

Introduction to the Credit Guarantee System for Small and Medium Enterprises in Metropolitan Tokyo (As of FY2008)

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The Credit Guarantee System is a financing program based on the collaboration of the Tokyo Metropolitan Government, the Credit Guarantee Corporation of Tokyo (CGCT), and designated financial institutions, to enable small and medium enterprises in the Tokyo Metropolitan area to obtain financing from financial institutions more easily.

In order to receive financing through the Credit Guarantee System, it is necessary to obtain credit guarantees from CGCT.

CGCT examines the top management of the enterprise, how the borrowed funds are to be used, and the ability of the enterprise to make repayments, to determine whether or not credit guarantees should be offered as well as the amount of the credit to be guaranteed.

CGCT was established in accordance with the Credit Guarantee Corporation Law and approved by the national government as a public institution. The role of CGCT is to offer credit guarantees to facilitate the financing of business operations of small and medium enterprises by financial institutions, and support the healthy growth of the business of these enterprises.

Enterprises Eligible for the Credit Guarantee System

The Credit Guarantee System is available for small and medium enterprises, or associations that meet all of the following requirements:

1. The company should have its actual base of business in Tokyo and does most of its business in Tokyo and is engaged in a business in an industry that is eligible for a credit guarantee from CGCT. (Certain business duration may be required).
 2. The company has not been delinquent in paying corporate taxes (or income tax, in the case of an unincorporated enterprise), enterprise tax, or other taxes.
 3. For industries that require approval, licensing, registration, filing of notification, etc., the relevant approval or licensing is granted.
- * A program for obtaining Start-up Financing is available for persons who are planning to establish a company.
 - * Companies operating less than one year can make use of programs such as Financing for Start-ups, etc.
 - * To receive Financing with Forecasted Limit, a company must, in principle, be engaged in same business in the same location for at least two years.

Small and medium enterprises are companies that fulfill the requirements in terms of either the amount of capital or the number of full-time employees indicated in the table below.

Type of business	Maximum amount of capital (yen)	Maximum number of employees
Manufacturing, etc. (software, IT, construction, real estate, shipping and freight, publishing, etc.)	300 million	300 (*1)
Wholesale trade	100 million	100
Retail trade (including the restaurant business)	50 million	50
Service industry	50 million	100 (*2)
Medical corporations, etc. (*3)	(none)	300

- (*1) The maximum number of employees is 900 for manufacturers of rubber products (excluding manufacturers of tires for automobiles or aircraft, or rubber tubes and industrial belts).
- (*2) The maximum number of employees is 200 for the innkeeping business.
- (*3) This category includes medical corporations, as well as social welfare corporations, foundations, or incorporated bodies whose primary business is related to the medical professions.

Associations refers to any business cooperative association that conforms to Article 2 Section 1 of the Credit Insurance Law, including such associations as Business Cooperative Associations, Cooperative Associations of Small Businesses, Shopping Street Promotion Associations, Enterprises Associations, Consumer Cooperative Associations, Cooperative Associations, Trade Associations, Living and Health Trade Associations, Associations of Small Living and Health Businesses, Sake Brewers Associations, Liquor Retailers Associations, and Coastal Shipping Associations. Credit Limits for Consumer Cooperative associations and Coastal Shipping Associations are same as those for Small and medium enterprises.

CAUTION!
Beware of financial brokers who will try to charge brokerage fees or mediation commissions. Applications for credit guarantees brokered by such third-party entities as financial brokers or organized crime groups will not be accepted.

For outline of Credit Guarantee System, please refer to the separate pages.

	Name of program	details	Beneficiaries of the financing	Application limit (yen)	Use of funds / Term
1	Small-sum Financing (National standard guarantee system set by the national government)		Entities that meet all of the following conditions: 1) Small scale entrepreneurs defined in Article 2, Section 2 of the Small and Medium-sized Enterprises Credit Guarantee Law. . 2) Total outstanding liabilities which are guaranteed by the nationwide Credit Guarantee Corporations and that of this financing program do not exceed 12.5 million.	1 Enterprise/ Association: 12.5 million	
		"Management instruction type"	Entities that meet the following condition in addition to the abovementioned. 1) Receiving management instruction by a chamber of commerce or a society of commerce and industries for at least 6 months and obtaining a certification of contents or its management instruction.		
2	Financing for Small Businesses		Small and medium enterprises engaged in manufacturing, etc., with a maximum of 30 employees (a maximum of 10 employees for the wholesale, retail, service industries)	1 Enterprise: 80 million	Operating funds: Not more than 7 years Equipment fund: Not more than 10 years
3	Start-up Financing		Entities that meet any one of the following conditions: 1) Individuals who are not currently operating a business and wish to start up a business 2) Individuals who are not currently operating a business, have personal financial resources, and wish to start up a business 3) Small and medium enterprises and Associations that have been operating for less than 5 years 4) Small and medium enterprises that have been operating for less than 5 years, and have been financed by investment business limited liability partnership under venture investment corporations financed by Tokyo Metropolitan Government. 5) Small and medium enterprises that have been operating for less than 5 years, and have been financed by investment business limited liability partnership financed by "Venture Funds Project" of the Organization for Small & Medium Enterprises and Regional Innovation 6) Corporations that are expecting to spin off separate entities	1 Enterprise/ Association: 1) 10 million 2) 3) 4) 5) 25 million 6) 15 million	
4	Financing to Support Special Undertakings		Small and medium enterprises or associations engaged in or launching such undertakings as any one of the following conducts : 1) Businesses that have received certification or other forms of authorization issued in accordance with laws or ordinances 2) Commercialization of patents or designs in their possession 3) Businesses that have received certification, honors, or other forms of authorization issued in the programs of Tokyo Metropolitan Government or other authorities. 4) Businesses that have received subsidies from public agencies for technology 5) Development or commercialization of new technologies and approved as appropriate 6) Entities that are passing down the business to a successor 7) Entities that are diversifying or switching their businesses	1 Enterprise: 100 million 1 Association: 200 million	Operating / Equipment funds: Not more than 10 years
		"Energy Saving type"	Small and medium enterprises or associations engaged in or launching such undertakings as any one of the following conducts : 1) Equipment investment or improvement in accordance with an energy saving checklist certified by the Tokyo Metropolitan Government 2) Entities that meet environment protection conditions designated by the Tokyo Metropolitan Government as separately.		
5	Management Support Financing	Management-safety "Ward or Municipality Certification-required type"	Small and medium enterprises or associations that have obtained certification from a ward or municipality for Safety-Net Program guarantees.	1 Enterprise/ Association: 280 million	Operating funds: Not more than 7 years Equipment fund: Not more than 10 years
		Management-general "Ward or Municipality Certification-not required type"	Small and medium enterprises or associations that meet any one of the following conditions 1) Sales for the past 3 months show or are expected to show a decrease of more than 5% compared with the same period the previous year 2) The amount of funds borrowed from financial institutions is more than 10% less than for the same period the previous year 3) A company in which the abovementioned entities hold receivables has gone bankrupt, etc. 4) Business operations have been affected as a result of a natural disaster 5) Entities undertaking conducts designated by the Governor of Tokyo (Replacing asbestos etc.)	1 Enterprise: 100 million 1 Association: 200 million	

6	Financing for regenerating enterprises *	Corporate regeneration	Small and medium enterprises or associations that are in the process of rehabilitation and within 3 years after the approval of its revival plan, as defined in the Civil Rehabilitation Law or Corporate Rehabilitation Law.	1 Enterprise/ Association: 200 million	Operating / Equipment funds: Not more than 10 years
		Revival support	Entities that meet any one of the following conditions: 1) Entities that are in the rehabilitation projects of a business revival commission organized by the Tokyo Metropolitan Small Business Center, and have formulated a revival plan with a support of the above-mentioned commission 2) Entities that are in the rehabilitation projects of the Tokyo Small and medium sized Enterprises Regeneration Council and have completed a support program to set up a revival plan by the council. 3) Entities that have been financed by the Tokyo Challenge Fund investment business limited liability partnership. 4) Entities that have been financed by investment business limited liability partnership financed by "Small and medium enterprises regenerating Funds Project" of the Organization for Small & Medium Enterprises and Regional Innovation.	1 Enterprise / Association: 50 million	Operating funds: Not more than 5 years Equipment fund: Not more than 7 years
7	Disaster recovery financing		Small and medium enterprises or associations that have been damaged by disasters designated by the Governor of Tokyo.	1 Enterprise / Association: 80 million	Operating / Equipment funds: Not more than 10 years
8	Financing for fund status improvement *	Quick financing (stopgap financing)	Small and medium enterprises or associations that have made use of financing programs secured by credit guarantees by Metropolitan Tokyo or local municipalities, and have been continuously repaying a stipulated amount (including principal) for at least 1 year	1 Enterprise / Association: 5 million	Operating funds: Not more than 2 years
		Refinancing	Small and medium enterprises or associations that are capable of reducing the burden of repayments by consolidating a number of loans from financing programs secured by credit guarantees by Metropolitan Tokyo or local municipalities into one repayment program, and have continuously been repaying a stipulated amount (principal) for at least 1 year	1 Enterprise / Association: 50 million	Operating / Equipment funds: Not more than 10 years
9	Financing for autonomy and associations	Autonomous Management	Small and medium enterprises (long-term or short-term financing) or associations (business funds)	1 Enterprise: 100 million 1 Association: 200 million	Operating funds: Not more than 7 years Equipment fund: Not more than 10 years
		Autonomous Accounting *	Enterprises that meet all of the following conditions: 1) Entities that have made use of financing programs secured by credit guarantees by Metropolitan Tokyo or local municipalities, and have been continuously repaying a stipulated amount (including principal) for at least 1 year 2) Corporations that show recurrent profits and do not have excessive liabilities 3) Entities that submit "A checklist"	1 Enterprise: 30 million	Operating / Equipment funds: Not more than 5 years
		Forecasted Limit	Small and medium enterprises or associations that meet all of the following conditions: 1) Companies and unincorporated enterprises that have been engaged in the same business for more than two years 2) Corporations that show recurrent profits and do not have excessive liabilities, or unincorporated enterprises that earn sufficient income to pay taxes	(Forecasted limit) 1 Enterprise: 100 million 1 Association: 200 million	Operating funds: Not more than 2 years
		Associations	Business Cooperative Associations (Business funds or sublease)	1 Association: 200 million Sublet to 1 association member: 35 million	Operating funds: Not more than 7 years Equipment fund: Not more than 10 years
		Associations (Public procurement eligible type)	Associations that have a qualified eligibility on public procurements.		

* Applications for financing for regenerating enterprises, financing for fund status improvement, or Autonomous accounting can be submitted only to certain financial institutions that have been specifically designated to handle such applications.