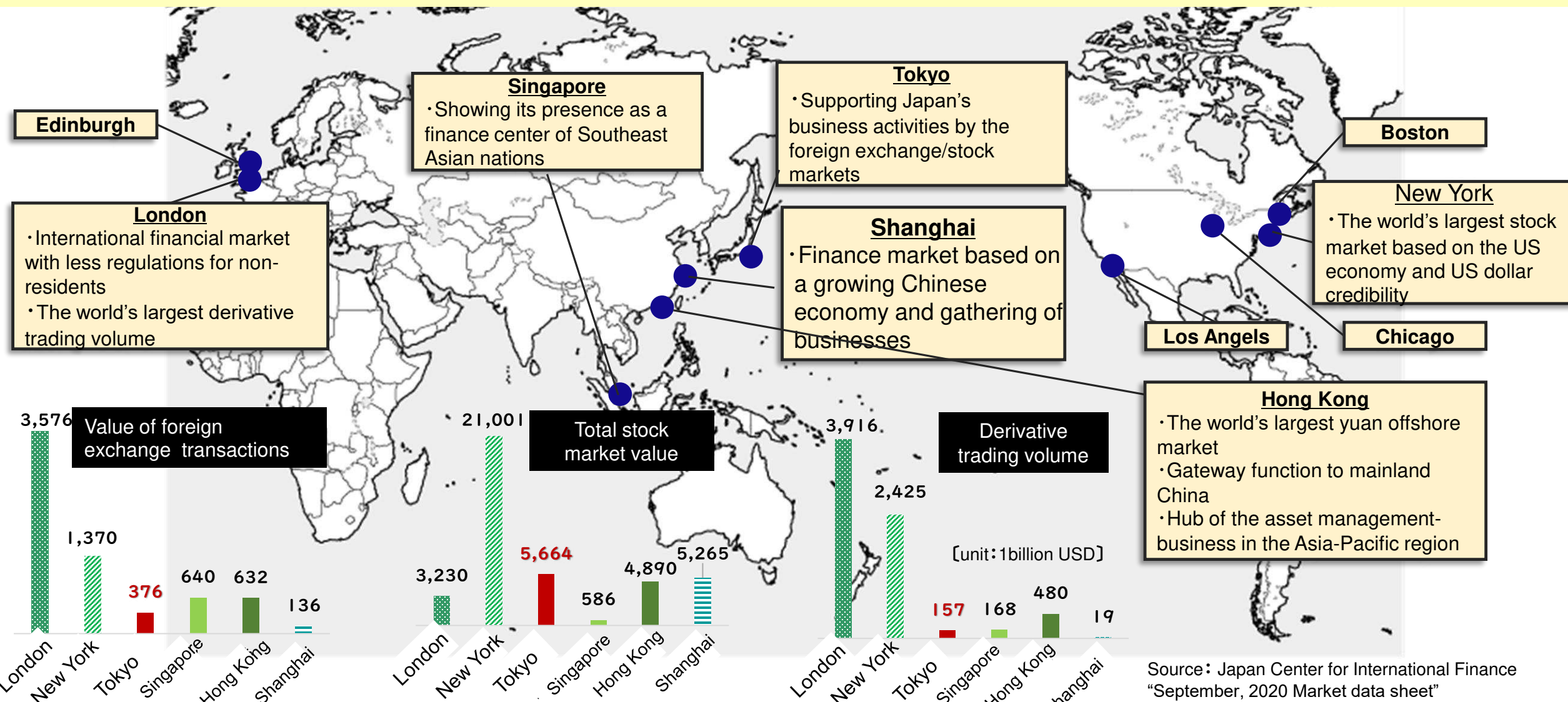


World Situation Around International Finance

- ◆ An international financial city means a hub of international financial trading, with headquarters of global banks, stock brokerage firms, etc
- ◆ The most renowned cities of its kind are New York and London, which have headquarters of prestigious financial institutes.
- ◆ The international financial situation shows a sign of change amid increasing geopolitical risks such as Brexit and enforcement of the National Security Law in Hong Kong.



Source: Japan Center for International Finance "September, 2020 Market data sheet"

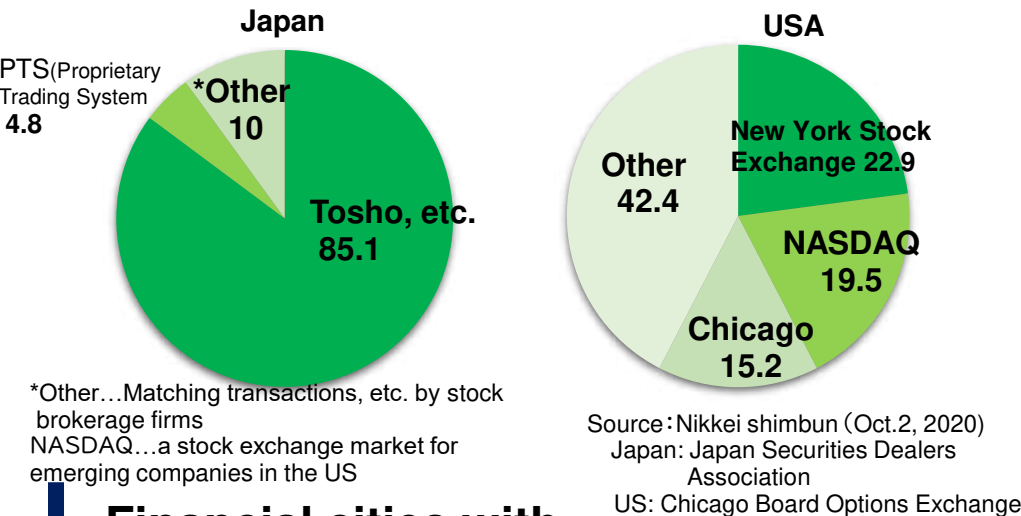
Japan's Current Situation of International Finance

- ◆ Japan's transactions are concentrated in the Tokyo Stock Exchange (Tosho), but the COVID-19 pandemic has visualized the risk of overconcentration in Tokyo at the time of crisis.
- ◆ Looking around the world, every major country contains several financial cities with different functions.
- ◆ Amid global inter-city competition, Japan needs other internationally-competitive financial cities adding to Tokyo, to strengthen its growth.

Japan's current situation

▽ Transactions are concentrated in Tosho ▽ The negative impact of unipolar concentration in Tokyo

[Ratio of markets in stock exchanges]



- Estimated maximum damage when an earthquake hits directly Tokyo metropolitan area → Approx. 95 trillion yen
- Natural Disasters Risk Index of world big cities → Tokyo-Yokohama is the worst among the major big cities in the world

Source: Cabinet Office, final report by Working Group on the earthquake centered directly under the capital (2013)
 Munich Reinsurance Company Annual Report (March, 2003)

[International Financial Center Index]

	September, 2020	
1 st	New York	USA
2 nd	London	UK
3 rd	Shanghai	China
4 th	Tokyo	Japan
5 th	Hong Kong	China
6 th	Singapore	Singapore
-	-	-
13 th	Edinburgh	UK
-	-	-
20 th	Chicago	USA
-	Osaka (39 th)	Japan

Financial cities with different functions

USA	New York	Chicago
	World's largest stock market	World's largest derivative exchange
UK	London	Edinburgh
	Financial market with the world's largest stock exchange volume	Home to international asset management businesses

【Assessment items】

- ① Business environment
- ② Human resources
- ③ Infrastructure
- ④ Development level in the financial field
- ⑤ International evaluation

Source: UK Think-Tank Z/Yen Research

Osaka's Advantages as an International Hub and its Future Visions

- ◆ Osaka is a commercial metropolis, also known as the “nation’s kitchen.”
- ◆ It developed by people’s independent activities and unique ideas, and the world’s first futures contract was traded here.
- ◆ Full of new business chances, it’s an attractive place for both domestic and foreign entrepreneurs and investors.
- ◆ Osaka will lead entire Japan’s economic growth as an international financial metropolis that has different characters and functions from those of Tokyo.

Osaka's Advantages

1. Historical background

- ▽ Birthplace of the futures trading (derivatives)

2. Well-organized urban infrastructure

- ▽ The only general exchange market that deals with derivatives
- ▽ Developed transportation network and an international trading port
- ▽ Higher education facilities and life science-related industries

Osaka's Potential

1. Developing big projects that attract investments from Japan and the world

- ▽ 2025 Expo Osaka-Kansai
- ▽ The highest level growth in the world

2. Acting as home to new innovation

- ▽ Promoting a smart city and a super city
- ▽ Creating a global hub for startup-ecosystem
- ▽ Creating Umekita II and an international hub for the future of medical care (Nakanoshima)

Osaka's vision for the international financial metropolis (images)

Innovative Financial Metropolis Osaka

- ▽ Promoting *ESG investment to achieve SDGs with entirety of Osaka, as the venue of Expo 2025
- ▽ Making Osaka an innovative financial metropolis home to funds and human resources by drastic deregulation
- ▽ Societal implementation of cutting-edge technology in the financial business sector
- ▽ Creating a new market through digital transformation in finance

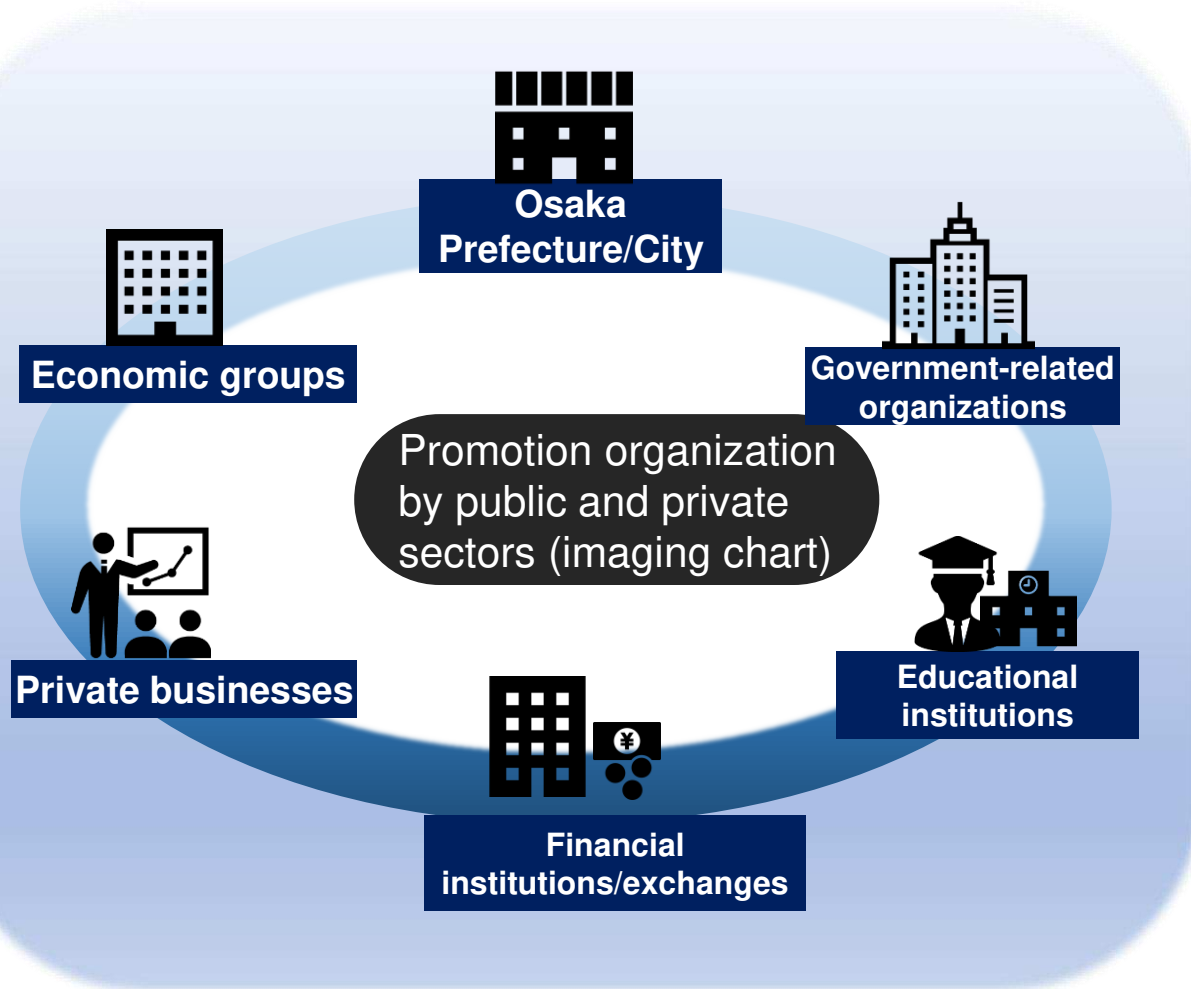
*ESG investment: The investment that has Environmental, Social and Governance elements, which means investments seeking positive returns and long-term impact on society

Asian Derivative Metropolis Osaka

- ▽ Creating the leading hub of the Asian derivative market to take in the growth of derivative transactions

Efforts to Make Osaka an International Financial Metropolis

- ◆ Establishing a preparatory organization that consists of Osaka Prefecture and Osaka City, economic groups, etc. based on the current international situation (within this year)
- ◆ Starting to implement feasible policies in sequence towards the post COVID-19 world, while calling on businesses, which agree to our intent, for participation



Schedule

Within 2020	Establishing a preparatory organization
Within FY2020	Establishing a promotion organization consisting of both public and private members
From April, 2021	<ul style="list-style-type: none"> -Promoting to attract finance-related businesses from inside and outside Japan -Training up financial human resources -Promoting ESG investment -Considering to create a new market of the financial digital transformation

Positive impact of the realization of an international financial metropolis

Osaka's economic vitalization by vigorous investment

Creation of employment in the related industries

Residents' asset management and formation

Realizing "Second Capital Osaka" to lead Japan's growth