



ICLG

The International Comparative Legal Guide to:

Fintech 2018

2nd Edition

A practical cross-border insight into Fintech law

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Uría Menéndez – Proença de Carvalho

Wilmer Cutler Pickering Hale and Dorr LLP

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Yale Law School



global legal group

Contributing Editors
Rob Sumroy and Ben Kingsley, Slaughter and May

Sales Director
Florjan Osmani

Account Director
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Sales Support Manager
Toni Hayward

Sub Editor
Jane Simmons

Senior Editors
Suzie Levy
Caroline Collingwood

CEO
Dror Levy

Group Consulting Editor
Alan Falach

Publisher
Rory Smith

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Global Legal Group Ltd.
59 Tanner Street
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Fax: +44 20 7407 5255
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EDITORIAL

Welcome to the second edition of *The International Comparative Legal Guide to: Fintech*.

This guide provides corporate counsel and international practitioners with a comprehensive worldwide legal analysis of the laws and regulations of fintech.

It is divided into two main sections:

Three general chapters. These chapters provide an overview of artificial intelligence in fintech, the regulation of cryptocurrency as a type of financial technology, and fintech and private equity.

Country question and answer chapters. These provide a broad overview of common issues in fintech laws and regulations in 44 jurisdictions.

All chapters are written by leading fintech lawyers and industry specialists and we are extremely grateful for their excellent contributions.

Special thanks are reserved for the contributing editors Rob Sumroy and Ben Kingsley of Slaughter and May for their invaluable assistance.

The *International Comparative Legal Guide* series is also available online at www.iclg.com.

Alan Falach LL.M.
Group Consulting Editor
Global Legal Group
Alan.Falach@glgroup.co.uk

Japan

Taro Awataguchi



Ken Kawai



Anderson Mōri & Tomotsune

1 The Fintech Landscape

- 1.1 Please describe the types of fintech businesses that are active in your jurisdiction and any notable fintech innovation trends of the past year within particular sub-sectors (e.g. payments, asset management, peer-to-peer lending or investment, insurance and blockchain applications).**

Cryptocurrency-based businesses, including cryptocurrency exchange businesses and initial coin offerings (“ICOs”) were notably active in Japan last year. Japan became one of the major cryptocurrency trading centres and it was often reported that Japan has become the largest bitcoin exchange market in the world. In order to engage in cryptocurrency exchange businesses in Japan, an entity must have the registration of “Virtual Currency Exchange Service Providers” under the Payment Services Act (the “PSA”). As of the end of December 2017, 16 cryptocurrency exchanges are registered with the Financial Services Agency of Japan (the “JFSA”). Because Japan is the first country to introduce a licence or registration mechanism of cryptocurrency exchange businesses, and also, as the Japanese cryptocurrency market is one of the biggest in the world, it is reported that more than 100 entities, including overseas entities, are applying for the registration. In addition, several ICOs in large scale were completed in Japan, and several Japanese companies, including financial institutions, have established ICO platforms. Other cryptocurrency-based businesses, such as cryptocurrency/ICO investment funds and mining businesses are becoming popular.

In January 2018, however, one of the largest cryptocurrency exchanges in Japan announced that it has lost approximately USD 530 million worth of cryptocurrencies in a hacking attack on its network. The JFSA made on-site inspections on registered exchanges and deemed registered exchanges (which can conduct its business on a temporal basis), including the hacked exchange. On March 8, the JFSA announced that it ordered business suspension to two deemed exchanges and business improvement to two registered exchanges and three deemed exchanges. The regulatory environment in Japan after this incident became uncertain.

Besides cryptocurrency-based-businesses, new types of money transfer services and payment services have been increasing. For instance, Japan Bank Consortium, which consists of more than 60 banks, is about to launch a project of a new money transfer system based on the distributed ledger technology. Another example is a fintech start-up that provides the service with which people can make payment at shops only by scanning their fingers on a small fingerprint sensor machine.

- 1.2 Are there any types of fintech business that are at present prohibited or restricted in your jurisdiction (for example cryptocurrency-based businesses)?**

There are, at present, no prohibitions or restrictions that are specific to fintech businesses in Japan. Among cryptocurrency-based businesses, the cryptocurrency exchange businesses and ICOs are regulated under the PSA and cryptocurrency investment funds and cloud mining may be regulated under the Financial Instruments and Exchange Act (the “FIEA”), but these businesses can be carried out in compliance with these regulations.

2 Funding For Fintech

- 2.1 Broadly, what types of funding are available for new and growing businesses in your jurisdiction (covering both equity and debt)?**

The methods of funding for new companies would vary depending upon the stages they are in – (i) seed stage, (ii) start-up stage, (iii) early growth stage, and (iv) sustained growth stage. In seed or start-up stage, the founder’s own savings and borrowings and/or capital injection by the founder’s family and/or friends are commonly utilised. Funding through bank loans tends to be difficult in these stages. Japan Finance Corporation and municipalities provide certain lending systems to support start-ups up to a certain maximum amount. Angel investors would also provide equity capital. In early growth stage to sustained growth stage, funding by bank loans or venture capital will more likely be available. Crowd-funding is also available in every stage. In 2017, ICOs became spotlighted as a new tool of fund raising. However, both accounting and taxation standards for ICOs are not established, which may be an obstacle to raising fund by ICOs.

- 2.2 Are there any special incentive schemes for investment in tech/fintech businesses, or in small/medium-sized businesses more generally, in your jurisdiction, e.g. tax incentive schemes for enterprise investment or venture capital investment?**

- The Japanese tax system provides the angel investors with the following tax incentives: (i) reduction of the income tax (the amount invested to the target company which have not made profits in three years from the establishment will be reduced from the gross income); or (ii) reduction of the capital gains from transfer of shares in the target company (the amount invested to the target company of less than 10 years old will be reduced from the capital gains).

- The research and development (“R&D”) tax incentive system has been adopted and often revised in Japan with the aim of maintaining and strengthening the R&D initiatives, which support Japan’s global competitiveness.
- Unlike some of the European countries, the patent box scheme (which allows companies to apply a lower rate of corporation tax to profits earned from patented inventions) has not been adopted by the Japanese tax system, though the adoption has been continuously proposed by the Japanese industry.

2.3 In brief, what conditions need to be satisfied for a business to IPO in your jurisdiction?

Tokyo Stock Exchange (“TSE”) operates five equity markets: (i) the First Section; (ii) the Second Section; (iii) Mothers; (iv) JASDAQ; and (v) Tokyo PRO Market. There are two types of requirements (“Listing Requirements”) by which the company will be examined to list its stock encompassed: “Formal Requirements”; and “Eligibility Requirements”. The Formal Requirements include: (i) the number of shareholders as of the listing day; (ii) the number of tradable shares; (iii) the market capitalisation of tradable shares; (iv) the ratio of tradable shares to listed shares; (v) public offering; (vi) market capitalisation of listed shares; and (vii) number of consecutive years of business operation, and so forth. The Eligibility Requirements include: (i) appropriateness of the disclosure of corporate information, risk information, etc.; (ii) soundness of corporate management; (iii) effectiveness of corporate governance and internal management system of an enterprise; (iv) reasonableness of the business plan; and (v) other matters deemed necessary by TSE from the viewpoint of the public interest or the protection of investors.

2.4 Have there been any notable exits (sale of business or IPO) by the founders of fintech businesses in your jurisdiction?

There are many fintech start-ups that are aiming at exits such as IPO, though the completion of the IPO is yet to be reported. In addition, given the deregulation of the Banking Act which enabled the bank holding company to make investments in fintech business companies upon a respective approval by the JFSA, such investment may increase.

3 Fintech Regulation

3.1 Please briefly describe the regulatory framework(s) for fintech businesses operating in your jurisdiction, and the type of fintech activities that are regulated.

Apart from the regulations applicable to cryptocurrency exchange services and electronic payment intermediate services, there is no specific regulatory framework for fintech businesses. If the services provided by the fintech companies are subject to existing financial regulations, they are required to comply with these regulations including obtaining applicable authorisation (licence or registration). A firm (including an overseas firm) that wishes to undertake regulated activities in Japan is required to obtain applicable authorisation from Japanese financial regulators, the JFSA or one of the Local Financial Bureaus that is delegated a part of the authority from the JFSA. Please note that solicitation for using its services in Japan from abroad is basically considered as undertaking its activities in Japan.

Money transfer services are regulated under the Banking Act and acts applicable to other depository institutions, which requires those who wish to enter into this business to obtain the relevant licence from the JFSA, provided that the service of a money transfer of not more than JPY 1 million can be provided if a firm obtains the registration of the “Funds Transfer Service Provider” under the PSA.

As with e-money, the issuer of e-money must comply with applicable rules under the PSA. If e-money can be used only for the payments to the issuer for its goods or services, the PSA does not require the issuer to get registration, provided that they have some reporting obligations. Meanwhile, if e-money can be used not only for the payments to the issuer for its goods or services but also for the payments to other entities that are designated by the issuer, then the issuer is required to obtain the registration of the “Issuer of Prepaid Payment Instruments” under the PSA.

Regulations on cryptocurrency came into force on April 1, 2017. The PSA was amended to introduce registration requirements for “Virtual Currency Exchange Service Providers”. For purposes of the PSA, Virtual Currency Exchange Services have been defined to include any of the following acts carried out as a business: (i) the sale/purchase of Virtual Currency or exchanges for other Virtual Currency; (ii) intermediary, agency or delegation services for the acts listed in (i) above; or (iii) the management of users’ money or Virtual Currency in connection with the acts listed in (i) and (ii). As a consequence of this definition, not only typical cryptocurrency (virtual currency) exchanges, but also, so-called OTC brokers are regulated as Virtual Currency Exchange Service Providers under the PSA. Moreover, operators of a platform for ICOs or consultants may be considered Virtual Currency Exchange Service Providers depending on their business structure. Since this amendment to the PSA became effective on April 1, 2017, 16 cryptocurrency exchanges have been registered with the JFSA.

Please note that an online payment instrument can be considered either as a “Funds Transfer” system, a “Prepaid Payment Instrument”, a “Virtual Currency” or something else. As the boundary of each definition is not easy to distinguish, a consultation of specialists is recommended if an entity wishes to undertake business related to online payments in Japan.

In March 2017, a bill amending the Banking Act was enacted in the Diet to regulate “Electronic Payment Intermediate Service Providers” and facilitate open API (Application Programming Interface). The amendments require entities to register with the JFSA in order to provide Electronic Payment Intermediate Services. Electronic Payment Intermediate Service Providers are defined broadly enough to include intermediaries between financial institutions and customers, such as entities using IT to communicate payment instructions to banks based on the entrustment from customers or entities using IT to provide customers with information about their financial accounts held by banks. The amendment will come into force on June 1, 2018.

3.2 Are financial regulators and policy-makers in your jurisdiction receptive to fintech innovation and technology-driven new entrants to regulated financial services markets, and if so how is this manifested?

Yes. Financial regulators and policy-makers in Japan are receptive to fintech innovation and technology-driven new entrants in the regulated financial services markets.

The Financial System Council (the “FSC”), the advisory body for the Japanese government, published its “Final Report: Strategies for Reforming Japanese Payment System” in December, 2015. The report emphasised that both public and private sectors in Japan

should recognise how influential the innovation as well as structural changes and globalisation of payment services in conjunction with technological innovation would be in the field of financial services and should make efforts in a timely manner in the respective field to progress in the following direction:

- applying IT innovation and renovating the payment services sector;
- securing of payment system stability along with information security;
- promoting innovation and ensuring user protection; and
- demonstrating leadership in international trends concerning payment systems.

On April 27, 2016, the JFSA announced the establishment of a “Panel of Experts on FinTech Start-ups”. According to the JFSA, the purpose of this Panel was to create a framework allowing experts to discuss possible measures to create a “FinTech ecosystem”.

In August 2016, the Japanese cabinet approved its action plan for 2016 to 2017, and named it “Japan Revitalization Strategy 2016”. The Action plan includes the Japanese government’s commitment to creating environments (“Fintech ecosystems”) to ensure the development of fintech companies in Japan.

Since 2015, the JFSA has been introducing several pro-fintech policies and measures, aimed at enhancing financial innovation through fintech:

- in September 2015, the JFSA published its first “Strategic Directions and Priorities” paper, which designated fintech as one of the areas that has top strategic priorities for the agency;
- in December 2015, the JFSA established “FinTech Support Desk” as a one-stop contact point for inquiries and opinions pertaining to businesses involving fintech; and
- in June 2016, the JFSA established a “Payments Council on Financial Innovation”, aiming to set up a framework in which members from a financial sector, industry, consumer and government could work together and follow up on the progress of the action plan agreed by the aforementioned Working Group and deliver payment system reforms and payment service innovations continuously.

Although the JFSA has been facilitating fintech innovations, it would likely take a more conservative approach than before to cryptocurrency-based businesses, responding to the recent massive hacking attack to one of the largest cryptocurrency exchanges in Japan and increase of fraudulent ICOs. In order to enhance consumer protections, the JFSA announced on March 8, 2018 that it will establish “the Study Group on Virtual Currency Exchange Services etc.” to analyse and consider the appropriate legal framework for cryptocurrency-based businesses.

3.3 What, if any, regulatory hurdles must fintech businesses (or financial services businesses offering fintech products and services) which are established outside your jurisdiction overcome in order to access new customers in your jurisdiction?

If an overseas fintech company wishes to perform regulated activities in Japan, it is basically required to obtain the same authorisation or registration that Japanese companies need to obtain to carry out such regulated activities from the relevant authorities in Japan. It is important to note that a fintech business only based overseas which deals with customers in Japan is likely to be viewed as carrying-out activities in Japan. In some cases, a fintech business established in another jurisdiction that wishes to provide its service to residents in Japan is required to establish a branch office or a subsidiary in Japan to obtain such authorisation.

Considering the above, it is important for an overseas fintech company wishing to enter the Japanese market to consult with its Japanese legal advisor on whether the authorisation or registration is required under Japanese law. In connection to this, in March 2017, the JFSA made a series of announcements supporting fintech companies from other jurisdictions to enter the Japanese market which are as follows:

- the JFSA and the UK’s Financial Conduct Authority jointly announced that they exchanged letters on a co-operation framework to support innovative fintech companies in Japan and the UK to enter each other’s market by providing a regulatory referral system. The JFSA and the Monetary Authority of Singapore (“MAS”) jointly made the similar announcement; and
- the JFSA announced the launch of the “Financial Market Entry Consultation Desk” to give advice on Japan’s financial regulations to foreign financial business operators (e.g. asset management firms) which plan to establish a business base in Japan. The JFSA’s Financial Market Entry Consultation Desk closely cooperates with the Tokyo Metropolitan Government’s “Financial One-Stop Support Service” to support foreign financial business operators planning to set up offices in Tokyo.

4 Other Regulatory Regimes / Non-Financial Regulation

4.1 Does your jurisdiction regulate the collection/use/ transmission of personal data, and if yes, what is the legal basis for such regulation and how does this apply to fintech businesses operating in your jurisdiction?

Yes, the Act on the Protection of Personal Information (the “APPI”) is a principle-based regime for the processing and protection of personal data in Japan. The APPI generally follows the eight basic principles of OECD Guidelines on the Protection of Privacy and Transborder Flows of Personal Data. The Act is applicable to all private businesses including fintech businesses. Based on the requirements of the APPI, each governmental ministry issued administrative guidelines that are applicable to specific industry sectors under its supervision. Fintech businesses should basically comply with the “Guidelines on Personal Information Protection in the Financial Industry”. In September 2015, the amendment to the APPI was promulgated and was fully implemented on May 30, 2017. The key amendments include (i) the revision of the definition of “Personal Information” and introduction of the definition of “Sensitive Personal Information”, (ii) setting rules for the utilisation of de-identified information, (iii) establishment of Personal Information Protection Commission (already established), and (iv) setting restrictions on transferring personal data to foreign jurisdictions and rules of introducing restrictions on transferring personal data to foreign jurisdictions.

4.2 Do your data privacy laws apply to organisations established outside of your jurisdiction? Do your data privacy laws restrict international transfers of data?

Prior to the amendment, the APPI was applicable to any act involving personal information that was performed in Japan. In this sense, it was widely considered that the APPI does not have extraterritorial reach. However, the amended APPI is applicable to certain acts that are performed in a foreign country. More specifically, many of the provisions of the amended APPI are applicable to the owner of personal information regardless of the owner’s location, if the owner uses or processes such personal information of an individual

in Japan that is acquired, in connection with the provision of goods or services to the individual.

Before the implementation of the amendment, the APPI did not restrict the international transfer of data. Under the amended APPI, however, personal data may not be transferred to any third party in a foreign country, in principle, without the consent of the person concerned. This restriction does not apply if a receiving third party is located in a foreign country that has personal data protection systems comparable to those in Japan, or if the receiving third party takes necessary measures to protect personal data comparable to the measures that should be taken by an entity under the APPI.

4.3 Please briefly describe the sanctions that apply for failing to comply with your data privacy laws.

Criminal sanctions may be applicable for failing to comply with the APPI. Criminal sanctions include imprisonment or a criminal fine. If a breach is committed by an officer or an employee of a judicial entity, the entity itself may also be subject to a criminal fine.

4.4 Does your jurisdiction have cyber security laws or regulations that may apply to fintech businesses operating in your jurisdiction?

In November 2014, the Basic Cybersecurity Act was enacted, which is a basic framework law for cybersecurity. Under this act, the Japanese government must take measures for the implementation of cybersecurity policies including legislative, financial or taxation measures.

Currently, there are several laws and regulations in Japan that can be used to tackle cyber-crimes, including, among others, the Unfair Competition Prevention Act, the Unauthorised Computer Access Prevention Act, the APPI and the Penal Code.

4.5 Please describe any AML and other financial crime requirements that may apply to fintech businesses in your jurisdiction.

The Act on Prevention of Transfer of Criminal Proceeds is the key anti-money laundering legislation in Japan (the “APTCP”). The APTCP requires financial institutions and other business entities specified in the act (“Specified Business Entities”) to adequately verify the identity of its customer upon commencement of the certain types of transactions (“Specified Transactions”). If a fintech business is included in the scope of the Specified Business Entities, it must perform such verification.

Most financial institutions including the Funds Transfer Service Provider and the Virtual Currency Exchange Service Provider are specified as the Specified Business Entities under the APTCP, while Issuer of Prepaid Payment Instruments is not designated under Specified Business Entities.

The Specified Transactions vary depending on the Specified Business Entities. If a transaction falls within certain high-risk categories, the APTCP requires the Specified Business Entities to conduct enhanced customer due diligence.

4.6 Are there any other regulatory regimes that may apply to fintech businesses operating in your jurisdiction?

There is no other legislation in Japan which is aimed specifically at the fintech sector. Any additional relevant regulations would likely be specific to the sector in which a particular fintech business operates.

5 Accessing Talent

5.1 In broad terms, what is the legal framework around the hiring and dismissal of staff in your jurisdiction? Are there any particularly onerous requirements or restrictions that are frequently encountered by businesses?

In regards to either hiring or dismissal, it should be noted that, under Japanese law, employers are prohibited from discriminating against employees with regard to wages, working hours and any other terms of employment because of nationality, creed and social status.

With respect to hiring, there are two types of employment contracts in Japan – (i) those with a definite term, and (ii) those with an indefinite one. As a general rule, the term of a definite term employment contract shall not exceed three years. There are exceptions to this rule, such as those that apply to employees that have special knowledge or expertise that the company is particularly looking for. Please note that, unless there is an objectively justifiable cause for the non-renewal, and such non-renewal is socially acceptable, a definite term employment contract will be, upon the employee’s request, made on or prior to the expiration date of the definite term employment contract or without delay of such expiration date, deemed to be renewed as an employment contract with an indefinite term under the same terms and conditions of employment as the definite term employment contract if a certain condition is met. Please also note that a definite term contract employee whose contract periods total over five years by renewals may convert the employment contract to an indefinite term employment contract by requesting to the employer.

With respect to unilateral dismissal, where an employer terminates the employment contract unilaterally against the employee’s will, the employer must give the employee at least 30 days’ prior notice to be dismissed or make payment of the average wage *in lieu* of the notice. Generally speaking, it is considerably difficult for any employer in Japan to unilaterally dismiss an employment contract. The employer must abide by a rule that a dismissal shall, where the dismissal lacks objectively reasonable grounds and is not considered to be appropriate in general societal terms, be treated as a misuse of that right and invalid. Please also note that, in case of dismissal as a means of employment adjustment (i.e. collective redundancies), the following four requirements shall all be satisfied: (i) necessity of reduction; (ii) effort to avoid dismissal; (iii) rationality in selection of target employees; and (iv) procedural appropriateness. Given the difficulty of the dismissal, practically, the employers sometimes offer a certain monetary package that would induce an employee to voluntarily resign.

5.2 What, if any, mandatory employment benefits must be provided to staff?

Employers are required to pay at least the minimum wages stipulated by the law. As a general rule, (i) the wage must be paid at least monthly on a particular date, (ii) the payment must be in cash, in Japanese Yen, (iii) no amount can be deducted from the wage, and (iv) the wage must not be paid to anyone other than the employee.

Employees are entitled to take at least one statutory holiday a week. The maximum working hours cannot exceed eight hours a day or 40 hours a week. An employer must give all employees that have worked 80 percent or more of the designated workdays in the preceding year a certain number of days of annual leave.

In order to have employees work overtime or work during holidays, the employer is required to, (i) execute an employee-employer agreement in writing on such overtime work with the labour union which represents a majority of employees or, if such union does not exist, with an employee who represents a majority of employees, and (ii) refer to the possibility of overtime work and work on statutory holidays in the Rules of Employment in advance.

An employer is, in general, required to have the following two types of insurance for its employees: (i) Labour Insurance (Workers' Compensation Insurance and Unemployment Insurance); and (ii) Social Insurance (Health Insurance and Welfare Pension Insurance).

5.3 What, if any, hurdles must businesses overcome to bring employees from outside your jurisdiction into your jurisdiction? Is there a special route for obtaining permission for individuals who wish to work for fintech businesses?

For the foreign workers to visit and work in Japan, a highly skilled professional visa or working visa is necessary. Under the Japanese points-based system, foreign nationals recognised as “highly-skilled foreign professionals” will be given preferential immigration treatment. There are three categories of activities of highly-skilled foreign professionals: (i) advanced academic research activities (activities of engaging in research, research guidance or education based on a contract entered into with a public or private organisation in Japan); (ii) advanced specialised/technical activities (activities of engaging in work requiring specialised knowledge or skills in the field of natural sciences or humanities based on a contract entered into with a public or private organisation in Japan); and (iii) advanced business management activities (activities of engaging in the operation or management of a public or private organisation in Japan). The preferential treatment includes (i) permission for multiple purposes of activities, and (ii) a grant of a five-year period of stay, and so forth.

6 Technology

6.1 Please briefly describe how innovations and inventions are protected in your jurisdiction.

Fintech, or technology related to finance, may be protected by a patent or copyright.

A patent is granted for inventions that are “highly advanced creations of technical ideas utilising the laws of nature” and that are industrially applicable. For instance, a patent may be granted for computer software as either an invention of a product or an invention of a process, provided that it involves hardware control or process-using hardware. The mathematical algorithm itself is not patentable. Business methods themselves are not patentable, however, a patent may be granted for business methods which are combined with computer systems or other devices.

Productions in which thoughts or ideas are expressed in creative ways (and which fall within the literary, scientific, artistic or musical domain) are protected by copyright as “works”. Databases which constitute creations by means of selection or systematic construction of information contained therein are protected as independent works. Computer programs may be protected as works if the way in which the instructions to the computer are expressed constitute creations.

6.2 Please briefly describe how ownership of IP operates in your jurisdiction.

Under Japanese patent law, a patent for an invention is owned by the inventor. Only a natural person can be the inventor originally entitled to filing a patent for the invention. For an invention created by an employee, the right to obtain a patent may be assigned to an employer in accordance with the rules established by the employer, and said employer may file the patent application as the applicant to the extent that the employer reasonably compensates its employee. The process for determining “reasonable value” may often be clarified in an agreement or Rules of Employment. In the case where the amount to be paid in accordance with the provision on “reasonable value” is found to be unreasonable, or where no provision setting forth the method for calculation exists, the amount of the “reasonable value” shall be determined by the court in light of the amount of profit to be received by the employer from the working of the patent, the employer’s burden and contribution to the invention and treatment of the employee and any other circumstances relating to the invention.

The authorship of a work which is created by an employee during the performance of the duties for their employer is attributed to the employer. An author fundamentally obtains the moral rights of author as well as the copyright. The moral rights of the author include the right to make the work public, the right to determine the indication of the author’s name and the right to maintain integrity. The moral rights of the author are personal and exclusive to the author.

6.3 In order to protect or enforce IP rights in your jurisdiction, do you need to own local/national rights or are you able to enforce other rights (for example, do any treaties or multi-jurisdictional rights apply)?

IP rights are territorial rights in principle. On the other hand, Japan has adopted the Paris Convention for the Protection of Industrial Property, the Patent Cooperation Treaty, the Patent Law Treaty and the WIPO Copyright Treaty.

6.4 How do you exploit/monetise IP in your jurisdiction and are there any particular rules or restrictions regarding such exploitation/monetisation?

IP may be exploited or monetised through (i) assignment, (ii) grant of security interest, or (iii) licence. Depending upon the IP rights, the formalities of these transactions are different.

Rights in registered patents can be assigned to any party upon registration of the assignment. Copyright and neighbouring rights can be assigned through an agreement, without registration, however, registration is necessary to perfect the assignment.

Rights in registered patents can be pledged for the benefit of any party upon its registration, which is required in order for the pledge to be valid and enforceable. Copyright and neighbouring rights can be pledged for the benefit of any party by an agreement without registration, although the pledge can still be registered in order to perfect the agreement.

Exclusive and non-exclusive licences to intellectual property rights are effective upon the creation of an agreement between the right holder and a licensee.

**Taro Awataguchi**

Anderson Mōri & Tomotsune
Otemachi Park Building, 1-1-1 Otemachi
Chiyoda-ku
Tokyo 100-8136
Japan

Tel: +81 3 6775 1104
Email: taro.awataguchi@amt-law.com
URL: www.amt-law.com/en

Taro Awataguchi has extensive experience in the field of banking, financing and insolvency, and is recognised by *Best Lawyers* (banking and financing law). He also advises clients on legal matters of fintech and virtual currencies. He was appointed by the Japanese court as the trustee in bankruptcy proceedings of a Bitcoin-related company where various disputes related to bitcoin were involved. He is a frequent lecturer on finance matters and spoke on "Cryptocurrencies" at the American Bar Association ("ABA") Section of International Law 2016 Fall Meeting held in Tokyo. He is also noted for successful creditor representations in various cross-border collection/insolvency matters.

**Ken Kawai**

Anderson Mōri & Tomotsune
Otemachi Park Building, 1-1-1 Otemachi
Chiyoda-ku
Tokyo 100-8136
Japan

Tel: +81 3 6775 1205
Email: ken.kawai@amt-law.com
URL: www.amt-law.com/en

Ken Kawai, a fintech and financial regulatory partner of Anderson Mōri & Tomotsune, has extensive experience advising financial institutions, fintech start-ups, investors and corporate clients on complex finance and financial regulatory matters. Ken's primary focus has been on fintech. Ken has been very actively advising fintech companies, financial institutions, international organisations and self-regulatory organisations on fintech legal issues including those of cryptocurrencies, initial coin offerings and blockchain. He is a legal advisor of Japan Cryptocurrency Business Association. He also has expertise in derivatives. He counsels global banks, broker-dealers and investors on regulatory matters and best practices regarding derivatives and related products. His in-depth understanding of the actual practices derives from his 17-year career at The Bank of Tokyo Ltd. / The Bank of Tokyo-Mitsubishi (presently The MUFG Bank, Ltd.), where he mainly engaged in derivatives trading and marketing.

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59 Tanner Street, London SE1 3PL, United Kingdom
Tel: +44 20 7367 0720 / Fax: +44 20 7407 5255
Email: info@glgroup.co.uk