

License of financial service intermediary business in Japan

The revised Act on Provision of Financial Services will come into effect from November 2021, and Financial Service Intermediary Business will be introduced which makes it possible to distribute financial products and services of banking, securities, insurance and money lending business with single license. This also helps developing new business models with diversified financial products, drastically changes the supply chain for them, and it is expected to emerge new players that capture customer needs.

KPMG AZSA provides advisory service that supports the license application for financial service intermediaries based on the amended regulations, supervisory guidelines, self-regulation, etc.

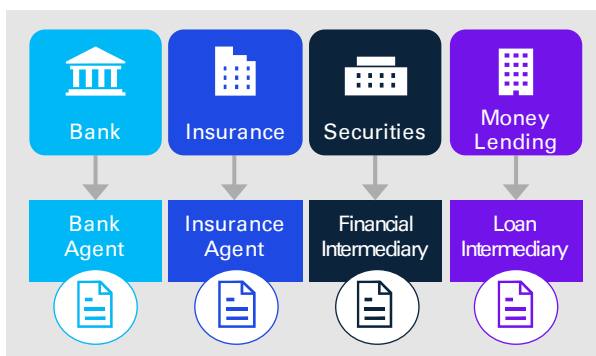
Amendment of Act on Provision of Financial Services and Creation of Financial Service Intermediary

The revised Act on Provision of Financial Services (hereinafter referred to as the "Act"), which will come into effect in November 2021, will create new license as financial service intermediary to sell various financial products across categories like banking, securities, insurance, and money lending with some restrictions while the license of existing intermediary business is required for each category (see the figure below).

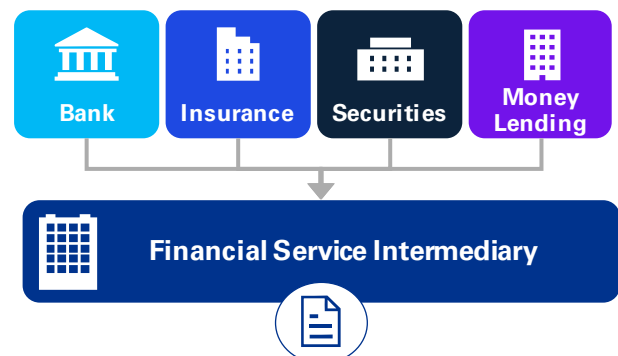
Exemption for Electronic Payment Service:

It is said that financial service intermediary that has the ability to properly operate electronic payment service business can provide electronic payments service business without the required license.

The License of Existing Major Intermediaries and Newly Created Financial Service Intermediaries



The existing intermediary system requires license for each business category.



With newly created intermediary system, it is possible to sell various financial products by single license.

Abortion of Belonging System

The financial services intermediary does not have to have belonged financial institution while the existing intermediary business is required. This makes it easy to provide a wider range of financial products from a number of financial institutions.

*About Security Deposit

Instead of liability for damages by belonged financial institution, depositing system in accordance with the business scale will protect users.

Application Documents for Financial Service Intermediaries

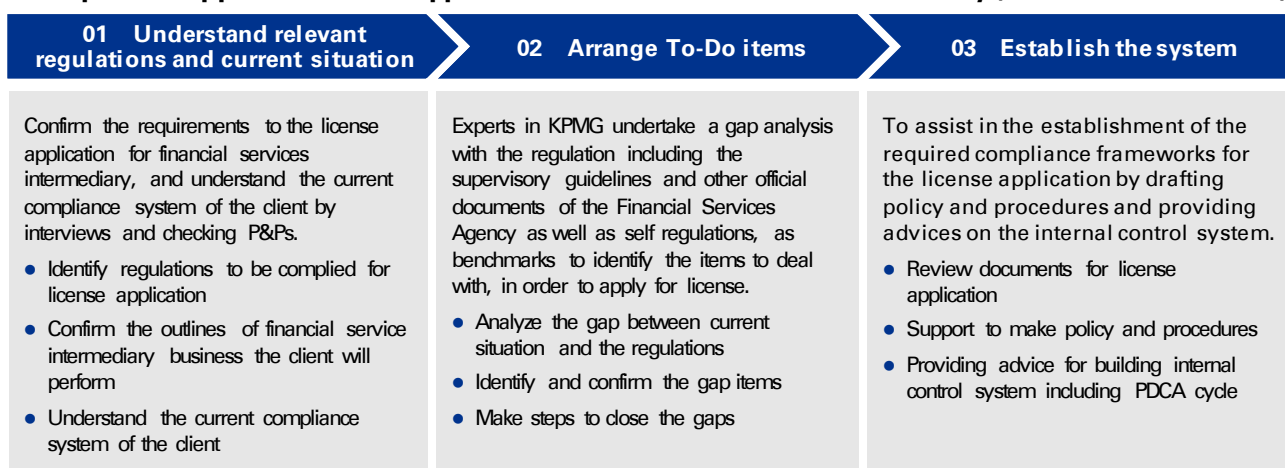
License Application Documents	Major Attachment Files
<ul style="list-style-type: none"> ■ Applicant's zip code, address or location, phone number, company name or name (in the case of a corporation, the title and name of the representative) ■ Attachment1 : The officer's name ■ Attachment2 : Name and location of the business office or office for the financial service intermediary business ■ Attachment3 : Category of business operation (i.e. deposit, etc. intermediary business, insurance intermediary business, securities, etc. intermediary business, and loan intermediary business.); ■ Attachment4 : When performing loan intermediary business operations, telephone number and other contacts, etc. ■ The statement of engaging in electronic financial service intermediary business if any ■ Attachment5 : Types of other business that is being performed ■ Attachment6 : Concurrent business of individual applicant ■ Attachment7 : Concurrent business of corporate applicant 	<ul style="list-style-type: none"> ■ The articles of incorporation and certificate of registered information, the resume and the residence card of officers ■ Documents indicating the details and frameworks of the financial service intermediary business operations ■ Documents pledging that the applicant does not fall under the license refusal requirements ■ Document proving that the financial service intermediary has sufficient ability to perform the business properly ■ Document describing about the concurrent business ■ Policy and procedures on the management of financial services intermediary business ■ The name or company name of designated Alternative Dispute Resolution organization, content of complaints processing and dispute resolution measures if there is no ADR ■ The contents and the system in the case where electronic financial services intermediary carrying out business

Establishment of Policy and Procedures Equivalent to the Articles of Incorporation and other Rules of Certified Financial Service Intermediary Business Association

The attachment to the license application includes policy and procedures on the management of financial service intermediary business. In a case that the applicant does not join the certified financial services intermediary business association, one of the license refusal requirements requires the applicant to establish policy and procedures equivalent to the articles of

incorporation and other rules (self-regulation) of the association, and comply with them. Therefore, regardless of whether or not it become a member of the association, the establishment of the policy and procedures following the self-regulation and the establishment of the compliance frameworks are required.

Example of Support to License Application for Financial Services Intermediary (3 months to 5 months)



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