

Detailed Criteria with Regard to the Financial Condition of an Applicant

Type of applicant		Criteria	
		Applicants that have already closed their books at the end of the first accounting period after the start of business	Applicants that have not yet closed their books at the end of the first accounting period after the start of business (including entities planning to start business)
Entities subject to home-country regulations laid down in line with “International Convergence of Capital Measurement and Capital Standards” published by the Basel Committee on Banking Supervision in July 1988	Entities operating in and outside their home country	The capital adequacy ratio ⁶ at the end of the most recent accounting period on a consolidated and a non-consolidated basis must be eight percent or more.	Applicants’ capital adequacy ratio ⁶ at the end of each accounting period on a consolidated and a non-consolidated basis for the first three years after the start of business is expected to be eight percent or more.
	Entities operating only in their home country	The capital adequacy ratio ⁶ at the end of the most recent accounting period on a consolidated and a non-consolidated basis must meet the standard required by home-country regulations.	Applicants’ capital adequacy ratio ⁶ at the end of each accounting period on a consolidated and a non-consolidated basis for the first three years after the start of business is expected to meet the standard required by home-country regulations.
Securities companies as defined in Paragraph 9, Article 2 of Japan’s Securities Exchange Law (Law No. 25, 1948), or foreign securities companies as defined in Item 2, Article 2 of Japan’s Law Concerning Foreign Securities Dealers (Law No. 5, 1971)		The Japanese capital requirement ratio ⁷ at the end of the most recent accounting period must be over 140 percent.	Applicants’ Japanese capital requirement ratio ⁷ at the end of each accounting period for the first three years after the start of business is expected to be over 140 percent.

* Some editorial revisions have been made to the English translation since it was initially released on February 17, 2003.
The original Japanese text, however, remains entirely unchanged.