EU (Brexit), the abolition of the London Interbank Offered Rate (LIBOR), growing global interest in sustainable finance, moves toward digitalization, and the COVID-19 pandemic around the world. In particular, in recent years there has been a rapid acceleration in calls for measures to deal with the climate crisis and ^ initiatives to decarbonize the world. Under these circumstances, green finance, which can help solve these problems, has been gaining attention and has become a major global trend.

Tokyo's position as a global financial city would be in jeopardy if the city cannot respond quickly to these drastic changes in the global financial environment. Amid intensified competition with other cities, such as Singapore and Hong Kong, to become one of the leading global financial cities in Asia, it is essential for Tokyo to appropriately and swiftly respond to the turbulent global situation in order to survive such fierce competition. With a strong awareness of these crises, the Tokyo Metropolitan Government (TMG) has decided to revise its "Global Financial City: Tokyo" Vision (hereinafter referred to as the "Vision"), which was formulated in November 2017.

To revise this "Vision," it is necessary to clarify the image of the city that Tokyo should aim for, with a view to taking advantage of its strengths, and to implement specific measures, while focusing on key points based on challenges facing Tokyo. In addition, it is important to establish a system of coordination and cooperation with various stakeholders for the purpose of promoting the "Vision", as well as set specific goals, monitor their achievement, and further deepen such measures.

Based on these perspectives and taking into account its strengths, Tokyo, as a financial hub in Asia, aims to build an investment chain that links domestic and international capital demand to worldwide capital supply, against a backdrop of enormous domestic capital demand based on the existence of diverse companies and projects in Japan and domestic capital supply capacity. Here, Tokyo's strengths include being the world's third largest economy, the existence of approximately 1,900 trillion JPY in personal financial assets, high levels of comprehensive strengths as a city, political stability, and firm rule of law.

To this end, in accordance with the new "Vision", TMG will develop measures focusing on three pillars: ① Promotion of green finance, ② Financial digitalization, and ③ Accumulation of diverse finance-related players, in light of changes in the global financial environment and the challenges facing Tokyo.

The first pillar, "Promotion of green finance," has been studied by experts participating in a committee for the realization of the "Tokyo Green Finance Market (tentative name)." In June 2021, the study group compiled a report entitled "Tokyo Green Finance Initiative (TGFI): Proposals for Developing Green Finance." The report defines the "Tokyo Green Finance Initiative (TGFI)" as "a strategic initiative to develop Tokyo's green finance ecosystem" involving a wide range of parties, not limited to the measures taken by TMG. It proposes the direction of measures to improve the lives of Tokyo residents and achieve sustainable economic development by creating a virtuous cycle of "environment" and "economy" from Tokyo and simultaneously promoting the green transformation of Tokyo's "urban system" and "financial system." The contents of this report are fully incorporated in this "Vision."

In addition, as a foundation to ensure the effectiveness of the initiatives based on these three pillars, TMG will actively disseminate information (conduct promotion) regarding the "Vision" and the various initiatives based on it more than ever before. The Organization of Global Financial City Tokyo (FinCity.Tokyo, hereinafter referred to as "FCT"), Japan's first public-private financial promotion organization, was established in April 2019 bringing together various financial industry players. The positioning of FCT and the division of roles between FCT and TMG will be clearly outlined in the "Vision."

In order to promote this "Vision", TMG will work closely with the national government, FCT and other financial industry players, the City of London in the U.K., etc., and introduce target management using Key Performance Indicators (KPIs), thereby reviewing measures and creating new initiatives taking into account the status of achievement.

In an effort to evolve into the "Global Financial City: Tokyo" leading the world on par with New York and London, TMG will steadily promote the initiatives contained in the "Vision" with the aim of realizing Tokyo's "Sustainable Recovery", economic growth, and an affluent lifestyle for Tokyo residents.

II Image of a global financial city that Tokyo should aim for

(1) Significance of realizing the “Global Financial City: Tokyo”

(Realizing a Sustainable Recovery to Become a Global Financial City Leading the World)

Tokyo is experiencing a declining birthrate and an aging population at a rapid rate that no other city in the world has ever experienced. As a result, the Tokyo has to face in earnest the decline in the potential economic growth rate associated with the declining working-age population. In addition, the spread of COVID-19 has brought about economic stagnation and highlighted the lagging digitalization of Japanese society as a whole. Furthermore, the climate crisis, which has become more serious in recent years, poses a major threat to the lives and properties of the people of Japan.

In the wake of these structural changes in society and the various issues brought to light by the COVID-19, etc., highly effective measures, which will lead to new growth for Tokyo, should be developed to achieve a "Sustainable Recovery."

Finance plays an extremely important role in implementing these measures. The financial industry accounts for nearly 10 percent of Tokyo's GDP, making it the city's "indigenous industry", so to speak. The financial industry is also known as the "lifeblood of the economy," and its revitalization will not only be a driving force for the growth of the industry as a whole, but will also enhance the attractiveness and competitiveness of Tokyo

Given these facts, TMG's long-term strategy, "the Strategic Vision for Tokyo's Future", has positioned “establishment of the "Global Financial City: Tokyo" as a financial hub in Asia and also in the world, by developing strategic initiatives leveraging Tokyo's strengths as a core initiative in the "Innovation Strategy for Tokyo with Earning Power."

The promotion of initiatives aimed at realizing the "Global Financial City: Tokyo" will supply the people's financial assets to growth sectors through the functioning of the financial and capital markets. This will create new industries and strengthen competitiveness. In addition, the accumulation of financial players will enable the provision of new financial products and innovative services. This can be expected to improve the asset formation and convenience of people's lives, resulting in the development of not only Tokyo, but of Japan as a whole.

Moreover, the stimulation of green finance, which is becoming increasingly important as Tokyo aims to become a global financial center, will accelerate decarbonization efforts and contribute to sustainable recovery, leading to sustainable economic growth for Tokyo and, ultimately, to the realization of affluent lifestyles for Tokyo residents.

◀ COLUMN ▶ About a Global Financial City

The following are various definitions of "global financial city" (including the definitions of global financial centers and illustrative definitions).

· **Nissay Research Institute, "Japan's Efforts to Realize a Global Financial Center" (March 23, 2021)**

A city where a large number of financial institutions and investors are concentrated, and transactions of financial products are conducted on a global scale by attracting excellent human resources, funds, and information from all over the world.

· **The Nikkei: "Requirements of Global Financial Centers (1) Tokyo's Current Position" Hiroshi Akabane, Professor, Faculty of Urban Innovation, Asia University (January 28, 2021)**

Let's take a look at the definition of global financial centers. I believe global financial centers are rarely covered in the textbooks on economics and financial theory used for university classes. Therefore, I am going to provide the overview taking into account the ideas of financial institutions, which are actually playing in this field, and previous studies.

A "financial center" is a place where financial institutions gather to trade physical commodities, futures, and derivatives (financial derivatives) of interest rates, currencies, stocks, and bonds.

A "global financial center" is a place where such a wide variety of financial instruments and related transactions as well as players are globalized. Globalization refers to cities and regions with financial and capital markets between residents and non-residents as well as between non-residents.

· **Mizuho Research Institute (now Mizuho Research & Technologies, Ltd.), "Mizuho Research" (August 2007)**

A global financial city refers to a financial or capital market where international financial transactions, such as fund transactions between residents and non-residents as well as between non-residents and foreign currency-denominated fund transactions between residents, are actively conducted; or a city where such markets are located.

This Vision defines "global financial city" as a city with the following features:

- (1) Funds intermediaries (asset managers, financial institutions, etc.) are actively engaged, and domestic and foreign investors (individual and corporate investors) are supplying ample funds to domestic and foreign investees (companies, projects, financial products, etc.);
- (2) There is an accumulation of financial companies, human resources, funds, and information from around the world; and
- (3) In addition to domestic financial transactions, international financial transactions of various financial instruments are actively conducted.

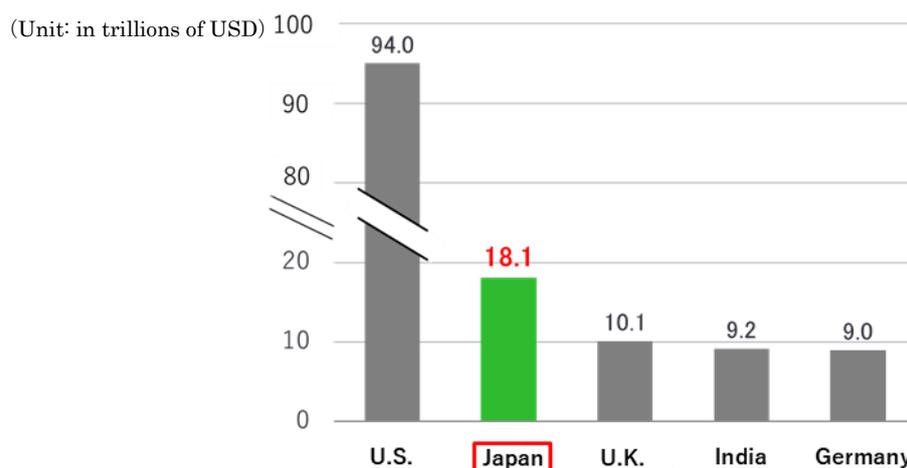
(2) Ideal state of “Global Financial City: Tokyo” leading the world

The competition with other overseas cities such as Shanghai, Hong Kong, and Singapore, which are also aiming to become one of the leading global financial cities in Asia, is becoming increasingly fierce. In revising the "Vision" under such circumstances, it is necessary to clarify an image of the global financial city that Tokyo should aim for, taking advantage of its strengths.

① Tokyo’s strengths

Table 1 shows the personal financial assets of countries around the world in 2019. Japan has about 1,900 trillion JPY in domestic personal financial assets, of which the majority (54.3 percent as of March 31, 2021 (Table 2)) is in the form of cash and deposits. This can be regarded as a strength in terms of the potential supply of funds to growth sectors and the large business opportunities for asset managers.

<Table 1 Personal financial assets of countries around the world (2019) >



【Sources】 OECD (2021), *Population (indicator)*. doi: 10.1787/d434f82b-en (Accessed on June 21, 2021)

OECD (2021), *Household financial assets (indicator)*. doi: 10.1787/7519b9dc-en (Accessed on June 21, 2021)

※Personal financial assets per capita in 2019 (2016 for India only) multiplied by the population of each country in 2018 (latest OECD figures)

<Table 2 Composition of personal financial assets>



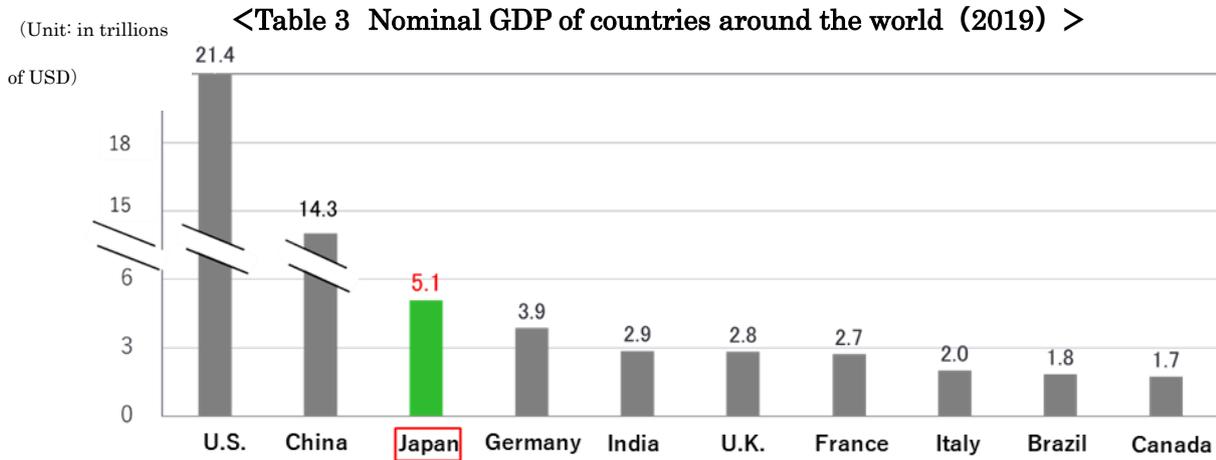
※ Japan: as of the end of March 2021; U.S. and Euro Area: as of the end of March 2020

【Sources】 Japan: Research and Statistics Department of Bank of Japan, *Flow of Funds in Q1 FY2021 (preliminary*

report), June 25, 2021

U.S. and Euro Area: Research and Statistics Department of Bank of Japan, *Flow of Funds Comparison among Japan, the U.S. and Europe* (as of March 31, 2021), August 21, 2020

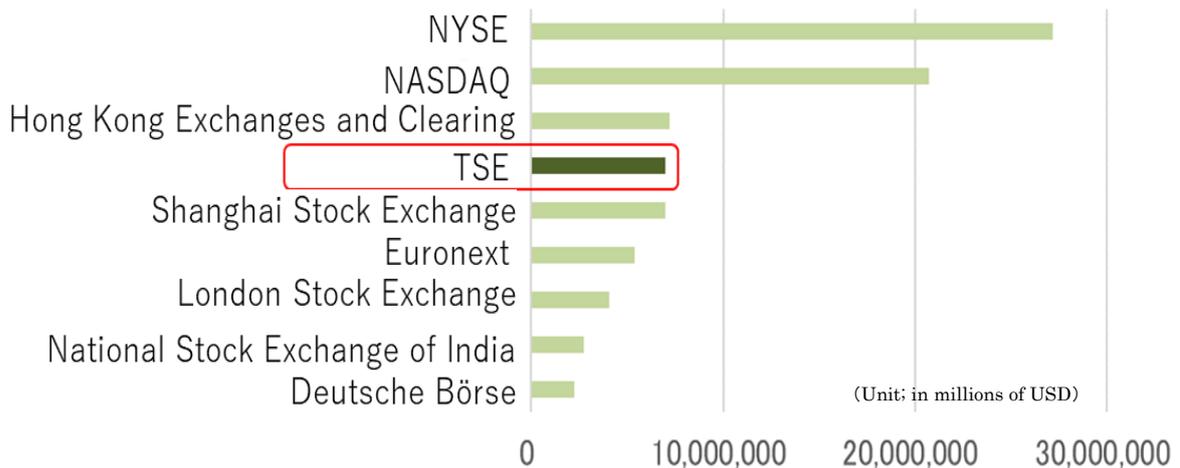
Table 3 indicates the nominal GDP of countries around the world in 2019. As the world's third-largest economy by GDP, Japan has a wide variety of industries and projects to invest in.



【Source】 International Economy Division, Economic Affairs Bureau, Ministry of Foreign Affairs, *Major Economic Indicators*, May 2021

Table 4 shows the total stock market capitalization of the world's major exchanges as of the end of February 2021. Tokyo is home to the Tokyo Stock Exchange, one of the world's largest listed stock exchanges in terms of market capitalization.

**<Table 4 Total stock market capitalization of the world's major exchanges
(End of February 2021) >**



【Source】 Compiled by Tokyo Metropolitan Government based on data from the Nomura Institute of Capital Markets Research website, *Statistics & Data: Stock Market*

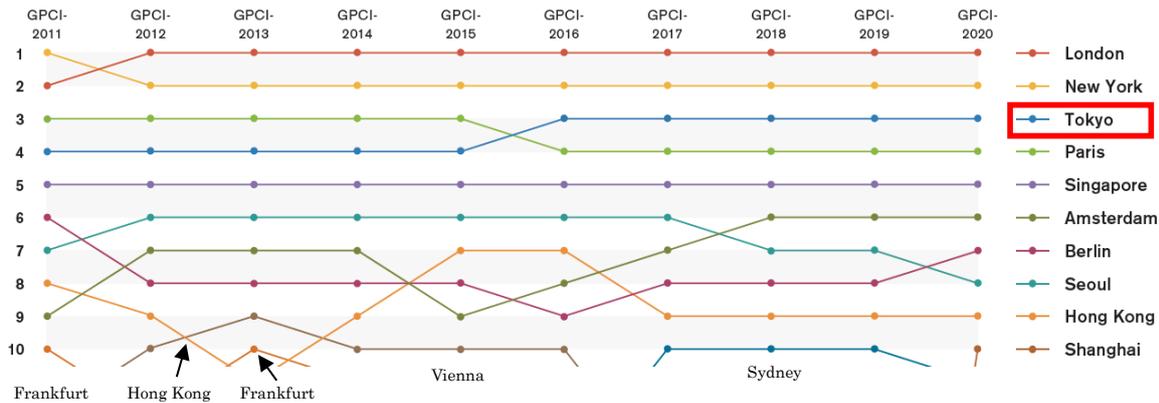
Tokyo also possesses a high level of comprehensive power as a city to attract people and companies from all over the world. Since 2016, Tokyo has maintained its position as the world's third-largest city after New York and London, and first in Asia in the Global Power City Index (GPCI) published annually by the Mori Memorial Foundation.

Furthermore, Tokyo is highly regarded by other countries for its political and economic environment, including political stability and the rule of law, its safe living environment, and its rich nature and culture, including cuisine.

About the Global Power City Index (GPCI)

- The "Global Power City Index (GPCI)" is published annually by the Institute of Urban Strategies of the Mori Memorial Foundation, based on the idea that the "magnetism" to attract people and businesses in international inter-city competition is created by the comprehensive power of the city itself.
- The GPCI evaluates and ranks the "comprehensive power" of the world's major cities by measuring the six functions: Economy, Research and Development, Cultural Interaction, Livability, Environment, and Accessibility — providing a multidimensional ranking.
- Since the basis for the evaluation is disclosed in detail, the strengths, weaknesses, and challenges of each city can be verified concretely.
- Recent rankings are shown below.

【Trends in the Global Power City Index (2011 through 2020)】



【Global Power City Index by Function (2020)】

City	Economy	R&D	Cultural Interaction	Livability	Environment	Accessibility
London	2	2	1	10	14	1
New York	1	1	2	33	22	4
Tokyo	4	3	4	12	18	7
Paris	17	11	3	4	25	2
Singapore	5	10	5	34	13	8
Amsterdam	12	19	16	1	27	5
Berlin	29	17	8	3	4	18
Seoul	20	6	11	39	15	12
Hong Kong	6	9	20	38	29	10
Shanghai	11	15	19	37	42	3

【Source】 Mori Memorial Foundation, *Summary of Global Power City Index*, December 2020

② **Image of a global financial city that Tokyo should aim for (“Real economy backed-type” global financial city)**

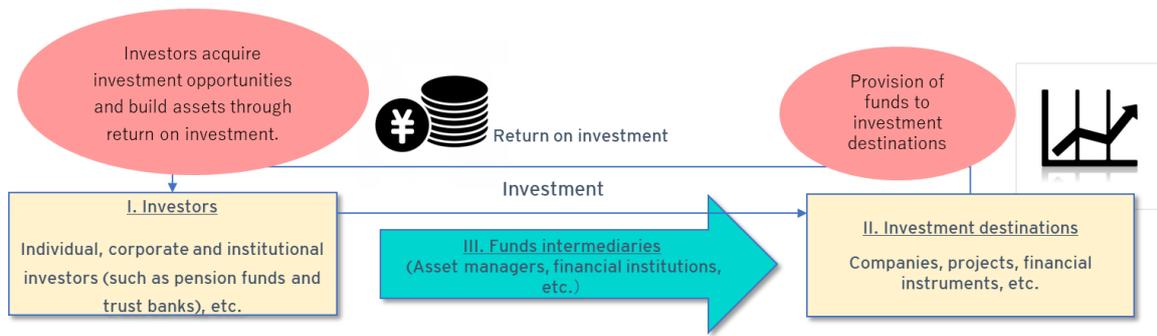
Global financial cities in the world can be broadly classified into the following four types based on their strategies and structures.

Strategy / Structure	Description	Major cities
Real economy backed-type	A center of financial transactions with the concentration of companies and a stock exchange, etc., attracting investors to invest in industries (supply of funds)	• New York • Shanghai
Information/knowledge intensive type	A center of information accumulation on interest rates, foreign exchange, insurance, etc.	• London
Financial intermediary-type	A city functioning as a relay station for financial transactions between outside regions, rather than based on the economic force within the region.	• Singapore (London)
Gateway-type	A gateway (entry point) for investment from abroad into a country or region	• Hong Kong (London)

Taking into account the aforementioned Tokyo's strengths, such as its nearly 1,900 trillion JPY in domestic financial assets and the existence of industries (the real economy) that have a need for funds, it is important to seek to become a "real economy backed-type" global financial city like New York in the above category.

Specifically, TMG will aim to build an investment chain that links funds from around the world to the demand for funds at home and abroad, using the attracting power of the huge domestic demand for funds based on the existence of diverse companies and projects in Japan and the supply of funds from all over the world.

In other words, an image of the global financial city that Tokyo should aim for is one in which "funds intermediaries (asset managers, financial institutions, etc.)" are actively engaged; "domestic and foreign investors (individual, corporate, institutional investors, etc.)" supply ample funds to "domestic and foreign investees (companies, projects, financial products, etc.);" and comprehensive urban functions and enhanced infrastructure support these activities; thereby creating a virtuous cycle of investment and return. This will contribute to the growth of the financial industry itself, the growth of investee companies, and ultimately to the GDP and sustained economic growth of Tokyo and Japan as a whole.



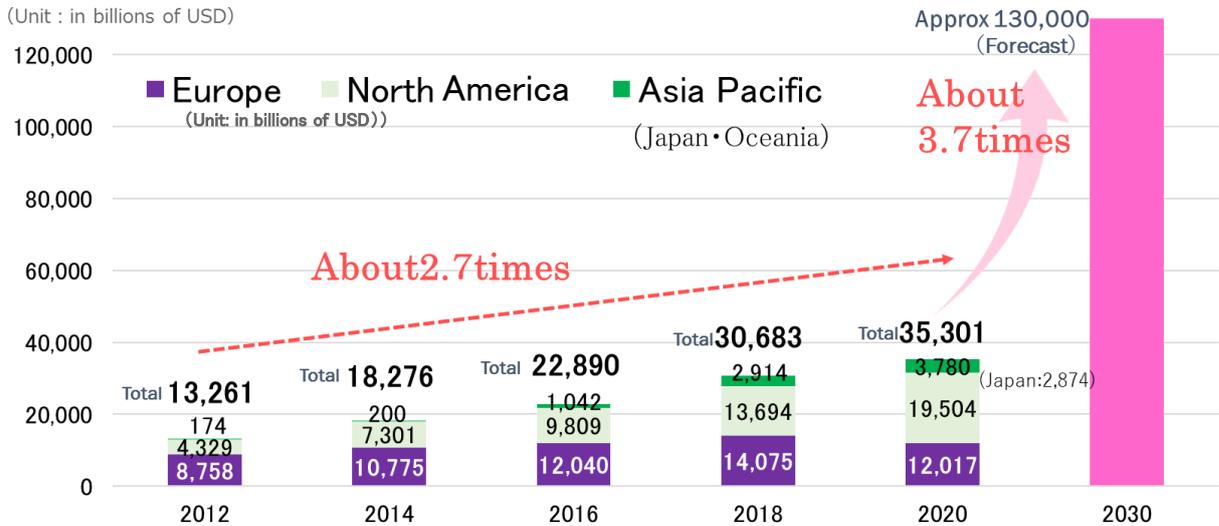
Given the potential changes in the relative position of Japan's economy due to the future economic development of emerging countries, it is important to combine the functions of "Information/knowledge intensive-type" global financial city, as represented by London, in order to actively introduce new financial products (e.g. insurance, interest rate derivatives, credit default swaps, etc.) and expand the market ahead of the rest of the world in the future.

(3) Challenges in realizing the ideal state

① Response to evolving green finance

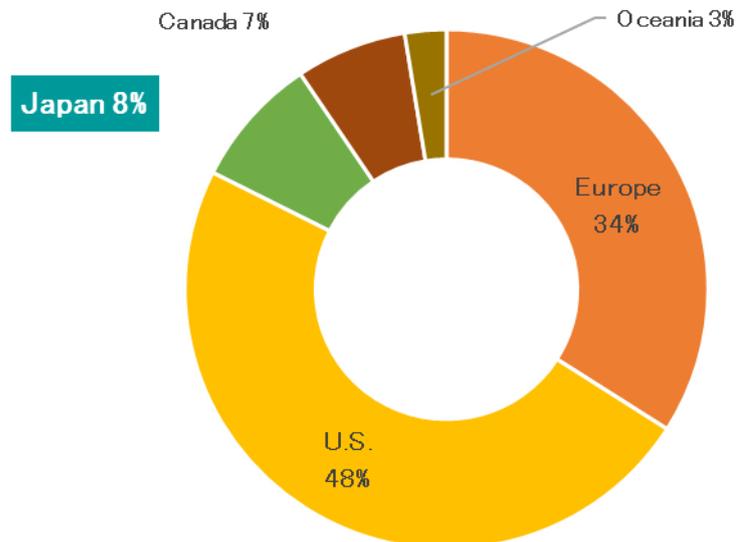
Tables 5 and 6 show the global balance of sustainable investment (the balance of sustainable investment by asset managers, institutional investors, etc. in each country), which increased about 2.7 times in the eight years from 2012 to 2020. Moreover, some estimates suggest that by 2030, it will increase to about 3.7 times the size of 2020. On the other hand, Japan's share of the total sustainable investment balance remains at 8 percent.

<Table 5 Sustainable Investment Balance>



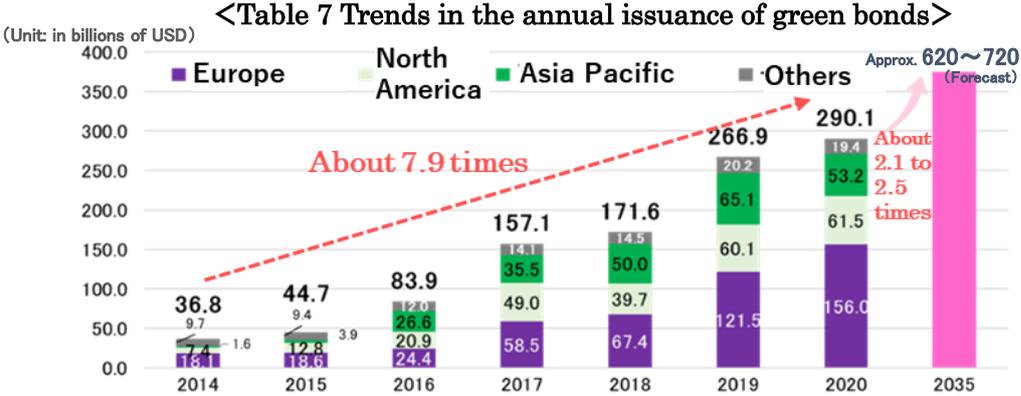
【Source】 Global Sustainable Investment Alliance *GLOBAL SUSTAINABLE INVESTMENT REVIEW 2020* (July 2021)
Deutsche Bank, *Climate change and corporates Past the tipping point with customers and stock markets* (November 2019)

<Table 6 Ratio of sustainable investment balance by country (region)>



【Source】 Global Sustainable Investment Alliance, *2020 GLOBAL SUSTAINABLE INVESTMENT REVIEW* (July 2021)

Table 7 shows the trends in the annual issuance of green bonds worldwide (aggregating the annual amount of green bonds issued by domestic companies and other entities, including national and local governments). The amount of green bonds issued worldwide has increased significantly, climbing about 7.9 times in the six years from 2014 to 2020. Some estimates suggest that by 2035, the amount of green bonds issued will increase to about 2.1 to 2.5 times the size of those issued in 2020. The amount of green bond issuance publicly offered in Japan is also growing rapidly, reaching 775.4 billion JPY in 2020. However, it is still at a low level compared to the global issuance of about 290 billion USD (around 30 trillion JPY).



[Source] Climate Bonds Initiative, *Market Data Platform*, as of June 1, 2021; OECD, *Analysing potential bond contributions in a low-carbon transition*

The amount of green bond issuance publicly offered in Japan

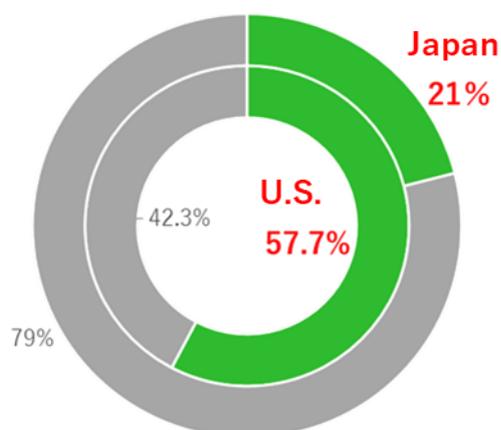
2016: 10 billion JPY; 2020: 775.4 billion JPY

[Source] Japan Securities Dealers Association, *Transition of SDGs publicly offered bonds issuance in Japan* (May 10, 2021)

② **Promotion of financial digitalization**

Table 8 provides the breakdown of systems-related expenses by purpose of Japanese and U.S. financial institutions in 2014. Meanwhile, Table 9 indicates the breakdown of systems-related expenses by purpose of Japanese financial institutions in 2019. The majority of systems investment by Japanese financial institutions is for the maintenance and operation of legacy systems (existing built systems), and investment in "change" (new development) remains at a much lower level than in that in the U.S.

<Table 8 Breakdown of systems-related expenses by purpose of Japanese and U.S. financial institutions (2014)>

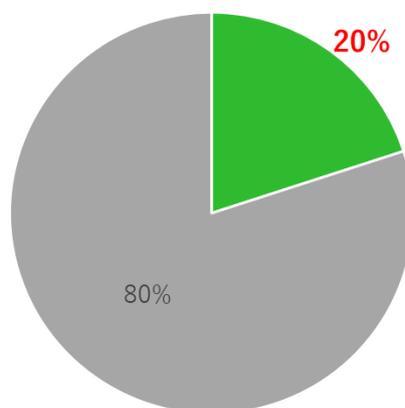


- Investment in "Change" (New development)
- Investment in "Maintenance" (Maintenance/Management, Security measures)

【Source】 U.S. : *Technology Business Research*

Japan: FISC, *Survey on the Systematization of Operations at Financial Institutions*, March 2014

<Table 9 Breakdown of systems-related expenses for Japanese financial institutions by purpose (2019) >

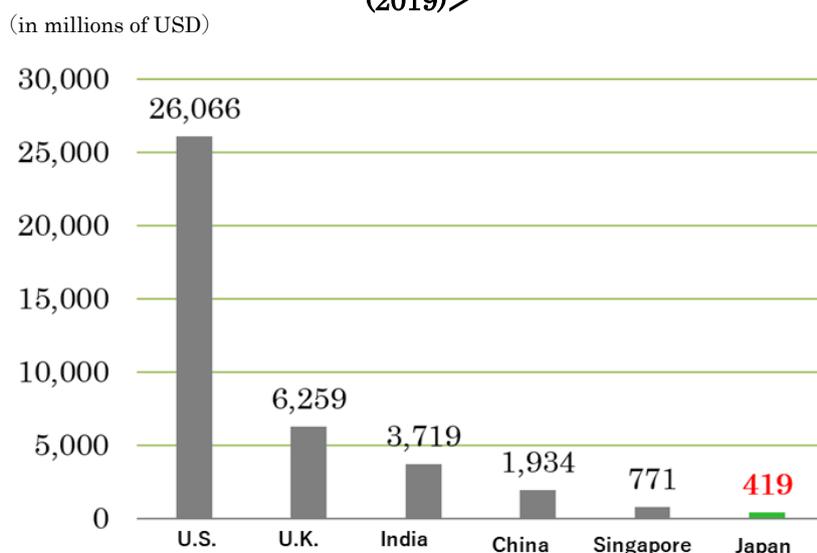


- Investment in "Change" (New development)
- Investment in "Maintenance" (Maintenance/Management, Security measures)

【Source】 FISC, *Results of Survey on Financial Institutions in FY 2020*, February 2021

Table 10 shows the annual amount of investment in FinTech companies from venture capital firms, etc. in 2019. The amount of investment in Japan remains low compared to the U.S., the U.K., and other countries.

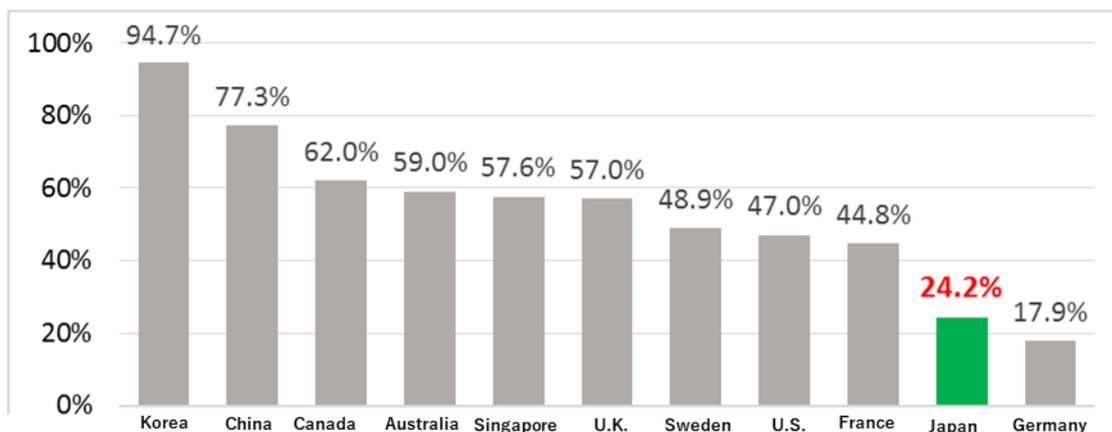
<Table 10 Annual amount of investment in FinTech companies from venture capitals, etc. (2019)>



【Source】 Accenture, *Research analysis on CB Insights data*

Table 11 displays the status of cashless payments in the world's major countries. The cashless payment ratio in Japan slightly increased from 21.4 percent in 2017 to 24.2 percent in 2018 but is still low compared to Western countries.

<Table 11 Status of cashless payments in the world's major countries (2018)>

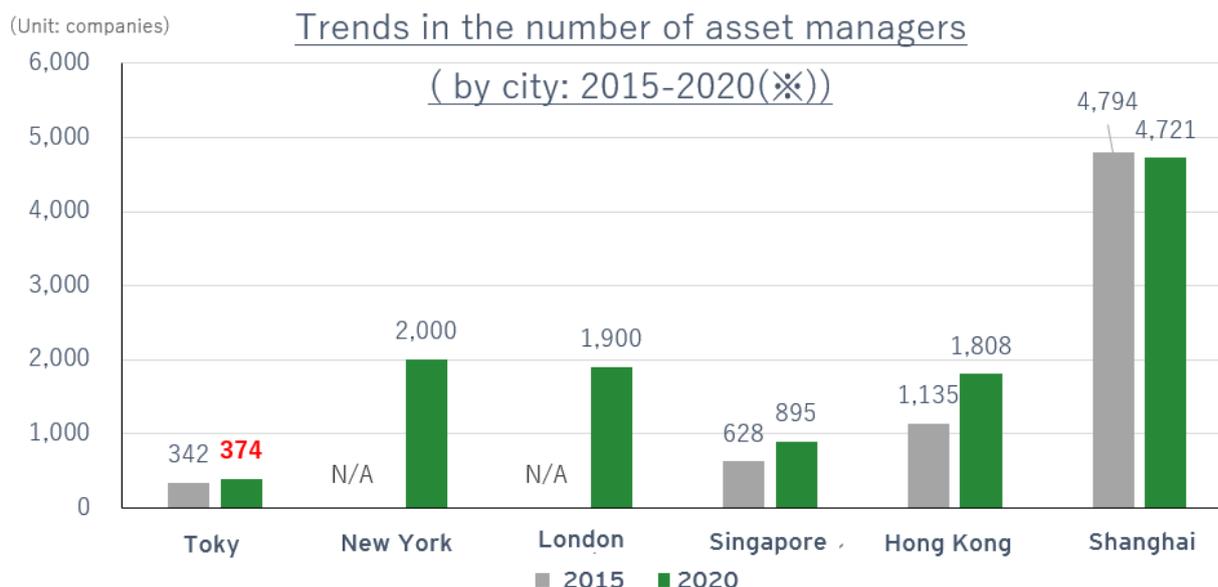


【Source】 The World Bank, *Household final consumption expenditure, 2018* (Updated on December 19, 2019)
 Calculated based on annual payments by non-cash means from the Redbook Statistics (2017) published by the Bank for International Settlements (BIS). ※For China, the data is provided by Euromonitor International for reference.

③ Promotion of accumulation of finance-related players

Table 12 shows the trends in the number of asset managers. The number of asset managers in Tokyo has been on the rise, but its growth rate is lower than that of Singapore and Hong Kong. The absolute number is also lower than that of other cities.

<Table 12 Trends in the number of asset managers (by city: 2015 through 2020 (※)) >



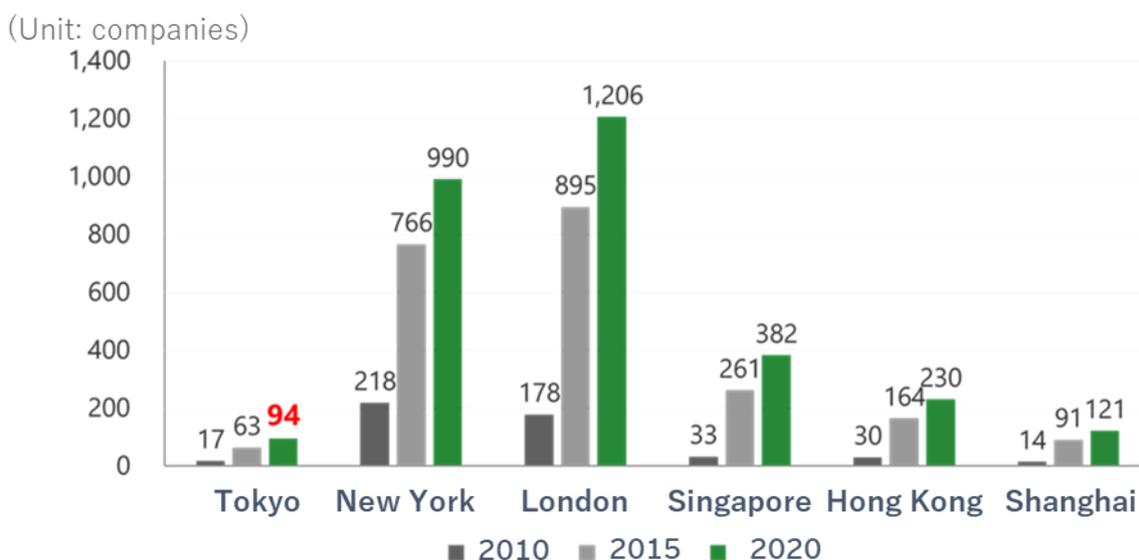
(※) The latest figures available in or as of 2020 are shown.

(※) The numbers of companies in New York and London as of 2015 were not available, thus "N/A" is stated.

【Source】TMG made this graph based on documents of regulatory agency and industry group.

Table 13 shows the trends in the number of FinTech companies. Although the growth rate of the number of FinTech companies in Tokyo is high, it lags behind other cities in terms of absolute numbers.

<Table 13 Trends in the number of FinTech companies (by City: 2010 through 2020(※)) >



(※)The latest figures available in or as of 2020 are shown.

【Source】Crunchbase

<https://www.crunchbase.com/search/organization.companies/9d1160ba180ddadf487c869dd737edb5>

III Specific measures

In order for Tokyo to become a global financial city backed by the real economy, it is necessary to build an investment chain that provides a smooth supply of funds based on the existence of diverse economic activities, companies, and projects.

In light of the international financial environment and challenges facing Tokyo, the keys to building an investment chain are:

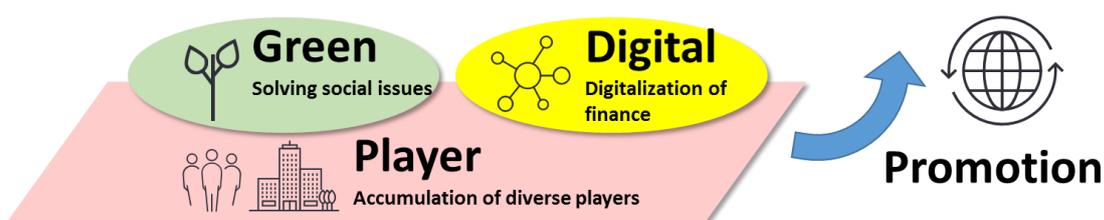
- ① Enrichment of green and other sustainable finance-related products and ESG projects as "investment targets";
- ② Promotion of financial digitalization as infrastructure; and
- ③ Accumulation of players related to "funds intermediaries."

These areas need to be addressed in a focused manner.

To this end, the following three pillars are set forth and specific measures to be developed are described in this chapter.

1. Establishment of a robust financial market that helps solve social issues
~Promotion of the Tokyo Green Finance Initiative (TGFI)~
2. Digitalization of finance through the utilization of FinTech, etc.
3. Accumulation of asset managers and other diverse financial players

At the same time, as a basis for increasing the effectiveness of these measures, it is important to be more proactive than ever in disseminating information (promotion) about the Vision and specific measures both at home and abroad, which will be discussed in the next chapter (Chapter IV).



1 Establishment of a robust financial market that helps solve social issues

~Promotion of the Tokyo Green Finance Initiative (TGFI)~

- The global environment is reaching a major turning point, intensifying our sense of urgency that we are approaching a "point of no return" where stability and resilience will be irreversibly lost.
- As countries around the world are making a major shift to drastically reduce their emissions of CO2 and other greenhouse gases, ESG, comprising environmental (E), social (S), and governance (G) issues, could be a "game changer" that may significantly change the shape of society and industry in the future.
- In response to the growing interest of consumers and investors in climate change, companies producing goods and services are expected to increasingly choose "places" where they can create added value.
- In this context, TMG is promoting "Sustainable Recovery", which aims for sustainable economic and social recovery with an eye toward the post-COVID-19 society, and considers environmental efforts as an investment in growth rather than a cost. TMG is implementing measures such as "Carbon Half" by 2030 and "Zero Emission Tokyo" strategy by 2050.
- Efforts to transform Tokyo into a green city that would be selected by the rest of the world require a large amount of funds. The development of green finance that facilitates the supply of domestic and international funds for such efforts and finance that supports the transition to a decarbonized society will help enhance Tokyo's presence as a global financial city.
- To this end, the Tokyo Green Finance Initiative (TGFI) will be vigorously promoted to create a virtuous cycle of the environment and the economy from Tokyo, and to simultaneously promote the green transformation of the urban and financial systems, thereby improving the QOL of Tokyo residents and realizing sustainable economic growth.
- While taking the lead in green (E) initiatives, for the development of sustainable finance as a whole, TMG will expand efforts to other areas, such as social (S), which aims to solve social issues, keeping in mind a wide range of finance forms such as bonds, loans, and equity.

<Direction of measures>

<p>Accelerating the development of Tokyo's green finance market</p>	<p>Attracting market players and supporting business development</p>	<p>Sharing information and nurturing ESG expertise</p>
<ul style="list-style-type: none">① Development of an information platform on ESG-related corporate initiatives, etc.② Support for green bond issuers③ Leading the market as an anchor issuer and investor	<ul style="list-style-type: none">① Attracting and fostering green finance-related asset managers, etc.② Encouraging green finance among SMEs③ Attracting individual investors	<ul style="list-style-type: none">① Promotion of Tokyo's advanced environmental policies and dissemination of the projects② Dissemination of information on companies with superior environmental technologies and promotion of technology development③ Attracting and nurturing highly-skilled human resources who will be responsible for sustainable finance

(1) Accelerating the development of Tokyo's green finance market

- The trend of incorporating ESG factors into their investment decisions and engagements by institutional investors and asset managers is accelerating, leading to widespread calls for investee companies to further disclose ESG information. The disclosure of accurate information can be an important factor to promote dialogue between issuers and investors and to attract new issuers and investors to the Tokyo market.
- When issuing green bonds, issuers are required or recommended to obtain a review by an external organization in relation to the evaluation and selection process of projects for which the proceeds are to be used, but this imposes a burden on issuers in terms of cost and procedures.
- Many local governments are ramping up their efforts to address climate change issues. Green bonds could be effectively used as one of the means to provide the necessary funds for local governments to promote decarbonization efforts and projects.

<Major initiatives>

- ① **Development of an information platform on ESG-related corporate initiatives, etc.**
 - Disclose ESG-related information on companies, etc. held by TMG in a way that is easy for everyone to use, while taking into account the moves by the government and Japan Exchange Group, Inc. (hereinafter "JPX") to establish an information infrastructure and certification framework for green bonds.
 - Consider ways to effectively disclose information so that excellent real estate can be evaluated from the perspectives of decarbonization and energy conservation in terms of finance, as well as measures to promote green buildings, as more than 70 percent of CO2 emissions in Tokyo come from buildings.
- ② **Support for green bond issuers**
 - Take measures to reduce the burden of external reviews, etc. that are required when issuing green bonds, etc.
- ③ **Leading the market as an anchor issuer and investor**
 - TMG will maintain and improve its presence as an issuer in the market by continuing to issue green bonds and will establish a track record in social bonds to be issued from FY2021.
 - TMG will share its accumulated knowledge and know-how on green bond issuance with other local governments, etc., in order to stimulate the momentum of green bond issuance in Japan as a whole.
 - TMG will continue participating in financial and capital markets as an investor and

will further grow its presence in order to further expand ESG investment in society as a whole, for example by more actively taking into account non-financial factors related to ESG when making investments.

- TMG will investigate and study new financial methods such as impact investment to build a financial market that contributes to solving social issues.

(2) Attracting market players and supporting business development

- In order to develop ESG finance and green finance, it is important to attract/develop a wide range of related companies, including asset managers with expertise in this field and FinTech startups and highly specialized human resources.
- With growing interest in the emissions of the entire supply chain, decarbonization efforts will be a key factor for SMEs to continue to win orders from their business partners. To encourage SMEs to take action, it is necessary to promote the greening of bank loans, etc. in the field of indirect finance.
- It is critical to offer ESG investment options to individual as well as institutional investors; to bridge the gap between the approximately 1,900 trillion JPY in personal financial assets and investments for the realization of a decarbonized society; and to ensure shifts from savings to investment.

<Major initiatives>

① Attracting and fostering green finance-related asset managers, etc.

- Implement measures to reduce the burden of costs required for foreign financial companies working on green finance to establish their business in Tokyo; assist business matching with companies in Tokyo; and provide support for obtaining financial licenses
- Enhance Tokyo's presence in the field of green finance by rewarding financial businesses that promote ESG investment through the Tokyo Financial Award (ESG Investment Category)
- Actively disseminate information on Tokyo's green finance initiatives through seminars, etc., to enhance Tokyo's recognition as a center for green finance

② Encouraging green finance among SMEs

- Provide SMEs with information on global trends related to SDGs and ESG and the financing that supports these trends by holding seminars and workshops, thereby encouraging SMEs to invest in decarbonization and to disclose ESG-related information
- Collaborate with regional financial institutions to revitalize green loans for SMEs
- Consider measures to support transitions by SMEs, taking into account the government's guidelines on transition finance

③ Attracting individual investors

- Develop an environment that facilitates the participation of investors in sustainable finance, such as requesting the government to incorporate an ESG index into the reference index for *Tsumitate* NISA (Dollar-Cost Averaging NISA)
- Provide information on global trends related to SDGs and ESG in an easy-to-

understand manner by holding seminars and symposiums to improve the financial literacy of Tokyo residents

(3) Sharing information and nurturing ESG expertise

- In response to the major crisis of climate change facing the world, it is essential to proactively disseminate information about the major policy of envisioning a sustainable city in harmony with nature and strongly promoting the green transformation of the entire city, as well as the various efforts of industry, government, and academia to achieve this goal.
- Providing investors and external evaluation bodies with information on efforts toward decarbonization and excellent environmental technologies of companies in Tokyo is important both for attracting foreign investment and as a growth strategy for Tokyo.
- To stimulate the green finance market, it is necessary to accumulate highly-skilled financial professionals, who will be responsible for green finance in Tokyo, in addition to attracting and nurturing foreign financial companies. This will require both efforts to attract foreign talent and to train them in Japan.

<Major initiatives>

- ① **Promotion of Tokyo's advanced environmental policies and dissemination of projects**
 - Work on a number of projects that will lead to "Sustainable Recovery" and generate demand for green financing
 - In addition to the financial information provided to date, proactively disseminate information on TMG's measures and projects for decarbonization to overseas markets through Access to Tokyo, the Business Development Center TOKYO, and diplomatic missions abroad
 - Strengthen overseas promotion in cooperation with FCT and information dissemination, including participating in English-language international conferences and seminars by utilizing AI translation technology, etc.
- ② **Dissemination of information on companies with excellent environmental technologies and promotion of technology development**
 - Disseminate information on companies with excellent technologies through trade fairs and exhibitions of Green-Tech; and support the growth of SMEs and startups with excellent technologies and ideas in cooperation with the "Startup Ecosystem Tokyo Consortium"
 - Promote approaches from the procurement side, such as adopting excellent technologies and products at administrative sites, and provide startup companies with opportunities for demonstration experiments to build their track records
- ③ **Attracting and nurturing highly-skilled human resources who will be responsible for sustainable finance**

- Improve the business and living environment for attracting highly-skilled and experienced financial professionals to Tokyo
- Nurture highly-skilled financial professionals with perspectives in the field of sustainable finance by collaborating with universities and research institutes in Tokyo, such as by utilizing the finance programs, seminars, and symposiums at the Graduate School of Business at Tokyo Metropolitan University

2 Digitalization of finance through the utilization of FinTech, etc.

- The recent remarkable progress in digital technology is expected to accelerate the trend of digital transformation to a greater extent than ever before. In addition, in a post COVID-19 society, demand for shifts to "non-face-to-face" and "contactless" services is expected to increase.
- Amid significant changes in the economic structure driven by the wave of digitalization, the financial industry also has to respond to these major trends.
- The progress of digitalization has facilitated the convergence of the "financial" and "non-financial" sectors, diversifying the players in the financial business. It is important to develop support measures and an environment to encourage the activities of FinTech companies and startups that can play a major role in digitalization.
- The digitalization of the "funds intermediaries" that mediate between investors and investees through utilizing FinTech will help to strengthen the smooth flow of funds, or the "investment chain."
- In addition, promoting cashless payments in an entire society will prompt the creation, collection, and use of data on economic activities involving payments, which can be a driver for the creation of new financial services using such data.
- It is vital to respond appropriately to these trends toward digitalization, to enhance the service level, to create innovative new services, and to improve the quality of life for Tokyo residents.

<Direction of measures>

Attraction, establishment, and growth support for FinTech companies	Promotion of digitalization of funds intermediaries	Promotion of cashless payments
<ul style="list-style-type: none">① Attraction of overseas FinTech companies and support for their establishment② Growth support for FinTech companies③ Creation of business opportunities for FinTech companies	<ul style="list-style-type: none">① Promotion of data utilization by asset managers, etc.② Development of a fully digitalized business environment③ Promotion of collaboration between financial institutions and FinTech companies	<ul style="list-style-type: none">① Promotion of cashless payments to private businesses, etc.② Promotion of cashless system in the metropolitan government③ Study on the use of new digital technologies

(1) Attraction, establishment, and growth support for FinTech companies

- The accumulation and fostering of FinTech companies are essential for Tokyo to become a world-leading global financial city. It is also an important initiative to improve the convenience of life for Tokyo residents and the people of Japan, as well as to revitalize industries.
- It is necessary to provide seamless support to meet the various needs of FinTech companies at each stage of their expansion, from the establishment of a domestic base for FinTech companies invited from overseas to the full-scale expansion of their business, and from the startup of FinTech companies in Japan to the full-scale development of their business.
- When considering support measures, care should be taken to ensure that domestic businesses and those invited from abroad enjoy equal treatment.

<Major initiatives>

① Attraction, establishment, and growth support for foreign FinTech companies

- Provide support to attract overseas FinTech companies by reducing their burden of initial costs required to establish a base in Tokyo, including costs for strengthening business infrastructure, such as consulting fees for specialized institutions and office rent
- Business Development Center TOKYO (Financial One-Stop Support Service) provides comprehensive consulting services, including various consultations and referrals to financial experts such as lawyers and accountants
- Promote business expansion into Tokyo by enhancing descriptions of FinTech-related licenses in English manuals on financial license registration procedures

② Growth support for FinTech companies

- Offer mentoring services, such as business plan preparation support, to the companies that pass the first-stage screening in the Financial Innovation Category of the Tokyo Financial Award
- Establish a fund sponsored by TMG to support FinTech companies supported by TMG and offer financial and managerial support to FinTech startups with innovative technologies and services

③ Creation of business opportunities for FinTech companies

- Support the promotion of FinTech companies by encouraging them to take advantage of opportunities to introduce their businesses at events hosted by overseas cities
- Create business opportunities for FinTech companies by promoting interactions

between domestic companies and FinTech companies, and between FinTech companies in cooperation with FinTech industry associations and facilities accommodating startups

(2) Promotion of digitalization of funds intermediaries

- The digitalization of "funds intermediaries", such as asset managers and financial institutions, is expected to lower operating costs, which in turn will lead to lower investment-related costs for investors. It is also expected to help develop new methods of funds intermediation and ensure the resilience and security of the system.
- Although the Financial Services Agency (FSA) and the Bank of Japan (BOJ) have been promoting the development of online procedures for applications for financial licenses and various reports and notifications to regulatory authorities, there remain some procedures that should be completed on paper. Further improvements need to be made to the business environment so these procedures can be completed digitally.
- While advanced financial services are being developed and provided by FinTech companies due to the widespread use of smartphones, the use of these services by financial institutions has not yet progressed sufficiently, and further collaboration needs to be promoted.

<Major initiatives>

- ① **Promotion of data utilization by asset managers, etc.**
 - Spread and raise awareness of the trends of digitalization in financial services, the importance of data utilization, and the promotion of the use of alternative data, with a view to the stable growth of asset managers, etc. as "funds intermediaries"
- ② **Development of a fully digitalized business environment**
 - Make requests to the relevant organizations to promote further digitalization of applications for financial licenses and various reports
 - At the same time, make requests to allow for applications in English
- ③ **Promotion of collaboration between financial institutions and FinTech companies**
 - Host pitch events in cooperation with industry associations, incubation facilities, etc., as a place for matching between financial institutions and FinTech companies
 - Promote the creation of new services in collaboration with financial institutions through the TMG-invested funds

(3) Promotion of cashless payments

- The advancement of cashless payments in society will help enhance convenience for Tokyo residents and the productivity of SMEs and other businesses, and may also become a driver for the creation of new financial services using payment data, etc.
- Cashless payments should be promoted in TMG, for instance at the facilities of the Tokyo Metropolitan Government Building and other facilities for the use of Tokyo residents with the aim of increasing user convenience and improving the administrative efficiency.
- In addition to promoting cashless payments, it is necessary to conduct research and studies on the use of new digital technologies.

<Major initiatives>

① Promotion of cashless payments to private businesses, etc.

- Understand the current status and challenges of cashless payments in Tokyo and then study measures for promotion of cashless payments from various perspectives, including the contribution to revitalization of the domestic FinTech market

② Promotion of cashless system in the metropolitan government

- Promote cashless payments at all TMG's facilities to accelerate the realization of digital government, improve the QOS of TMG, and enhance the QOL of Tokyo residents
- Promote cashless tax payments for metropolitan taxes in order to enhance convenience for taxpayers and the efficiency of internal administrative work

③ Study the use of new digital technologies

- Research and study the trends and potential applications of new technologies such as blockchain and distributed ledger technology

3 Accumulation of asset managers and other diverse financial players

- Despite the major trend of digitalization, the physical accumulation of companies and human resources will continue to be an important factor in terms of competitiveness as a global financial city. The concentration of highly-skilled financial professionals attracts investment funds and information from all over the world and will lead to the creation of new services through collaboration among companies.
- Currently, the accumulation of diverse finance-related players, including asset managers and FinTech companies, is not sufficient compared to other major global financial cities such as New York and London.
- With regard to asset managers and FinTech companies, which are important elements of a global financial city, efforts need to be made to attract foreign companies and to support entrepreneurship and growth in Japan.
- It is also necessary to focus on peripheral industries related to the business development of asset managers, such as data centers, settlement, information security, and research institutes.
- To attract foreign financial companies, it is important to continue to focus on reviewing taxation systems and regulations. At the same time, efforts should be made to nurture financial professionals and enhance the financial literacy of Tokyo residents because human resources with high-level financial knowledge and the existence of huge assets under management that can serve as a source of profit are decisive factors for businesses expanding into Tokyo.
- Furthermore, to attract foreign financial companies to Tokyo, TMG needs to work more closely with the national government and related organizations due to the need to review various systems and effectively disseminate information to overseas markets.

<Direction of measures>

Promoting the attraction of asset managers, etc.	Establishment and growth support for asset managers	Development of financial professionals and improvement of financial literacy
<ul style="list-style-type: none"> ① Development of an attractive business environment ② Development of an attractive living environment ③ Attraction of foreign financial companies and personnel 	<ul style="list-style-type: none"> ① Support for establishing asset managers ② Nurturing of asset managers and development of their management base ③ Creation of business opportunities for asset managers 	<ul style="list-style-type: none"> ① Nurturing of highly-skilled financial professionals, etc. ② Development of TMG's employees with expertise in international finance ③ Enhancing the financial literacy of Tokyo residents

(1) Promoting the attraction of asset managers, etc. (including FinTech companies, etc.: the same shall apply hereinafter)

- An attractive business environment is crucial in promoting the attraction of foreign companies to accumulate asset managers, etc.
- The key elements of attractive business environment for foreign companies include, in addition to the tax burden reduction and regulatory review that have been focused on to date, promoting the listing of foreign companies on the Tokyo market and creating an environment to facilitate international arbitration in the event of legal disputes.
- Furthermore, it is essential to improve Tokyo's living environment, such as medical care and education, including for accompanying family members. In particular, various measures should be taken to improve the educational environment, which is emphasized by highly-skilled financial professionals.
- Information should be disseminated effectively so that the development of such business and living environments as well as various types of incentive measures reach target companies for attraction.

<Major initiatives>

① Development of an attractive business environment

- Understand the needs of related parties and make requests to the national government for necessary revisions of taxation and regulations
- Update the “English Guide to Financial License Registration Procedures” every year in response to government system revisions, etc., and disseminate it in cooperation with overseas diplomatic missions, JETRO, etc.
- Promote fund-raising (stock listings and JDRs) by foreign companies (including Japanese corporations established by foreign companies to raise funds) at the Tokyo Stock Exchange in cooperation with JPX etc.
- Disseminate information on the attractiveness of Tokyo as a location for international arbitration and hearings, both domestically and internationally, in light of the opening of the Japan International Dispute Resolution Center (JIDRC) in 2020

② Development of an attractive living environment

- Take concrete measures such as inviting new schools and disseminating information on existing schools to further improve the situation of international schools in Tokyo
- Make requests to the national government to promote the development of multilingual service apartments and medical facilities by utilizing the National Strategic Special Zone system, and to review regulations on the status of residence, such as easing the requirements for domestic helpers and parents accompanying highly-skilled personnel.

- Continue to urge the national government to create special exceptions for the residency of same-sex partners to accelerate the entry of foreign companies in the financial sector, etc. by promoting the acceptance of highly-skilled foreign professionals, including those from LGBT community.

- ③ **Attraction of foreign financial companies and personnel**
 - Strengthen the dissemination of TMG's incentive measures and the latest information on the Tokyo market through Access to Tokyo and the Business Development Center TOKYO; and expand the website where foreign financial companies and human resources can collect various information in a one-stop manner
 - Support the smooth acquisition of licenses by foreign financial companies through cooperation between the "Financial One-Stop Support Service" of TMG and the "Financial Market Entry Office" established by the FSA

(2) Establishment and growth support for asset managers

- Entry of new financial players into the Tokyo market needs to be encouraged so that quality financial services and products can be offered to Tokyo residents. In particular, it is important to promote the entry of asset managers that play an important role in building stable assets for the people and supplying risk money to growing industries.
- The heavy burden of middle and back-office work is an issue for asset managers during their start-up period, and measures to reduce this burden need to be implemented in order to attract and foster asset managers.
- For overseas asset managers who do not have a track record in Japan, lack of matching opportunities with domestic institutional investors is one of the challenges they face in deciding on their expansion into Tokyo.

<Major initiatives>

① Support for establishing asset managers

- Operate the "Tokyo One-Stop Business Establishment Center" jointly with the national government to provide an integrated service for various procedures necessary to establish a corporation and start a business.
- Provide businesses planning to start asset management services with expert information and advice on licensing, business start-up procedures, etc.; and offer support for smooth business start-up by holding seminars where advice can be obtained from those with start-up experience, etc.

② Nurturing of asset managers and development of their management base

- Promote the Emerging Managers Program (EMP) to support the establishment and development of asset managers
- Strengthen the management base of asset managers by providing subsidies for outsourcing middle and back office operations, etc. so they can focus their management resources on investment management; and for that purpose, strive to create an environment in which Tokyo residents can feel secure in their investment, such as by requesting the adoption of the "Principles for Customer-first Business Practices" set forth by the Financial Services Agency.
- Conduct hearings, etc. to collect opinions from financial institutions contributing funds to asset managers and use them to establish a system of asset managers

③ Creation of business opportunities for asset managers

- Hold seminars for information exchange and matching between asset managers at home and abroad and institutional investors

- Create business opportunities by, for example, adding the perspective of fostering emerging asset managers when soliciting managers for funds invested by TMG

(3) Development of financial professionals and improvement of financial literacy

- For sustainable growth of Tokyo as a global financial city, it is necessary to attract and nurture financial companies, as well as to develop highly-skilled financial professionals who have knowledge of sustainable finance and cross-border transactions.
- It is also essential to develop experts in the fields, such as data science, legal affairs, and compliance, who can cope with the progress of digitalization, revisions in laws and regulations etc.
- TMG also needs to develop employees who are well versed in the practices and systems of international finance in order to steadily promote the measures set forth in the "Vision" in cooperation with relevant parties.
- Efforts should be made to enhance the financial literacy of Tokyo residents and ensure shifts from "savings to investment" with a view to building stable household financial assets and revitalizing the financial market.

<Major initiatives>

- ① **Nurturing of highly-skilled financial professionals, etc.**
 - Nurture highly-skilled financial professionals with perspectives in the field of sustainable finance by collaborating with universities and research institutes in Tokyo, for instance by utilizing the finance programs, seminars, and symposiums at the Graduate School of Business at Tokyo Metropolitan University
 - Consider measures to develop data scientists who support advanced financial specialists and human resources for legal and compliance affairs related to finance, in cooperation with Tokyo Metropolitan University, etc.

- ② **Development of TMG's employees with expertise in international finance**
 - Develop personnel well versed in international finance in a planned manner by dispatching TMG employees to the national government (Financial Services Agency) and to institutions related to international finance (City of London, domestic and international financial institutions)

- ③ **Enhancing the financial literacy of Tokyo residents**
 - Hold financial seminars for Tokyo residents during the "Tokyo Sustainable Finance Week (TSFW)" to raise their awareness of sustainable finance
 - Compile brochures for high school teachers describing financial education in civics and home economics classes, including examples of lesson plans and teaching tips
 - Conduct a basic course on asset building for Tokyo residents at the Open University of Tokyo Metropolitan University
 - Implement measures to promote the spread of *Tsumitate NISA (Dollar-Cost*

Averaging NISA) and iDeCo in cooperation with the national government

IV Dissemination of information on each initiative (promotion)

- To become a world's leading " global financial city," it is important to work closely with FCT, the Japan External Trade Organization (JETRO), and other overseas financial promotion organizations to provide broad and strategic information on the attractiveness of Tokyo as a city, as well as on TMG's specific support measures.
- In addition, there are companies in Tokyo that have excellent technologies and products but have difficulty in disseminating such information in English due to human resource and financial constraints, making them "hidden gems." The initiative to support the dissemination of information on these companies in English will help attract investment to Tokyo.
- It is also vital to establish a system to facilitate foreign financial companies and personnel considering entering the Tokyo market to obtain information on various support measures in an integrated manner.

<Major initiatives>

- ① **Disseminating the attractiveness of “Global Financial City: Tokyo”**
 - Encourage promotional activities targeting both domestic and overseas markets in cooperation with FCT, the Japan External Trade Organization (JETRO), etc.
 - Promote the attractiveness of Tokyo and its business environment by utilizing Business Development Center TOKYO Hong Kong Office, which opened in 2020 as a base to prompt companies in Hong Kong and other Asian countries to enter the Tokyo market
 - Disseminate information on the attractiveness of Tokyo and business opportunities from the perspective of third parties, such as experts and celebrities active in the financial sector and the foreign business community stationed in Japan.
 - Select content and media to disseminate information so that the necessary information can reach the target audience. SNS and videos will also be actively used for information dissemination.
- ② **Support for companies to disseminate information in English**
 - Provide support such as advice on English information disclosure and translation of IR materials into English for companies that have excellent technologies and products but have difficulty in disseminating information in English in cooperation with the FCT.
- ③ **Improvement of information accessibility for foreign financial companies and personnel**

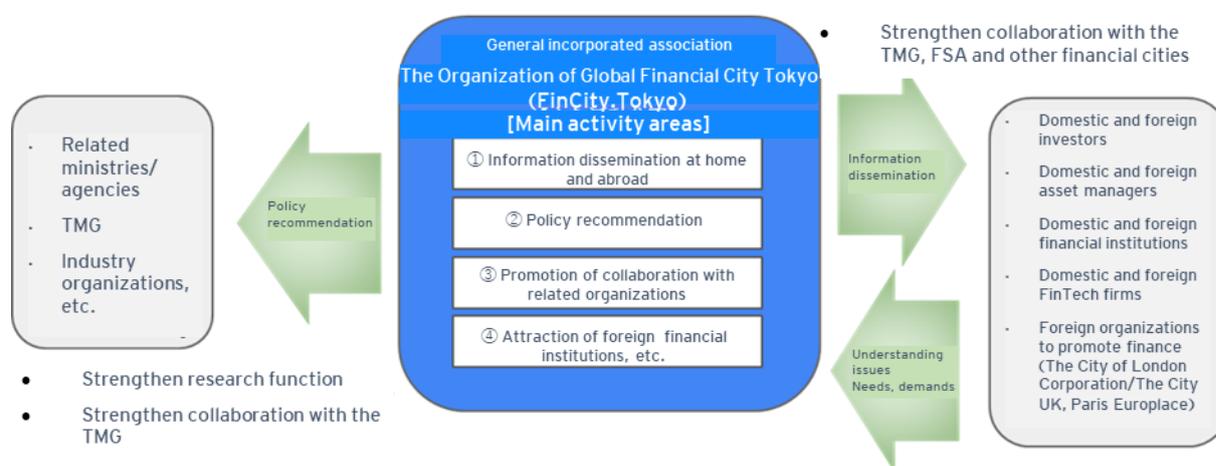
- Enhance the quality and quantity of information dissemination through Access to Tokyo and the Business Development Center TOKYO
- Develop a website to enable users to collect various support information in a one-stop manner

V Structure to realize the contents of the “Global Financial City: Tokyo” Vision

(1) Positioning of FCT and the division of roles with TMG

Financial promotion activities are indispensable for enhancing Tokyo's attractiveness as a financial market and making it a world-class global financial city; and knowledge and know-how of the private sector are essential for this promotion. For this reason, FCT was established in April 2019 as the Japan's first public-private partnership financial promotion organization with the participation of a wide range of financial professionals from the private sector.

Organization profile		Japan's first public-private financial promotion organization	
Name	The Organization of Global Financial City Tokyo (FinCity.Tokyo), General incorporated association		
Mission	To boost the attractiveness of Tokyo's financial ecosystem, raising its profile as a top-class global financial city		
Established	April 1, 2019		
Chairman	Hiroshi Nakaso (Chairman, Daiwa Institute of Research Ltd., Former Deputy Governor of the Bank of Japan)		
Number of members (As of June 30, 2021)	49		



The main activities of FCT comprise: ① “Information dissemination to promote the attractiveness of the “Global Financial City: Tokyo””; ② Collaboration with overseas financial promotion organizations; ③ Support for establishing a base of and attracting foreign financial companies; and ④ Policy recommendation to related organizations.

With regard to ① "Information dissemination to promote the attractiveness of the "Global Financial City: Tokyo", efforts are being made to raise awareness about Tokyo as a global financial city and communicate its attractiveness through holding seminars and roundtables, participating in conferences, and making individual visits to major cities in Japan and overseas.

Concerning ② "Collaboration with overseas financial promotion organizations", the foundation for overseas collaboration has been laid through the conclusion of a Memorandum of Understanding (MoU) with Paris EUROPLACE, participation in the World Alliance of International Financial Centers (WAIFC), etc.

Regarding ③ "Support for establishing a base of and attracting foreign financial companies", relationship managers for attracting foreign financial companies have been assigned to follow up on companies that have participated in various events but not yet entered the market. In addition, TMG supports the establishment of a network of companies that have entered the market and holds regular meetings jointly with the Business Development Center TOKYO (Financial One-Stop Support Service), etc. to introduce and follow up on companies that are considering entering the market.

As for ④ "Policy recommendation to related organizations", FCT aims to optimize a system by encouraging the national government, TMG, and industry organizations to consider the needs of foreign financial companies and human resources.

Given that FCT was established and is engaged in activities aimed at utilizing private-sector knowledge and know-how, it is important to position FCT as a "partner that contributes to the realization of the "Global Financial City: Tokyo" by utilizing the knowledge and know-how of the private sector and collaborating with TMG as an administrative entity.

TMG and FCT's basic roles as follows:

- ① FCT takes the lead among the private sector in promoting initiatives that require the use of private-sector knowledge and expertise, such as financial promotion and eliciting the opinions of finance-related industries.
- ② TMG carries out projects that should be undertaken by government, such as policy formulation and supplementary market functions (e.g., formulation of the "Vision", establishment of subsidies, investment in funds to attract private capital, etc.)

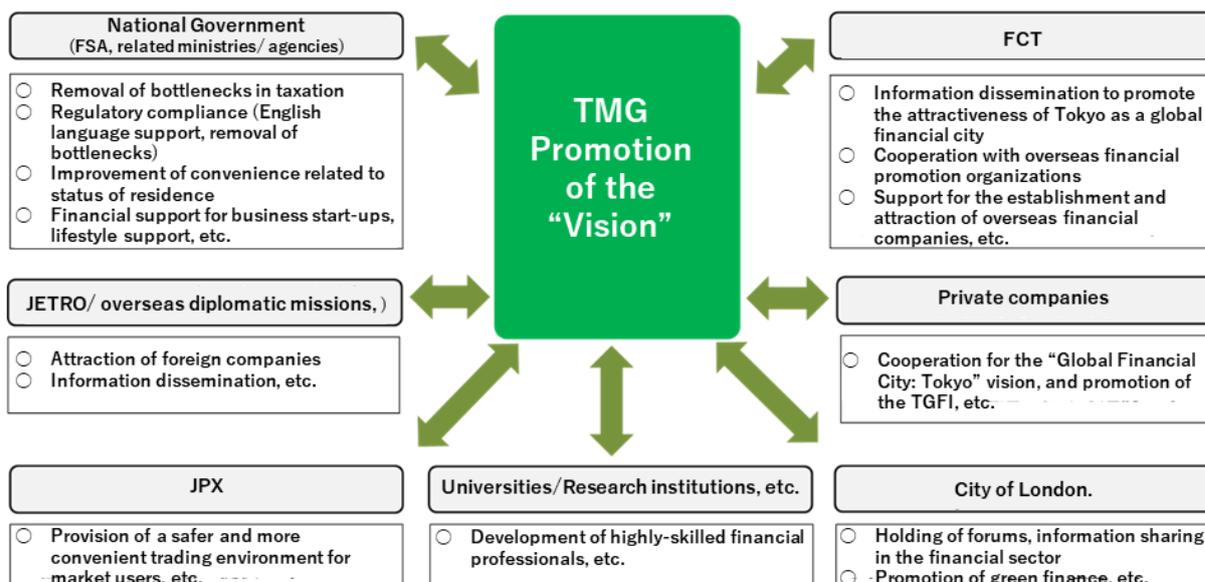
TMG and FCT will accelerate their efforts to realize the "Global Financial City: Tokyo" by leveraging their respective strengths (private-sector knowledge and mobility of FCT, supplementary market functions of TMG, etc.) and working closely and cooperatively under an appropriate division of roles.

(2) Public-private partnership to realize the "Vision"

In order to implement the specific measures described in III and to advance the promotional efforts provided in IV, collaboration with various stakeholders is essential, including the Financial Services Agency/other government agencies, FCT, the financial industry/other private businesses, universities/ research institutions, and the City of London.

In January 2021, the national government launched the "Financial Market Entry Office" to provide one-stop services in English for foreign asset managers entering the Japanese market, such as consultation and procedures for registration. In addition, the government has been enhancing provision of services in English by introducing AI-powered voice and text translation service. TMG will deepen cooperation between the Business Development Center TOKYO and the "Financial Market Entry Office" of the national government to develop such a business environment and will urge the national government to make necessary amendments to the system in order to create an environment where highly-skilled foreign financial professionals can live comfortably. Moreover, TMG will collaborate with the government and JPX's efforts to improve the environment for the promotion of sustainable finance (e.g., enhancing corporate information disclosure and fulfilling market functions).

TMG will collaborate with the City of London, a local government that serves as the hub of London's financial functions, with which TMG signed an MoU (agreement) in December 2017, in organizing events and seminars for the financial sector, financial education programs, promotion of green finance, etc.



VI KPIs to be achieved by 2025 and 2030

In promoting this "Vision", Key Performance Indicators (KPIs) will be used for target management.

TMG has set a long-term goal for 2030 and an intermediate goal for 2025 to achieve the long-term goal, and will strive to deepen its efforts while monitoring the degree of achievement.

Specifically, in addition to the goals for the three pillars stated in III, calculations will be made on the ripple effects that the revitalization of the financial industry through the promotion of the Vision will have on the Tokyo economy.

Field	Item	2020 (Rreference)	2025	2030
① Establishment of a robust financial market that helps solve social issues	Ratio of outstanding sustainable investments through Japanese institutional investors to the global total	8.1%	10%	15%
	Amount of green bond issuance publicly offered in Japan	0.8 trillion JPY	1.6 trillion JPY	3 trillion JPY
	Survey results on Tokyo residents' interest in green finance	Interest in ESG investment (% of respondents who answered "Yes")		
		11.5% (Private survey・ Whole Country)	30%	50%
② Digitalization of finance	Number of FinTech companies in Tokyo	94 companies	200 companies	400 companies
	Ratio of cashless payments in Tokyo	21.6% (2014)	50%	80%
③ Accumulation of players	Number of asset managers in Tokyo	374 companies	600 companies	900 companies
	Number of FinTech companies in Tokyo (reposted)	94 companies	200 companies	400 companies
Ripple effects of financial revitalization on industries in Tokyo	Effect of boosting GDP in Tokyo (Cumulative amount compared to FY2019)※	108 trillion JPY (2019)	5 trillion JPY increase	10 trillion JPY increase

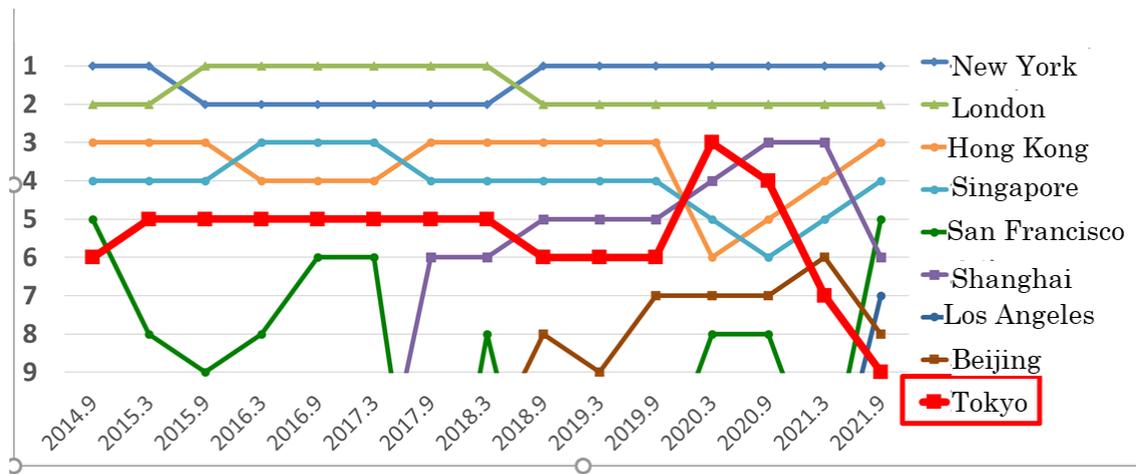
(※) Set KPIs relate to the ripple effects of financial revitalization on the Tokyo economy on a trial basis. Estimated through the effect of boosting Tokyo's GDP based on the balance of funds under management by financial institutions, the balance of funds raised by non-financial private corporations, etc.

The Global Financial Centres Index (GFCI) will be used as information for reference to confirm the major trends in international positioning, given that the specific basis for calculating scores is not disclosed.

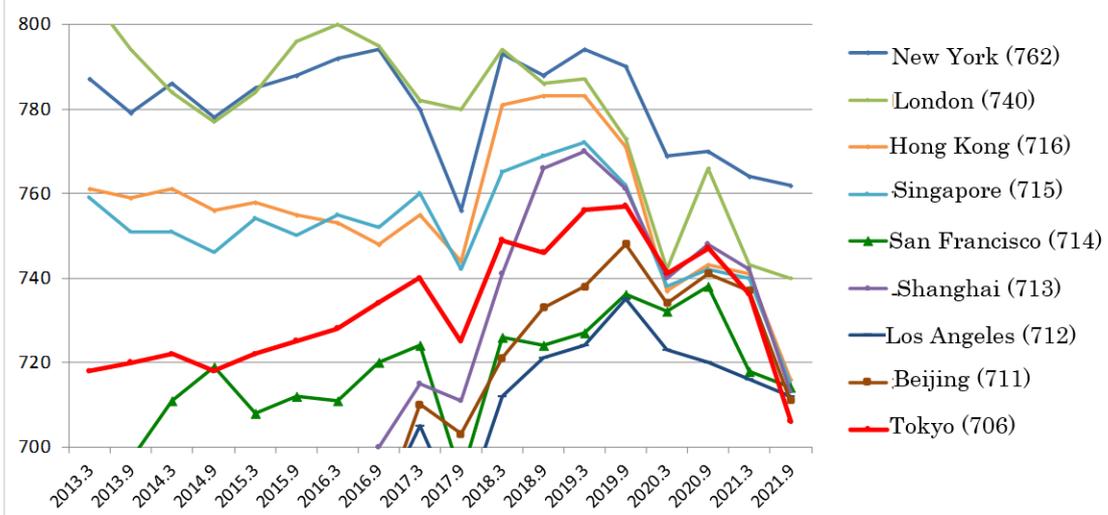
« COLUMN » About the Global Financial Centres Index (GFCI)

- The Global Financial Centers Index (GFCI) is the only current indicator of a city's global status as a global financial city, which is compiled twice a year (March and September) by the Z/Yen Group, a British think tank, jointly with the China Development Institute (CDI).
- In ranking cities, scores are calculated by combining statistical data (quantitative information) and the results of a questionnaire survey of global financial experts (qualitative information), but the specific basis for calculating scores is not disclosed.

Ranking of Global Financial Centers



Trends in Scores for the Most Recent Top 9 Global Financial Centers



VII Conclusion

TMG formulated the "Global Financial City: Tokyo" Vision in November 2017 and has been making steady progress in developing a multifaceted approach in cooperation with the national government and related organizations to make Tokyo once again a world-class global financial city on par with New York and London.

For the revised "Vision" in light of the recent drastic changes in the world situation, TMG will continue to work closely with the national government and other related parties to promote these initiatives with speed focusing on the three pillars of "Promotion of green finance", "Financial digitalization", "Accumulation of diverse finance-related players", and effectively disseminate information (promotion) on these initiatives.

It is not difficult to envision that the global environment surrounding the financial sector will change even more drastically in the future.

The measures contained in the "Vision" are the ones that are deemed necessary at present, but TMG will respond flexibly by reviewing and upgrading them and adding new measures in response to future changes in the global environment and the circumstances surrounding the financial sector.

TMG will work with a sense of urgency that "now is the last chance" to realize the "Global Financial City: Tokyo" as a world leader, so as to overcome the fierce competition with other cities.

【Reference①】Tokyo Green Finance Initiative (TGFI): Proposals for Developing Green Finance (Overview)

Tokyo Green Finance Initiative (TGFI): Proposals for Developing Green Finance (Overview)

Background

- The response to climate change is an urgent issue, and it will be necessary to accelerate decarbonization efforts towards the creation of a sustainable city.
- Corporations are increasingly choosing locations for creating added value, so it is important to make efforts to evolve into the world's most advanced green city that will be selected from a global scale.
- There is an increasing importance on green finance that attracts both domestic and foreign funds for that purpose.
- The global competition for green finance base cities is intensifying.

TGFI's Purpose

Create a virtuous cycle of the environment and the economy for the Tokyo Green Finance Initiative (TGFI) as a strategic initiative to develop Tokyo's green finance ecosystem, while **promoting the greenifying of the urban and financial systems at the same time.**
Through these measures, the TGFI aims to improve the QOL of Tokyo residents and realize sustainable economic growth.

Direction of measures

1 Accelerate the development of Tokyo's green finance market

- Make open data of **ESG-related information on companies held by the Tokyo Metropolitan Government** to evaluate companies that are proactively working on ESG
- **Take measures to reduce the burden of external reviews, etc.**, that are required when issuing green bonds
- Continue the issuance of green bonds by the Tokyo Metropolitan Government as an anchor issuer; and **share issuance knowledge** with other local governments

2 Attract market players and support business development

- **Attract foreign companies** working on green finance, and **support** business development
- Provide information on ESG trends to SMEs and **promote green loans** in collaboration with regional financial institutions
- **Incorporate the ESG index** into the reference index of *tsurumitate* NISA to promote ESG investment by individual investors

3 Share information and nurture ESG expertise

- **Develop advanced environmental measures and projects** that generate demand for green funds; and **strengthen the communication of information** overseas
- **Strengthen information dissemination on companies with excellent environmental technology** through exhibitions and trade fairs
- **Improve** business and living **environments in Tokyo** to attract highly-skilled international finance human resources; and implement human resources development programs **together with universities**



Tokyo Green Finance Initiative (TGFI): Proposals for Developing Green Finance (Overview)

https://www.seisakukikaku.metro.tokyo.lg.jp/pgs/2021/07/images/TGFI_overview.pdf

Vision

Key points in the revision of the "Global Financial City: Tokyo" Vision

Before the revision: "Global Financial City: Tokyo" Vision (Formulated in November 2017)

Focus on the accumulation of financial players (companies/human resources) in Tokyo

- (1) Create an attractive business and living environments
- (2) Nurturing players for participation in the Tokyo market
- (3) Contributing to solving social issues

In light of the drastic changes in the international financial environment,

the content has been updated with "Green" and Digital" as new keywords.

After the revision: "Global Financial City:Tokyo" Vision 2.0

Green

1 Establishment of the robust financial market that helps solve social issues
Promotion of the Tokyo Green Finance Initiative (TGFI)

Digital

2 Digitalization of finance through the use of FinTech, etc.

Player

3 Accumulation of asset managers and other diverse financial players

Ramp up promotion

Promotion

**Realize Sustainable Recovery
to Become a Global Financial City Leading the World**

【Reference】 Glossary

Terms	Description
Access to Tokyo	<p>This is an overseas contact point for TMG's activities to attract foreign companies to Tokyo. The consultation desks are located in four locations: London, Paris, San Francisco, and Singapore. In addition to handling inquiries from foreign companies interested in setting up operations in Tokyo and obtaining information on the Japanese market, Access to Tokyo collects and disseminates information related to the projects to attract foreign companies to Tokyo, in cooperation with "hub organizations" such as government agencies and industry associations in each country.</p>
ESG investment	<p>ESG stands for E (Environment), S (Social), and G (Governance). The world is faced with issues such as the disparity between the rich and the poor, increasingly borderless global environmental problems, and various challenges associated with the globalization of corporate management. Given this background, the United Nations advocated its view that it would be desirable to invest in companies from the perspective of long-term profit increase rather than short-term, as well as from the perspective of ESG, which contributes to the creation of a sustainable international society. The movement to make investment focused on ESG is spreading around the world.</p>
Japan International Dispute Resolution Center (JIDRC)	<p>JIDRC was established to become one of the centers for international arbitration and mediation promotion in Japan in the private sector, based upon the interim report of the "Liaison Conference of Relevant Ministries and Agencies Toward Invigoration of International Arbitration" of the Japanese Government. JIDRC operates facilities for arbitration and mediation hearings, trains professionals such as arbitrators and mediators, and conducts public relations and awareness-raising activities for corporations and legal professionals in Japan and abroad.</p>

Terms	Description
Impact investment	Impact investment refers to a type of investment in companies, organizations, and funds with the intention of generating social and environmental impact and financial return at the same time. It has become increasingly difficult to solve ever-more complex and diversified social issues such as aging society with low birthrate, financial disparity, threat of infectious diseases, etc., solely through fiscal expenditure by the government. Given this situation, impact investment has become a focus of attention as a new financial trend that utilizes private capital as part of the sources of funding.
Investment chain	Investment capital flows from customers/beneficiaries to investee companies
Alternative data	Alternative data is a general term for a variety of data used for economic analysis and investment decisions that are not publicly available, such as corporate financial information, etc. POS sales information and SNS text information fall under this category.
Carbon Half	Carbon Half is a statement made at the Davos Agenda Meeting on January 27, 2021 that Tokyo will reduce greenhouse gas emissions by 50 percent from 2000 levels and increase the usage of energy-saving electricity to 50 percent by 2030.
Financial Market Entry Office	The "Financial Market Entry Office" was established by the Financial Services Agency and Local Finance Bureaus on January 12, 2021. The Office handles all the regulatory processes from pre-application consultation, registration, to supervision after the registration for newly entering asset management firms as a single point of contact, with all communications available in English. The Center also supports the establishment of a Japanese base by foreign financial companies, other than foreign asset managers, who are newly entering the Japanese market.

Terms	Description
Financial One-Stop Support Service	Financial One-Stop Support Service was launched by TMG on April 1, 2017. It provides foreign financial companies considering establishing a base in Tokyo with supports for administrative procedures, comprehensive consultation service, etc. in cooperation with the Financial Market Entry Office. The Financial Desk Consultant gives advice and introduces appropriate financial experts and other experts to foreign financial companies in accordance with the content of consultation.
Green finance	Green finance refers to the provision of funds for "E" in ESG finance, such as investment in renewable energy projects and reduction of greenhouse gas emissions among others, which contribute to solving environmental problems. In a broader sense, it can be used as synonymous with sustainable finance.
Green bond	Green bond is a type of bond issued by local governments and corporations to raise funds needed for projects that address climate change issues, such as greenhouse gas reduction and environmental measures.
Sustainable finance	Sustainable finance is a concept that encompasses a wide range of funding modalities, such as sustainable loans and bonds, and various other financial services, as well as ESG investments.
Sustainable recovery	Sustainable recovery is a concept that extends the global trend of aiming for economic recovery while addressing the climate crisis at the same time to the realization of sustainable lifestyles for people as well as to environment.
Japanese Depositary Receipt (JDR)	A JDR is a beneficiary certificate for entrusted foreign securities issued in Japan by a beneficiary certificate-issuing trust pursuant to the Trust Act. This mechanism was established to facilitate transactions of foreign stocks, bonds, and ETFs within Japan.
Emerging Managers Program (EMP)	EMP stands for Emerging Managers Program, which supports the development of young managers by identifying and funding candidates who want to become asset managers.

Terms	Description
Startup Ecosystem Tokyo Consortium	<p>The Startup Ecosystem Tokyo Consortium was established in January 2020 as a platform to promote the formation of a startup ecosystem and to provide support for the creation and growth of startups by industry, academia and government, taking advantage of Tokyo's diverse industrial clusters. In July 2020, the Consortium was certified as a "Global Startup City" by the Cabinet Office. The membership comprises a wide range of actors from industry, academia, and government, including corporations, economic organizations, universities, research institutes, venture capitalists, and local governments in wide-area cooperation.</p>
Zero Emission Tokyo	<p>Zero Emission Tokyo defines Tokyo as a city that contributes to the world's net-zero carbon emissions by 2050. TMG announced the "Zero Emission Tokyo Strategy" in December of 2019 to make it come true.</p> <p>TMG will implement measures to mitigate and prevent global warming and to adapt to already observed impacts of global warming. In addition, TMG will address challenges in all areas deriving from urban activities, including supply chain activities.</p>
Tokyo One-Stop Business Establishment Center (TOSBEC)	<p>TOSBEC was established in April 2015 by TMG in collaboration with the Cabinet Office.</p> <p>This is the first initiative of its kind in Japan to integrate the procedures that foreign companies, venture companies, etc. need to complete to establish a business. By providing face-to-face and online support by staff members or specialists who are familiar with administrative procedures, TOSBEC quickly respond to various procedures required for the establishment of a corporation or the start of business, including certification of articles of incorporation, company registration and notification of incorporation, taxes, social security, and immigration. The Center also offers support for electronic applications as well as interpretation and translation services in several languages.</p>

Terms	Description
Tokyo Financial Award	The Tokyo Financial Award aims to improve convenience for Tokyo residents and revitalize the financial industry by awarding businesses that develop and provide innovative financial products that lead to solving the needs and challenges of Tokyo residents, and businesses promoting ESG investment.
Tokyo Sustainable Finance Week (TSFW)	TSFW is a major event week in which TMG holds events related to sustainable finance and collaborates with other related events held during the week.
Transition finance	Transition finance is a type of finance to support companies that are considering measures to address climate change risks and are undertaking greenhouse gas reduction initiatives (transition) in line with their long-term strategies to achieve a decarbonized society.
Paris EUROPLACE	Paris EUROPLACE is an organization that promotes the international development and promotion of the Paris financial market. The organization is composed of various stakeholders in the financial industry, including issuers, investors, banks, financial intermediaries, insurance companies, lawyers, accountants and consulting firms. It makes policy recommendations to strengthen the competitiveness of Paris as a financial city, develops overseas road shows, and attracts domestic and foreign investors. It also promotes entry of companies and conducts research and studies to promote FinTech and sustainable finance.
Business Development Center TOKYO	The Business Development Center TOKYO offers foreign companies considering starting or expanding their business in Tokyo with a total support package that covers all aspects from business through to lifestyle issues. For foreign companies planning an expansion into the Special Zone for Asian Headquarters in particular, the Center offers both business exchange support and specialized consulting services and strongly backs the development of business in Tokyo.

Terms	Description
FinTech	FinTech is a coined term for finance and technology and refers to the movement of innovative financial services that utilize digital and other advanced technologies to create new businesses and change the flow of funds. Companies engaged in this movement are called FinTech companies.
Blockchain/ Distributed ledger technology	Blockchain/distributed ledger technology is a type of technology that allows network participants to share the same ledger data under a distributed structure. It has the potential to build an infrastructure that can operate 365 days a year, 24 hours a day, without being affected by the operating hours of specific computers, and is resistant to forgery and falsification.
World Alliance of International Financial Centers (WAIFC)	WAIFC, headquartered in Brussels, is a non-profit organization founded in July 2018 with the aim of promoting communication, such as cooperation among financial centers and sharing of know-how. As of June 2021, it has a total of 20 members, including local governments and promotional organizations working to develop and promote financial centers.

These translations are not official texts, since they are not officially translated and fixed, and are not the finalized versions. The original and official text is the Japanese version.

These translations are courtesy translations, and are to be used solely as reference materials to aid in the understanding of Japanese version.

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