



1. Purpose

To support SME businesses in finance in Japan, there are various kinds of **SME Soft Loans** facilitated by the Government of Japan (through Japan Finance Corporation), the Tokyo Metropolitan Government, and municipalities or wards. Those SME soft loans are subsidized interest payments and credit guarantee fees with no collateral and no third-party guarantor requirements.

Note: This paper shows SME soft loans facilitated by Edogawa-ward in Tokyo as an example. It is said that municipality SME soft loans are most convenient and user-friendly for SMEs.

2. Eligibility and Conditions (in the case of Edogawa-ward)

- a. SMEs and micro enterprises/individual owners (MEIs)
- b. Registered and one-year business, except new company establishment loans, in the ward with no tax arrears
- c. Industry fields specified by Credit Guarantee Corporation of Tokyo (CGCT)
- d. Necessary business permissions, if any
- e. Other requirements, e.g. purposes of loans, depending on schemes
- f. Use of loans: operations or equipment only, depending on schemes
- g. Maximum amount: 80 million yen depending on schemes
- h. Repayment period: 6 to 15 years with some grace depending on schemes
- i. Interest: yearly 0.5% to 1.5%, after the subsidy of 0.5% to 1.5%
- j. Credit guarantee fee: none, after the subsidy of yearly 0.45% to 2.2%
- k. Collateral and guarantor: none, except representative's guarantee for SMEs