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Financial Services Regulation 2025

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Japan: Law and Practice

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JAPAN



Law and Practice

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Chuo Sogo LPC is a leading full-service firm with over 70 lawyers in Tokyo, Osaka, and Kyoto. For more than 50 years, it has provided efficient and cost-effective legal services to domestic and international clients. As a member of global legal alliance, the firm offers worldwide reach and expertise across diverse fields including commercial law, finance, M&A, corporate reorganisation, compliance, labour, IP, real estate and dispute resolution. Many of its attorneys have been seconded to key divisions of the Financial Services

Agency (JFSA), enabling the firm to deliver practical advice grounded in deep regulatory insight. With 11 specialised practice groups – such as finance, corporate start-ups, IP, and labour – the firm combines sectoral expertise to meet complex client needs. Its fintech-focused teams actively study cutting-edge regulatory systems, including Japan's grey-zone elimination and sandbox frameworks, ensuring clients receive innovative and business-oriented legal solutions.

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1. Legislation

1.1 Key Financial Services Law

Key statutes and regulations governing financial services in Japan principally include the following.

- Sector-specific statutes: the Financial Instruments and Exchange Act (FIEA), the Payment Services Act (PSA), the Banking Act, the Insurance Business Act, the Money Lending Business Act, the Installment Sales Act, the Trust Business Act and the Act on the Provision of Financial Services, among others.
- Subordinate legislation for each sector: Cabinet Orders, Cabinet Office Ordinances, Public Notices and the Financial Services Agency's Supervisory Guidelines, among others.
- Laws and guidelines relating to financial crime prevention: the Act on Prevention of Transfer of Criminal Proceeds, the Foreign Exchange and Foreign Trade Act and the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism.

Taken together, these instruments comprehensively regulate the solicitation and provision of financial services, intermediation, customer explanations, disclosure, and supervisory oversight and inspections.

2. Regulation

2.1 Regulatory Perimeter

The financial services and activities chiefly subject to regulation in Japan are set out below.

Financial Instruments

Under the FIEA:

- sale and purchase, intermediation, solicitation for acquisition, underwriting and derivatives transactions in relation to securities and other financial instruments;
- financial instruments intermediary business;
- investment management business;
- investment advisory and agency business;
- establishment and operation of financial instruments exchanges; and
- clearing.

Payment Services

Under the PSA:

- exchange, sale and purchase, and custody (management) of crypto-assets;
- exchange, sale and purchase, and custody related to stablecoins with redemption guaranteed in fiat currency (treated under the PSA as electronic payment instruments);
- funds transfer service; and
- prepaid payment instruments (PPIs).

It should be noted that, under Japanese law, the issuance of stablecoins constitutes a funds transfer service; accordingly, only banks, funds transfer service providers, and trust companies may issue them.

Banking

Under the Banking Act:

- banking business;
- bank agency services; and

- electronic payment intermediate services (services that, on a user's behalf, obtain bank account information – ie, balances and transaction history – or transmit payment/transfer instructions).

Other

Under the Insurance Business Act: insurance business and insurance solicitation/intermediation.

Under the Money Lending Business Act: money lending business and intermediation.

Under the Act on the Provision of Financial Services (commonly called the Financial Services Intermediary Act): a single licensing framework regulating cross-sector intermediation of financial services across banking, insurance, securities and money-lending.

Under the Instalment Sales Act: credit card issuing, merchant acquiring, instalment sales, and sales financing.

Under the Trust Business Act: trust business.

2.2 Exemptions

While Japan provides simplified licensing where regulatory needs are relatively low from the standpoints of user protection, financial system stability and public interest, there are few areas entirely outside the scope of regulation.

Representative exemptions and streamlined regimes in Japan include the following.

Specially Permitted Businesses for Qualified Institutional Investors

For certain professional funds targeting qualified institutional investors and similar investors, formation, solicitation for acquisition of interests, and investment management may be conducted by filing (notification) rather than full registration.

Private Placement Exemptions From Disclosure Requirements

In principle, an issuer that solicits the acquisition of securities must make an offering disclosure by filing a Securities Registration Statement and conduct continuous disclosure by filing Annual Securities Reports.

However, certain private placements are exempt if statutory conditions are met. For example, for securities defined under Article 2, paragraph 1 of the FIEA (eg, shares), which are known as “Paragraph 1 Securities”, an offer that meets requirements such as solicitation to fewer than 50 offerees is exempt from those disclosure requirements.

Categories of Funds Transfer Service Providers Under the PSA

There are three kinds of licence available:

- a category limited to transfers of JPY50,000 or less per transaction;
- a category limited to transfers of over JPY50,000 but only up to JPY1 million or less; and
- a category with no per-transaction cap.

The higher the cap, the more stringent the prudential and AML/CFT requirements, and correspondingly the higher the bar for authorisation. In addition, certain kinds of payment processing (eg, domestic B2B settlements or checkout services offered on e-commerce platforms) are interpreted as not requiring registration as a funds transfer service provider.

Loyalty Point Programmes

Loyalty points granted free of charge are, in principle, not regulated (ie, generally not treated as prepaid payment instruments).

2.3 Crypto-Assets

Crypto-Asset Regulation

Crypto-assets (including so-called virtual currencies) are, under the current framework, mainly regulated by the PSA.

- Crypto-asset exchange service providers (CAESPs) are subject to a registration regime under the PSA; providing exchange services without registration is subject to criminal penalties.
- The scope of crypto-asset exchange services includes sale and purchase, exchange, intermediation/brokerage and agency, and custody of crypto-assets. Intermediaries are regulated even if they do not themselves trade as a principal.
- Stablecoins redeemable in legal tender are also regulated under the PSA, but they are defined

as “electronic payment instruments”, to which a distinct regulatory framework (separate from that applicable to “crypto-assets”) applies.

- Tokens that constitute securities – for example, tokenised shares or bonds, or tokens that qualify as interests in a collective investment scheme – are regulated under the FIEA.

Amendments to the PSA in 2025

Under a 2025 amendment to the PSA, where a person only intermediates the sale or exchange of crypto-assets under mandate from a CAESP, a full CAESP licence is no longer required; a lighter registration suffices. For such intermediaries, prudential and AML/CFT obligations are not directly imposed (AML/CFT duties rest with the principal CAESP). The effective date of this amendment is not yet fixed, but it is scheduled to take effect by June 2026.

Ongoing Policy Discussions

The Financial System Council’s Working Group on Crypto-Assets is discussing a possible migration of crypto-asset regulation from the PSA to the FIEA. In parallel, the tax treatment of crypto-assets is under review: currently, income from crypto-asset transactions is treated as miscellaneous income and subject to comprehensive taxation; policymakers are considering, in the future, whether to make it eligible for separate taxation, similar to listed shares, with a bill to this effect possibly being submitted as early as 2026.

3. Regulators

3.1 Primary Financial Services Regulators

Japan’s financial system is collectively run and supervised by multiple regulators in co-ordination and co-operation with each other, each with their respective areas of authority, roles, and responsibilities to keep the financial services in order, protect investors, and ensure a healthy market. These authorities collaborate in maintaining the stability and reliability of Japan’s financial services by leveraging their respective expertise.

The primary regulators and their roles are as follows.

- The Financial Services Agency (JFSA) is Japan’s central authority for financial regulation and supervision. The JFSA effectively implements and enforces regulations against a broad range of financial businesses – such as those involved in banking, insurance, securities, payments, and crypto-assets – through rule-making, administrative actions, inspections and oversight, while also taking a lead role in formulating legislative amendments to the relevant laws.
- The Bank of Japan (BOJ), positioned as the central bank of Japan, implements monetary policy and operates and oversees the payment systems and related infrastructure. It also plays a key role in market stabilisation and the development of financial infrastructure.
- The Securities and Exchange Surveillance Commission (SESC), an independent oversight body under the JFSA, monitors, investigates and sanctions violations of the Financial Instruments and Exchange Act, including insider trading, market misconduct and breach of disclosure obligations.
- The Japan Fair Trade Commission (JFTC) drives Japan’s competition policy through enforcement of the Act on Prohibition of Private Monopolisation and Maintenance of Fair Trade, while also addressing anti-competitive trade practices in the financial sector.
- The Consumer Affairs Agency and the Consumer Commission supervise advertising and misleading representations of financial products from a consumer protection perspective, playing a particularly important role in the field of retail financial products and debt guarantee products that involve general consumers.
- The Ministry of Finance (MOF) is responsible for the design and legislation of the financial system and engages in fiscal policymaking, thereby helping shape the regulatory system and supervisory framework.

Lastly, there are local finance bureaus and prefectural governments for authorisation and supervision of financial services at the local level, such as granting permission to commercial banks and *shinkin* banks (the Japanese equivalent of credit unions) to open branches or providing assistance to the JFSA in supervision. Further, in some cases, these local regu-

lators register funds transfer service providers in the name of the director general of the respective local finance bureau under the Payment Services Act.

3.2 Rules and Guidance

Ordinances, notices, guidelines and FAQs (administrative interpretations) under financial statutes are published by the JFSA and the SESC as the primary financial services regulators. These materials set out detailed requirements and supervisory interpretations for financial institutions and related businesses.

Key soft law (ie, non-binding administrative guidelines) includes the following:

- supervisory and administrative guidelines for financial institutions, which are issued by business category (eg, banks, insurers, securities firms and funds transfer service providers), and which set out the JFSA personnel's supervisory focuses and expectations for risk management;
- Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism, which require financial institutions to establish AML/CFT frameworks based on a risk-based approach; and
- Guidelines for the Protection of Personal Information in the Financial Sector, which provide concrete guidance on proper handling of personal data in finance under the Act on the Protection of Personal Information.

In addition, the JFSA's website also publishes other materials that show the backgrounds of policy formulation and institutional design, such as the Financial System Council reports and working group discussion papers, which are important sources for tracking regulatory trends.

These laws, guidelines and administrative materials are made available on the [e-Gov legal database](#), a web portal of the government of Japan, and the [JFSA's website](#).

4. Areas of Regulatory Focus

4.1 Capital Adequacy

Japan has implemented the Basel III reforms. In Japan, the JFSA has established domestic regulations based on the Basel Committee's publications: *Basel III: Finalising Post-Crisis Reforms* (December 2017) and *Minimum Capital Requirements for Market Risk* (January 2019). Specifically, on 31 March 2024, the JFSA implemented Basel III requirements for financial institutions subject to uniform international standards, as well as for those subject to domestic standards that adopt internal models – excluding final designated parent companies. Subsequently, on 31 March 2025, the JFSA extended the implementation to financial institutions subject to domestic standards that do not adopt internal models, as well as to final designated parent companies.

In Japan, uniform international standards apply to banks with overseas operations (eg, subsidiaries or branches abroad), while domestic standards apply to other banks. Notably, 39 institutions across 20 financial groups have voluntarily begun adopting Basel III requirements starting from the fiscal quarter ending 31 March 2023.

The Japanese implementation of Basel III includes the following requirements: to strengthen the quality and quantity of core capital and enhance the soundness of banks, institutions subject to international standards must maintain a total capital adequacy ratio of at least 8%, a Tier 1 capital ratio of at least 6%, a Common Equity Tier 1 (CET1) ratio of at least 4.5%, and a capital buffer (phased in from 2016). Institutions subject to domestic standards are required to maintain a total capital ratio (core capital to risk-weighted assets) of at least 4%.

If a bank's capital falls below the required minimum levels, it will be subject to early corrective measures, such as submitting a business improvement or capital enhancement plan.

4.2 Settlement

The settlement period – the time from trade execution on the exchange to delivery versus payment (DVP) – is currently two business days (T+2) in Japan.

Taking account of the benefits (eg, reduction of settlement risk, improved funding efficiency from earlier settlement, reduced collateral burden and greater operational efficiency) and the challenges (eg, potential increases in fail risk and operational risk), the Financial System Council's Working Group on Market Systems has been discussing migration to T+1. The July 2024 report titled "Toward Establishing Product Governance, etc." indicates a policy of beginning practical consideration of approaches and issues for T+1 migration; however, no concrete transition schedule has yet been decided.

4.3 ESG

In Japan, several institutional frameworks have been established to promote ESG investment and ESG funds. At the core of this development is the Japan Stewardship Code, issued by the JFSA, which encourages institutional investors to engage in "purposeful dialogue" with investee companies based on a deep understanding of their business environment and long-term sustainability, including ESG factors. In addition, the "Asset Owner Principles" provide guidance to asset owners such as pension funds on how to enhance their investment capabilities and to pursue sustainability-oriented investments for the benefit of their beneficiaries. Together, these frameworks institutionalise ESG investing as a fiduciary responsibility rather than a purely voluntary or ethical choice.

From a market infrastructure perspective, JPX, the Japan stock exchange, plays a central role in promoting ESG investment. In 2017, JPX joined the UN Sustainable Stock Exchanges (SSE) Initiative, committing to work with investors and listed companies to advance sustainable market practices. JPX has since launched ESG-related indices, listed ESG-themed exchange-traded funds, and published the Guidebook for ESG Disclosure, which provides practical steps for companies to improve ESG transparency and investor communication. These initiatives serve to enhance market trust and support the broader adoption of ESG investing.

To address greenwashing, the JFSA introduced detailed rules in March 2023 through amendments to the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. The

new rules regulate the naming, disclosure and marketing of ESG-labelled public investment funds. Funds using terms such as "ESG", "Sustainable" or "Green" in their names must clearly demonstrate that ESG factors are a primary component of their investment strategy and must disclose related processes, portfolio composition and ESG evaluation methods in their prospectuses and reports. This framework aims to both promote credible ESG investing and prevent misleading claims, thereby strengthening market integrity.

As at time of writing (November 2025), however, there have been no publicly announced enforcement cases related to these ESG regulations. Given the recency of these measures, supervisory efforts are focused on monitoring and encouraging compliance, with formal enforcement actions expected only after market practices have matured.

4.4 AI

In Japan, the JFSA and BOJ are the primary financial services regulators addressing AI. Both institutions view AI as a transformative tool for improving efficiency, customer service and risk management in the financial sector; but emphasise that its use must be accompanied by appropriate governance and oversight.

JFSA has articulated its position through its AI Discussion Paper (Version 1.0) published in March 2025, titled AI Utilisation in Financial Institutions: Initial Considerations for Sound and Effective Use. The paper identifies opportunities such as enhanced productivity and operational efficiency, while also outlining risks including misinformation, lack of explainability, fairness, cybersecurity and model risk. Notably, it highlights the so-called "risk of not taking on challenges", cautioning that excessive caution could leave financial institutions falling behind technological innovation. The JFSA encourages proactive engagement with AI under robust governance structures but has not issued binding supervisory rules; the paper is exploratory and intended to foster industry dialogue rather than impose regulatory obligations.

The BOJ has conducted empirical research and surveys on AI adoption among financial institutions, analysing issues such as data-leakage risks, halluci-

nations in generative models and third-party dependencies. It has also released studies on the legal and governance implications of AI use in finance.

In summary, Japan's regulators are promoting responsible AI adoption rather than restricting it, focusing on discussion papers, research reports and collaborative forums. As of now, no formal or legally binding AI-specific guidance has been issued, but supervisory expectations around governance, transparency and risk management are clearly being developed.

4.5 Fintech Regulatory Attitude

Japanese financial authorities regard fintech as a key driver of financial innovation and aim to achieve a good balance between support for technological advances, user protection and financial stability. Specifically, led by the JFSA, the government facilitates appropriate deployment of new technologies and services within the legal framework through administrative dialogue and flexible implementation of institutions.

Regulatory Sandbox

Japan operates a new technology demonstration programme called the Regulatory Sandbox Framework that is administered by the Cabinet Secretariat and relevant ministries, and which allows businesses to focus on pilots of new technologies and services with temporary exemptions or suspensions of certain regulations. With respect to fintech, pilots are ongoing in areas including blockchain payments, digital securities and AI-based credit assessment, with the JFSA supporting joint studies through its FinTech PoC (Proof-of-Concept) Hub.

Central Bank Digital Currency (CBDC)

The BOJ has been studying the feasibility of a CBDC, conducting a PoC since April 2021 and moving to a pilot-testing with the private sector in April 2023. As of 2025, pre-production system testing and discussions at the CBDC Forum continue. Key issues under consideration include privacy, interoperability with existing payment infrastructure, and legal frameworks; yet no decision has been made on issuance or timing.

4.6 Retail Banking and Vulnerable Customers Disabled People

In an initiative designed to benefit disabled people in Japan, the Act for Eliminating Discrimination against Persons with Disabilities was amended to oblige private businesses (including financial institutions) to provide “reasonable consideration” for the disabled, effective as of 1 April 2024. In conjunction with this, the JFSA published the [Handling Guidelines for Business Operators that Fall within the Purview of the FSA to Eliminate Discrimination against People with Disabilities](#) (hereinafter the “Handling Guidelines”) aimed at businesses, and the [Handling Directions for FSA Officials to Eliminate Discrimination against People with Disabilities](#) for the use of JFSA officials (both of the full English titles are provisional). The Handling Guidelines illustrate the concepts of prohibition of discrimination, reasonable consideration, and excessive efforts for business operators that are under the control of the JFSA. The JFSA publishes exemplary cases of business practices that show reasonable consideration for disabled people, along with [the results of the survey on the statuses of financial institutions’ initiatives](#). These exemplary cases include reading aloud or writing an entry form for the disabled over the counter, communication by sign language or in writing, improved accessibility for automated teller machines and websites, and cash cards and labels/stickers in braille. To date, the JFSA has been demanding that financial institutions and related organisations actively implement initiatives for accommodating the visually challenged, occasionally reminding them to ensure thorough implementation.

Elderly People

In the [“Approaches to Financial Services in an Aging Society”](#) section, among the “Policies & Councils” topics on its website, the JFSA states that it regards the development of an environment that allows the elderly to utilise their assets with a sense of security as a priority and it has continued a number of related discussions and publications. In addition, the Japan Securities Dealers Association (JSDA), a self-regulatory organisation, has developed rules and guides for soliciting and selling securities to elderly customers who are, as defined by the JSDA, people “aged 75 years or older”. The JSDA demands that its members ensure well-considered processes in this area, such

as prior approval of senior officers, additional meetings, attendance of family members, and thorough record-keeping.

Further, as a regulation to protect vulnerable customers in the sale and solicitation of financial products, first, there is a mechanism to elucidate civil liability regarding prior explanation of important matters and inadequate explanations under the Act on Sales of Financial Products. This Act provides that key points, such as loss of principal, loss in excess of principal, and credit risk, should be explained to customers by the time of sale, and that the provision of definitive judgments should be prohibited. In the event of damages resulting from breaches of the obligation to provide such explanations, the business operator is liable for damages. This Act also demands, from an institutional viewpoint, business operators to implement operations that take into account customers with little knowledge or experience and elderly customers, by ensuring appropriate solicitation and establishing and publishing a solicitation policy. Second, the Financial Instruments and Exchange Act (FIEA) regulates the conduct of financial instruments business operators by (i) reducing the information asymmetry through the obligation to deliver documents before and after the conclusion of contracts, and by (ii) restraining excessive or inappropriate solicitation through the prohibition of uninvited solicitation, repeated solicitation, false representation, and conclusive judgment. In addition, pre-delivery of conformance principles and best execution policies in light of the customer's knowledge, experience, financial condition and investment objectives underpins the protection of customers who are vulnerable to product complexity and risk understanding.

Lastly, for post-sales dispute resolution in the securities and financial products sector, the [Financial Instruments Mediation Assistance Center \(FINMAC\)](#) plays a role as a designated dispute resolution organization and conducts consultations, complaint processing, and settlement mediation, thereby providing customers including vulnerable customers with practical routes for relief of damages.

4.7 Shadow Banking

The JFSA and the BOJ, Japan's primary financial services regulators, are aware of the potential impact of non-bank credit intermediation (NBFIs) on the stability of the financial system and stress the importance of monitoring and analysis aligned with international policy frameworks.

Building on the Financial Stability Board (FSB)'s 2013 Policy Recommendations to Strengthen Oversight and Regulation of Shadow Banking, the JFSA has shared the underlying principles domestically and participates in international dialogue and coordination. The recommendations aim to curb system-wide risks ("systemic risks") arising from credit intermediation outside the banking system, by enhancing transparency and promoting sound market structures.

Referring to the FSB's Global Monitoring Report on Non-Bank Financial Intermediation (GMR) and related policy recommendations, the BOJ regularly assesses NBFI developments and interlinkages with the banking sector. In its May 2025 paper entitled Recent Developments in Non-Bank Financial Intermediation and Initiatives to Enhance Its Resilience, the BOJ noted that the expansion of NBFIs could increase market volatility and called for the filling of data gap and an improved approach for monitoring the NBFI trends.

At present, there is no comprehensive new statutory regime that directly targets shadow banking. In light of the international policy recommendations and analyses, the regulators treat improvements to data availability and monitoring approaches as ongoing priorities. Given the interdependence between the banking and non-bank sectors, such priorities constitute key issues in controlling the chain of systemic risks.

5. Authorisation

5.1 Process

Japan's financial regulations are specifically designed for the various types of business to which they apply, such as banking, securities, asset management and settlement, as well as for each function provided.

Banking

To undertake banking business, a licence under the Banking Act, which is provided by the Prime Minister, is required. The Banking Act stipulates that (i) a person may not engage in banking unless licensed by the Prime Minister to do so (Article 4, paragraph (1) of the Banking Act), and (ii) that a person filing application for a banking licence (an “applicant”) will be examined to ensure that they have a sufficient financial basis to perform the business soundly and efficiently and good prospects for income and expenditure (Article 4, paragraph (2)). For this reason, applications will be screened comprehensively using criteria including the sound management, appropriate operating systems and eligibility of officers of the intended business.

Securities and Asset Management

To undertake business that falls under the category of financial instrument transactions, such as securities and asset management, one needs “registration” under the FIEA. The JFSA publishes the [Guidebook for Registration of Investment Management Businesses and Other Financial Instruments Businesses](#) in English. It shows the registration process starting from a prior consultation (eg, identifying the business model and the required registration types, and submitting the “Summary of Applicant”) and including the preparation and submission of the required forms and documents. It also stipulates that the payment of a registration and licence tax of JPY150,000 is required at the time of application. The examination covers the internal management systems of the intended business, such as organisational and personnel systems, conflict of interest management, segregated management of customer assets, complaints and disputes responses, information security and outsourcing management, as well as anti-money laundering and combating the finance of terrorism (AML/CFT) measures.

Payment and Settlement

Funds transfer services, issuance of prepaid payment instruments, and crypto-asset exchange business belong to the payment and settlement sector; hence the relevant business operators are required to register and report under the Payment Services Act (PSA). The law establishes a framework for the scheme, for the purpose of ensuring the appropriate provision of payment services and protection of the users thereof.

The funds transfer service providers are classified into Type I, Type II, and Type III in the amended law, and respective disciplines have been established according to the range of the amounts to be handled.

Other Financial Services

For other business types, such as insurance, money-lending or trust business, there are also licences and registrations based on each applicable law, while the process is generally common in all systems. It begins with prior consultation with the authorities for identification of the business model and the required licences and registration, then goes on to include the preparation of documents (such as the articles of incorporation, business plans, organisational charts, internal regulations and manuals, and the answers to questions from the authorities), and finishes the formal application. For overseas operators including asset management companies and other entities seeking to apply for registration as a financial instruments business, the JFSA provides a one-stop support service in English (including online meetings) for the establishment of a place of business through a recently established, dedicated organisation called the [Financial Market Entry Office](#). It provides consistent guidance from prior consultation to examination of draft application documents and response to post-registration inquiries. The whole picture is illustrated on the [JFSA's website](#), with specific details (eg, business methods, systems, and the status of internal regulations) of the “Summary of Applicant” to be prepared through prior consultation, as well as a guideline for the time needed for drafting the application documents.

5.2 Timelines and Fees

The timescale of a business approval or registration in Japan must be understood as the total of both the “standard processing period” set forth for each system as well as the preparation period needed for prior consultation and document-drafting before the application. For example, it is stipulated that for new registrations under the FIEA, the standard processing period is approximately two months after the competent authority has formally accepted the application, without taking the period for prior consultation into account.

On the other hand, according to the information titled [How to Set Up a Financial Business in Japan](#) on the JFSA's website in English, it would take approximately three to four months to complete the preparations from prior consultation to drafting and finalisation of the application documents. Hence, a preparation period (about two to four months) plus the standard processing period (two months) generally means that the total period needed to start a financial business ranges from four to six months (approximately).

With regard to licences for banking business, while there is no established timescale for the entire set of procedures under the Banking Act, the authorities are required to endeavour to process the “second phase” of the procedure within approximately one month after the acceptance of a formal application. However, this obligation is applicable only to the formality examination after formal acceptance; the overall period needed to organise everything – including prior consultation and inquiry responses, establishment of business models, governance, information security, and AML/CFT systems – varies greatly depending on the complexity of the project and the involvement of a foreign bank. As a guideline for practical business, it is expected to take between six and eighteen months from the start of prior consultation to the acquisition of a licence, or longer depending on the project.

The timescale of registration and notification in the payment and settlement sector (eg, funds transfer services, issuance of prepaid payment instruments, crypto-asset exchange services) varies depending on the type of process and the quality of the materials to be submitted. However, similar to that of new registrations under the FIEA described above, there are many systems with a prescribed standard processing period where that standard processing period does not include prior consultation and remedial actions. This is the same as the handling of the FIEA mentioned above. The purpose and framework of the registration system can be found in the official English translation of the PSA.

In terms of expenses, the JFSA's English-language [Guidebook for Registration of Investment Management Business and Other Financial Instruments Businesses](#) clearly states that the application for registra-

tion under the FIEA typically requires payment of a registration and licence tax of JPY150,000.

In other systems, registration and license taxes and examination fees can be imposed, where the amount and payment methods vary by system. Therefore, it is essential to confirm them in the relevant legislation, government ordinances, and Cabinet Office Ordinances, as well as the guidance on the procedures of the supervisory authorities.

5.3 Direct/Personal Regulation

Japan does not have a cross-sectional personal certification system equivalent to, for example, the UK's Senior Managers and Certification Regime. On the other hand, individual financial services acts require the eligibility of the management, thus providing the authorities a right to question the appropriateness of the responsibilities of and decisions made by individual managers in the supervision, inspection, and administrative functions of a financial services business. The Banking Act, for example, explicitly stipulates that, to pass the licensing examinations, applicants (including management personnel) must have sufficient knowledge and experience to conduct banking operations accurately, fairly and efficiently, along with sufficient “social credibility”.

Individuals who sell financial products and are engaged in the solicitation or making/taking of orders for securities and investment products, are required to be qualified and registered as “sales representatives”. The JSDA publishes a framework for investor protection, where it assesses the knowledge of relevant laws and products of individuals through the Securities Broker Representative Test, and it establishes dispositions under the registration system, such as disqualification requirements and cancellation of registration or suspension of operations at the time of breach.

In addition, the JFSA's [Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.](#) and [Comprehensive Guidelines for Supervision of Major Banks, etc.](#) elaborate on the assignment and operational status of compliance and control functions, internal audit functions, conflict of interest management, complaints and dispute responses,

and governance (including triangular defence). As a result, the accountability of individual roles, such as approvers and managers, is subject to inspection and monitoring.

6. Looking Forward

6.1 Financial Services Reforms

Japan's 2025 Financial Administrative Policy outlines three priority areas for reform over the coming year: regional finance, asset management and digital finance, with the focus of the last of these areas being on a major legal overhaul of crypto-assets and stablecoins.

Regional Finance

As part of its regional finance regulation reforms, the JFSA plans to issue a Regional Financial Strength Enhancement Plan by the end of 2025. The plan will expand the legal framework of the Act on the Strengthening of Financial Functions, extending capital participation and funding schemes to support local institutions. It also promotes joint risk management, auditing and IT systems among regional banks to lower costs and reinforce stability.

Asset Management

In asset management, structural reforms aim to strengthen Japan's investment ecosystem. The JFSA is implementing the new Entrusted Investment-Management-Related Business regime, allowing external delegation of middle- and back-office functions, and advancing the Emerging Manager Program (Japan EMP) and adoption of its "Asset Owner Principles".

Digital Finance

The most transformative reforms concern digital finance. The JFSA intends to integrate certain crypto-assets into the Financial Instruments and Exchange Act (FIEA), extending disclosure, insider-trading and conduct rules to cover crypto-assets and thereby enhance transparency and investor protection. At the same time, the agency is preparing tax reforms introducing separate taxation for crypto-asset transactions, conditional on new reporting mechanisms to tax authorities. It will intensify supervision of registered exchanges, enforce actions against unlicensed operators, and promote yen-denominated stablecoins to modernise payment infrastructure.

Together, these reforms mark a shift toward a transparent, competitive and innovation-driven financial system, balancing technological progress with robust market oversight.

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