

Order on Inward Direct Investment (Tentative translation)

(Order of the Prime Minister's Office, Ministry of Finance, Ministry of Education, Science and Culture, Ministry of Health and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of International Trade and Industry, Ministry of Transport, Ministry of Posts and Telecommunications, Ministry of Labour, and Ministry of Construction No. 1 of November 20, 1980)

(Purpose)

Article 1 The purpose of this Order is to provide for reporting and notification procedures and other necessary matters with regard to inward direct investment, etc., specified acquisition, and the conclusion, etc. of technology introduction contracts as prescribed in Chapter V of the Foreign Exchange and Foreign Trade Act (hereinafter referred to as the "Act").

(Matters Related to the Definition of Inward Direct Investment, etc.)

Article 2 (1) The person specified by order of the competent ministry as a person related to a foreign investor as prescribed in Article 2, paragraph (11), item (i) of the Cabinet Order on Inward Direct Investment (hereinafter referred to as the "Cabinet Order") is any of the following persons:

- (i) in a case other than a case relating to a proposal submitted to a shareholders meeting directly by the foreign investor or through another person (excluding a case relating to a proposal submitted at a shareholders meeting based on the provisions of Article 304 of the Companies Act (Act No. 86 of 2005)), any of the following persons:
 - (a) an officer (meaning the officer prescribed in Article 26, paragraph (1), item (v) of the Act, and in the case of a foreign corporation, etc. (meaning the foreign corporation, etc. prescribed in Article 2, paragraph (1) of the Cabinet Order; the same applies in Article 3, paragraph (2)), including a person that is treated in the same manner under the laws and regulations of a foreign country and a representative in Japan; hereinafter the same applies in this paragraph and Article 7, paragraph (4)) of the foreign investor (limited to a corporation, etc. (meaning the corporation, etc. prescribed in Article 2, paragraph (14), item (ii) of the Cabinet Order; the same applies hereinafter)) or a member of an investment committee, management committee, or other meeting body, irrespective of its name, that makes decisions on the execution of inward direct investment, etc. (meaning the inward direct investment, etc. prescribed in Article 26, paragraph (2) of the Act; the same applies hereinafter) (hereinafter

- referred to as a "member of an investment committee, etc." in this paragraph) of the foreign investor;
- (b) an officer or a member of an investment committee, etc. of a corporation, etc. that would fall within any of the categories set forth in Article 2, paragraph (19), items (i) through (v) of the Cabinet Order if the foreign investor, etc. is deemed to be the acquirer of shares, etc. prescribed in item (i) of that paragraph;
 - (c) an officer of a corporation, etc. that would fall within any of the categories set forth in Article 2, paragraph (19), items (vi) through (ix) of the Cabinet Order if the foreign investor, etc. is deemed to be the acquirer of shares, etc. prescribed in item (i) of that paragraph;
 - (d) the spouse of the foreign investor (limited to an individual);
 - (e) a lineal relative of the foreign investor (limited to an individual);
 - (f) an individual, or an officer, employee, or any other worker of a corporation or any other organization, that has agreed to exercise voting rights (meaning the voting rights prescribed in Article 26, paragraph (1), item (iii) of the Act; the same applies hereinafter) or any other rights as a shareholder of a company jointly with the foreign investor; or
 - (g) a person that would fall within any of the categories of persons set forth in (a) through (e) if an individual or a corporation or any other organization that has agreed to exercise voting rights or any other rights as a shareholder of a company jointly with the foreign investor is deemed to be a foreign investor;
- (ii) In a case relating to a proposal submitted to a shareholders meeting directly by the foreign investor or through another person (excluding the case set forth in item (iii)), any of the following persons:
- (a) an officer, employee, or any other worker of the foreign investor (limited to a corporation, etc.);
 - (b) an officer, employee, or any other worker of the following corporation or any other organization:
 1. a corporation or any other organization in which voting rights in the number equivalent to 50 percent or more of the total voting rights (meaning the total voting rights prescribed in Article 26, paragraph (1), item (iii) of the Act; the same applies hereinafter) are directly held by the foreign investor;
 2. a corporation or any other organization (excluding one set forth in 1.) in which voting rights in a number equivalent to 50 percent or more of the total voting rights are directly held by the foreign investor and the corporation or any other organization set forth in 1.;
 3. if the foreign investor is a corporation, etc.: a corporation or any other organization (excluding those set forth in 1. and 2.) which directly

- holds voting rights in a number equivalent to 50 percent or more of the total voting rights in the foreign investor;
4. if the foreign investor is a corporation, etc.: a corporation or any other organization (excluding those set forth in items (i) and (ii)) that directly holds voting rights in a number equivalent to less than 50 percent of the total voting rights in the foreign investor, when the total of the number of voting rights in the foreign investor directly held by the corporation or any other organization that directly holds voting rights in a number equivalent to less than 50 percent of the total voting rights in the foreign investor, and the number of voting rights in the foreign investor directly held by another corporation or any other organization that directly holds voting rights in a number equivalent to 50 percent or more of the total voting rights in that corporation or any other organization, comes to 50 percent or more of the total voting rights in the foreign investor;
 5. a corporation or any other organization (excluding those set forth in 1. through 4.) that directly holds voting rights in a number equivalent to 50 percent or more of the total voting rights in any of the corporations or any other organizations set forth in 3. and 4.;
 6. a corporation or any other organization (excluding those set forth in 1. through 5.) in which voting rights in a number equivalent to 50 percent or more of the total voting rights are directly held by the corporation or any other organization set forth in 5.;
 7. a corporation or any other organization (excluding those set forth in 1. through 6.) in which voting rights in a number equivalent to 50 percent or more of the total voting rights are directly held by the corporations or any other organizations set forth in 5. and 6.;
 8. a corporation or any other organization (excluding those set forth in 1. through 7.) in which voting rights in a number equivalent to 50 percent or more of the total voting rights are directly held by the corporation or any other organization set forth in 3.; or
 9. a corporation or any other organization (excluding those set forth in 1. through 8.) in which voting rights in a number equivalent to 50 percent or more of the total voting rights are directly held by the corporation or any other organization set forth in 3. and 8.;
- (c) an individual, or an officer, employee, or any other worker of a corporation or any other organization, for whom the foreign investor is a major customer;
 - (d) an individual, or an officer, employee, or any other worker of a corporation or any other organization, that is a major customer of the foreign investor;

- (e) a person that has received a large amount of money or any other property from the foreign investor;
 - (f) the spouse of the foreign investor (limited to an individual);
 - (g) a lineal relative of the foreign investor (limited to an individual);
 - (h) an officer, employee, or any other worker of an individual or a corporation or any other organization that has agreed to exercise voting rights or any other rights as a shareholder of a company jointly with the foreign investor;
 - (i) a person that would fall within any of the categories of persons set forth in (a) through (g) if an individual or a corporation or any other organization that has agreed to exercise voting rights or any other rights as a shareholder of a company jointly with the foreign investor is deemed to be a foreign investor; or
 - (j) a person that was a person falling within any of the categories of persons set forth in (a) through (e) in the past one year; and
- (iii) In the case of consent given by any of the persons set forth in Article 3-2, paragraph (1), items (iii) through (v) of the Cabinet Order, in relation to a proposal submitted to a shareholders meeting directly by the foreign investor or through another person, any of the following persons:
- (a) a person falling within any of the categories of persons set forth in (a) through (j) of the preceding item; or
 - (b) an officer, employee, or any other worker of the government, governmental organization, local public entity, central bank, or political party or any other political group in the country to which the foreign investor belongs (in the case of falling within the category of a political party or any other political group, including a member thereof).
- (2) The proposal specified by order of the competent ministry as prescribed in Article 2, paragraph (11), item (v) of the Cabinet Order is any of the following proposals:
- (i) a proposal on the transfer of a part of a business;
 - (ii) a proposal on the transfer of all or part of shares or equity in a subsidiary company (meaning the subsidiary company prescribed in Article 2, item (iii) of the Companies Act; the same applies hereinafter) (excluding a corporation or any other organization established based on the laws and regulations of a foreign country, or a corporation or any other organization which has its principal office in a foreign country; the same applies in item (iii), Article 3, paragraph (2), item (vii), (b) and item (xv), (a), Article 3-2, paragraph (5), item (i), and Article 4-3, paragraph (2), item (i));
 - (iii) a proposal on the matters set forth in Article 454, paragraph (1) of the Companies Act (limited to the case where the dividend property (meaning the dividend property prescribed in Article 2, item (xxv) of that Act) is a business

- or shares in a subsidiary company);
- (iv) a proposal on the consolidation-type merger prescribed in Article 2, item (xxviii) of the Companies Act;
 - (v) a proposal on the absorption-type company split prescribed in Article 2, item (xxix) of the Companies Act (limited to the case where the company becomes the company splitting in an absorption-type split prescribed in Article 758, item (i) of that Act);
 - (vi) a proposal on the incorporation-type company split prescribed in Article 2, item (xxx) of the Companies Act (limited to the case where the company becomes the company splitting in an incorporation-type split prescribed in Article 763, paragraph (1), item (v) of that Act); or
 - (vii) a proposal on discontinuance of business.
- (3) The amount specified by order of the competent ministry as prescribed in Article 2, paragraph (14), item (i) of the Cabinet Order is an amount equivalent to 100 million yen.
 - (4) The amount specified by order of the competent ministry as prescribed in Article 2, paragraph (14), item (ii) of the Cabinet Order is the amount totaling the amount stated in the liabilities section of the balance sheet at the end of the business year immediately preceding the business year that includes the day on which a loan was made (if there is no such immediately preceding business year, the latest balance sheet) and the amount of the loan; provided, however, that if a balance sheet has not been prepared, it is the amount totaling the total amount of liabilities in the inventory of assets at the end of the business year immediately preceding the business year including the day on which a loan was made (if there is no such immediately preceding business year, the latest inventory of assets) and the amount of the loan.
 - (5) The amount specified by order of the competent ministry as prescribed in Article 2, paragraph (16), item (i), (d), 1. of the Cabinet Order is an amount equivalent to 100 million yen.
 - (6) The amount specified by order of the competent ministry as prescribed in Article 2, paragraph (16), item (i), (d), 2. of the Cabinet Order is the amount totaling the amount stated in the liabilities section of the balance sheet at the end of the business year immediately preceding the business year including the day on which bonds were acquired (if there is no such immediately preceding business year, the latest balance sheet) and the amount of the bonds that were acquired.
 - (7) The matters specified by order of the competent ministry as prescribed in Article 2, paragraph (16), item (vi), (b) of the Cabinet Order and paragraph (18), item (ii) of that Article are the following matters:
 - (i) election or dismissal of directors;
 - (ii) shortening of the term of office of directors;

- (iii) the following amendment in the articles of incorporation:
 - (a) amendment for changing the purpose; and
 - (b) in the case of issuing two or more classes of shares with different features with regard to the matters set forth in Article 108, paragraph (2), item (viii) or (ix) of the Companies Act, the matters provided for in the respective items;
- (iv) the business transfer, etc. prescribed in Article 468, paragraph (1) of the Companies Act;
- (v) dissolution of the company;
- (vi) the absorption-type merger agreement, etc. prescribed in Article 782, paragraph (1) of the Companies Act; and
- (vii) the consolidation-type merger agreement, etc. prescribed in Article 803, paragraph (1) of the Companies Act.

(Notification of Inward Direct Investment, etc.)

Article 3 (1) The business types specified by order of the competent ministry as prescribed in Article 3, paragraph (1), item (ii) of the Cabinet Order are the business types specified by the Minister of Finance and the competent minister for the business (meaning the competent minister for the business prescribed in Article 7 of the Cabinet Order; the same applies hereinafter).

(2) The acts specified by order of the competent ministry as prescribed in Article 3, paragraph (1), item (xii) of the Cabinet Order are the acts set forth in the following items:

- (i) acquisition, by a person that owns shares or equity in a company prior to its entity conversion, of shares or equity in the company after its entity conversion in lieu of the previously owned shares or equity, voting rights attached to the shares or equity, or the authority for exercise, etc. of voting rights (such acquisition of the authority for exercise, etc. of voting rights means the acquisition of the authority for exercise, etc. of voting rights prescribed in Article 2, paragraph (16), item (v) of the Cabinet Order; hereinafter the same applies in this Article and Article 7, paragraph (1), item (i)) with regard to the voting rights;
- (ii) in the case where, as a result of the act set forth in Article 26, paragraph (2), item (i) or (iii) of the Act conducted by a listed company, etc. (meaning the listed company, etc. prescribed in Article 26, paragraph (2), item (i) of the Act; the same applies hereinafter) that is a foreign investor (meaning the foreign investor prescribed in Article 26, paragraph (1) of the Act; the same applies hereinafter) or its subsidiary company while making a notification under Article 27, paragraph (1) of the Act, the ratio of the voting rights substantially held or otherwise exercisable under contract (meaning the voting rights substantially held or otherwise exercisable under contract

- prescribed in Article 2, paragraph (4), item (ii) of the Cabinet Order; the same applies hereinafter) held by the listed company, etc. or its subsidiary company to the total voting rights in a company becomes equivalent to 100 percent, the acquisition of shares or voting rights attached to the shares by the listed company, etc. or its subsidiary company in association with the issuance of new shares by that company;
- (iii) the act set forth in Article 26, paragraph (2), item (i) or (iii) of the Act relating to shares in a foreign investor (limited to a stock company) conducted by the foreign investor in any of the following cases:
- (a) if a request under the provisions of Article 166, paragraph (1) of the Companies Act has been made (excluding the case where the ratio of the net number of voting rights obtained by aggregating the number of voting rights substantially held or otherwise exercisable under contract by a shareholder of the foreign investor and the number of voting rights substantially held or otherwise exercisable under contract by a non-resident individual or corporation, etc. that would fall under any of the items of Article 2, paragraph (19) of the Cabinet Order if the shareholder is deemed to be the acquirer of shares, etc. prescribed in item (i) of that paragraph (on the basis of the net total calculated by deducting the number of duplicate voting rights, if any; the same applies hereinafter), to the total voting rights in the foreign investor, comes to 100 percent);
 - (b) if a request under the provisions of Article 192, paragraph (1) of the Companies Act has been made;
 - (c) if the matters set forth in the items of Article 234, paragraph (4) of the Companies Act have been prescribed; or
 - (d) if responding to the exercise of appraisal rights prescribed in Article 116, paragraph (5), Article 182-4, paragraph (4), Article 469, paragraph (5), Article 785, paragraph (5), Article 797, paragraph (5), or Article 806, paragraph (5) of the Companies Act (including the cases where these provisions are applied mutatis mutandis with regard to a stock company pursuant to other laws and regulations).
- (iv) the acquisition of loan receivables, bonds, or investment securities that are issued by a corporation established under a special Act through inheritance or bequest;
- (v) consent given with regard to a substantial change of the business purpose of a company as set forth in Article 26, paragraph (2), item (v) of the Act, where the business purpose of the company after the relevant change does not fall within the business types specified by the Minister of Finance and the competent minister for the business as prescribed in the following paragraph;
- (vi) consent given with regard to a substantial change of the business purpose

- of a company as set forth in Article 26, paragraph (2), item (v) of the Act, where the company is a company other than a listed company, etc., and where the ratio of the number of shares, the amount of capital contributions, or the net number of voting rights obtained by aggregating the shares, etc. under ownership, etc. (meaning the shares, etc. under ownership, etc. prescribed in Article 3, paragraph (1), item (iv) of the Cabinet Order; hereinafter the same applies in this item) of the person that gives the consent, and the shares, etc. under ownership, etc. of a non-resident individual or corporation that would fall under any of the items of Article 2, paragraph (19) of the Cabinet Order if the person that gives the consent is deemed to be the acquirer of shares, etc. prescribed in item (i) of that paragraph, to the total number of issued shares, the total amount of capital contributions, or the total voting rights in the company, is each less than one-third;
- (vii) any of the following categories of consent given with regard to the proposal set forth in Article 2, paragraph (11), item (i) of the Cabinet Order pursuant to the provisions of Article 26, paragraph (2), item (v) of the Act, where, as a result of the inward direct investment, etc. set forth in Article 26, paragraph (2), item (i), (iii), or (iv) of the Act or Article 2, paragraph (16), item (iii) or (v) of the Cabinet Order conducted by the person that gives the consent while making a notification under Article 27, paragraph (1) of the Act or the specified acquisition set forth in Article 26, paragraph (3) of the Act (hereinafter referred to as "specified acquisition") conducted by the person while making a notification under Article 28, paragraph (1) of the Act, the ratio of the number of voting rights substantially held or otherwise exercisable under contract by the person that gives the consent in a company in relation to the inward direct investment, etc. or the specified acquisition, to the total voting rights in the company, becomes equivalent to 50 percent or more:
- (a) consent given by the foreign investor with regard to election of a director or auditor of the company;
 - (b) consent given by the company with regard to election of a director or auditor of a subsidiary company of the company (limited to one that is a subsidiary company of the company as of the day on which the foreign investor made the latest notification; hereinafter referred to as the "covered subsidiary company" in this item); or
 - (c) consent given by another covered subsidiary company of the company that directly holds shares in the covered subsidiary company, with regard to election of a director or auditor of the covered subsidiary company;
- (viii) consent given with regard to the proposal set forth in Article 2, paragraph (11), item (i) of the Cabinet Order pursuant to the provisions of Article 26,

- paragraph (2), item (v) of the Act, other than consent with regard to the inward direct investment, etc. set forth in the items of Article 3, paragraph (2) of the Cabinet Order;
- (ix) consent given with regard to any of the proposals set forth in Article 2, paragraph (11), items (ii) through (iv) of the Cabinet Order and the items of paragraph (2) of the preceding Article pursuant to the provisions of Article 26, paragraph (2), item (v) of the Act, which is given with regard to a proposal other than one that has been submitted to a shareholders meeting directly by the person that gives the consent or through another shareholder;
 - (x) consent given with regard to any of the proposals set forth in Article 2, paragraph (11), items (ii) through (iv) of the Cabinet Order and the items of paragraph (2) of the preceding Article pursuant to the provisions of Article 26, paragraph (2), item (v) of the Act, which is given with regard to a proposal other than one relating to a business in any of the business types specified by the Minister of Finance and the competent minister for the business as prescribed in the following paragraph (referred to as the "covered business" in Article 3-2, paragraph (5));
 - (xi) establishment of a branch office, etc. as prescribed in Article 26, paragraph (2), item (vi) of the Act, where the business purpose of the branch office, etc. (meaning a branch office, factory, or other offices; hereinafter the same applies in this paragraph and Article 7, paragraph (1), item (iv)) subject to the establishment does not fall within any of the business types specified by the Minister of Finance and the competent minister for the business as prescribed in the following paragraph;
 - (xii) the substantial change in the type or business purpose of a branch office, etc. set forth in Article 26, paragraph (2), item (vi) of the Act, where the type or business purpose of the branch office, etc. after the relevant change does not fall within any of the types or business purposes specified by the Minister of Finance and the competent minister for the business as prescribed in the following paragraph;
 - (xiii) the acquisition of shares or voting rights attached to the shares, discretionary investment management targeting shares (meaning the discretionary investment management targeting shares prescribed in Article 2, paragraph (16), item (iii) of the Cabinet Order (one that satisfies the requirements set forth in (a) of that item); the same applies hereinafter), or the acquisition of authority for exercise, etc. of voting rights with regard to the shares through allotment of shares without contribution prescribed in Article 185 of the Companies Act;
 - (xiv) the acquisition of shares or equity, voting rights attached to the shares or equity, bonds, or investment securities issued by a stock company as the consideration for the acquisition of the shares subject to call prescribed in

- Article 2, item (xix) of the Companies Act or the share options subject to call prescribed in Article 273, paragraph (1) of that Act due to the occurrence of grounds for the acquisition of such shares or share options, discretionary investment management targeting shares, or the acquisition of authority for exercise, etc. of voting rights with regard to the shares or equity;
- (xv) the act set forth in Article 26, paragraph (2), item (i), items (iii) through (v), item (vii), or item (viii) of the Act or the act set forth in Article 2, paragraph (16), items (i) through (v) or item (vii) of the Cabinet Order (excluding the act set forth in Article 3, paragraph (1), item (vi) of the Cabinet Order) conducted by a special listed company, etc. (meaning a company set forth in Article 26, paragraph (1), item (iii) of the Act, which is a listed company, and in which all of the ratios of the number of shares or number of voting rights in a listed company, etc. set forth in the following to the total number of issued shares or the total voting rights in the listed company, etc. is less than 10 percent; the same applies in Article 4, paragraph (1), item (i)):
- (a) the net number of shares obtained by aggregating the number of substantial shares (meaning the substantial shares prescribed in Article 2, paragraph (4), item (i) of the Cabinet Order; the same applies hereinafter) in a listed company, etc. owned by each shareholder of the listed company, etc. (limited to a foreign corporation, etc. or another company as prescribed in Article 2, paragraph (1) of the Cabinet Order or its subsidiary company (excluding the specified listed company, etc. prescribed in Article 2, paragraph (4) of the Cabinet Order; hereinafter referred to as "another company, etc.") in this item and the following item), the number of substantial shares in the listed company, etc. owned by an individual or a corporation or any other organization (limited to one that falls within any of the categories set forth in Article 26, paragraph (1), item (ii), (iii), or (v) of the Act; the same applies in (b)) that is a non-resident and that would fall under any of the items of Article 2, paragraph (19) of the Cabinet Order if the shareholder is deemed to be the acquirer of shares, etc. prescribed in item (i) of that paragraph (hereinafter referred to as the "person closely related to the shareholder" in this item), and the number of shares in the listed company, etc. that are subject to the investment in shares (including giving instructions to do so, and limited to investment in shares that satisfies the requirements prescribed in Article 2, paragraph (7) of the Cabinet Order) if the shareholder and the person closely related to the shareholder make investment in shares as entrusted by another person based on a contract such as a discretionary investment contract (meaning the discretionary investment contract prescribed in Article 2, paragraph (8), item (xii), (b) of the Financial Instruments and Exchange

- Act (Act No. 25 of 1948)) (on the basis of the net total calculated by deducting the number of duplicate shares, if any; the same applies hereinafter); or
- (b) the net number of voting rights obtained by aggregating the number of voting rights substantially held or otherwise exercisable under contract in a listed company, etc. owned by each foreign investor (limited to a foreign corporation, etc. or another company, etc.) relating to the listed company, etc. (excluding voting rights subject to the undertaking of delegation of voting prescribed in Article 2, paragraph (18) of the Cabinet Order; hereinafter the same applies in this item), and the number of voting rights substantially held or otherwise exercisable under contract in the listed company, etc. owned by an individual or a corporation or any other organization that is a non-resident and that would fall under any of the items of paragraph (19) of that Article if the foreign investor is deemed to be the acquirer of shares, etc. prescribed in item (i) of that paragraph;
- (xvi) the act set forth in Article 26, paragraph (2), item (i), items (iii) through (v), item (vii), or item (viii) of the Act or the act set forth in Article 2, paragraph (16), items (i) through (v) or item (vii) of the Cabinet Order conducted by a special non-listed company (meaning a company set forth in Article 26, paragraph (1), item (iii) of the Act, which is a company other than a listed company, etc., where none of the persons that directly own shares or equity in the company other than a listed company, etc. is a foreign corporation, etc. or another company, etc.; the same applies in Article 4, paragraph (1), item (ii));
- (xvii) the act set forth in Article 26, paragraph (2), item (i), (iii), or (iv) of the Act and that constitutes underwriting of securities (meaning the underwriting of securities set forth in Article 2, paragraph (8), item (vi) of the Financial Instruments and Exchange Act, and excluding such act relating to paragraph (6), item (iii) of that Article; the same applies in Article 4, paragraph (1), item (iii)) (including an equivalent act under the laws and regulations of a foreign country; the same applies in that item) (in the case of the inward direct investment, etc. set forth in the items of Article 3, paragraph (2) of the Cabinet Order, limited to the case where the voting rights attached to the shares acquired by the act are not exercised);
- (xviii) if, as a result of a merger of a corporation that had engaged in the undertaking of delegation of voting (meaning the undertaking of delegation of voting set forth in Article 2, paragraph (16), item (iv) of the Cabinet Order; hereinafter the same applies in this paragraph) regarding voting rights in a specified non-listed company (meaning the specified non-listed company prescribed in Article 3, paragraph (1), item (ii) of the Cabinet Order; hereinafter the same applies in this item and the following item) or a

- corporation that had undertaken the delegation of voting (meaning the delegation of voting prescribed in item (vi) of that paragraph; hereinafter the same applies in this paragraph) regarding voting rights in a specified non-listed company, the corporation that survives or the corporation newly established after the merger succeeds to the contract for the undertaking of delegation of voting or the delegation of voting; the undertaking of delegation of voting or the delegation of voting;
- (xix) if, as a result of a company split of a corporation that had engaged in the undertaking of delegation of voting regarding voting rights in a specified non-listed company or a corporation that had undertaken the delegation of voting regarding voting rights in a specified non-listed company, the corporation newly established or the corporation succeeding to business after the split succeeds to the contract for the undertaking of delegation of voting or the delegation of voting; the undertaking of delegation of voting or the delegation of voting;
- (xx) the undertaking of delegation of voting regarding voting rights in a non-listed company (excluding the undertaking of delegation of voting in the case where as a result of which the ratio of the net number of voting rights obtained by aggregating the number of voting rights in the non-listed company held or otherwise exercisable of the person engaging in the undertaking of delegation of voting after the undertaking of delegation of voting ("number of voting rights in the non-listed company held or otherwise exercisable" means the number of voting rights obtained by aggregating the number of voting rights in a non-listed company directly held and the number of voting rights involved in the undertaking of delegation of voting (limited to those that fall under Article 2, paragraph (16), item (iv), (a) of the Cabinet Order); hereinafter the same applies in this item), and the number of voting rights in the non-listed company held or otherwise exercisable by a non-resident individual or corporation that would fall under any of the items of Article 2, paragraph (19) of the Cabinet Order if the person engaging in the undertaking of delegation of voting is deemed to be the acquirer of shares, etc. prescribed in item (i) of that paragraph, to the total voting rights in the non-listed company, comes to 10 percent or more), other than the undertaking of delegation of voting regarding voting rights in a non-listed company involved in inward direct investment, etc. set forth in any of the items of Article 3, paragraph (2) of the Cabinet Order;
- (xxi) the undertaking of delegation of voting, the delegation of voting, or the acquisition of consent for joint exercise of voting rights (meaning the acquisition of consent for joint exercise of voting rights prescribed in Article 2, paragraph (16), item (vii) of the Cabinet Order; hereinafter the same applies in this paragraph and Article 7, paragraph (1), item (iv)) (hereinafter

- collectively referred to as "undertaking of delegation of voting, etc." in this paragraph) regarding voting rights attached to new shares that are issued as a result of a share split or consolidation of shares, which is equivalent to the undertaking of delegation of voting, etc. regarding voting rights attached to the split or consolidated shares in the case where such undertaking of delegation of voting, etc. had been conducted;
- (xxii) engagement, by a person that had engaged in the undertaking of delegation of voting, etc. regarding voting rights in a company before entity conversion, in the undertaking of delegation of voting, etc. regarding voting rights in the company after entity conversion in lieu of those voting rights (limited to an act equivalent to the undertaking of delegation of voting, etc. regarding voting rights in the company before the entity conversion);
- (xxiii) the undertaking of delegation of voting, etc. regarding voting rights attached to shares allotted by a stock company through the allotment of shares without contribution prescribed in Article 185 of the Companies Act (limited to an act equivalent to the undertaking of delegation of voting, etc. that had been engaged in before the allotment of shares without contribution);
- (xxiv) the undertaking of delegation of voting, etc. regarding voting rights attached to shares or equity issued by a stock company as the consideration for the acquisition of the shares subject to call prescribed in Article 2, item (xix) of the Companies Act due to occurrence of grounds for the acquisition of such shares (limited to an act which is equivalent to the undertaking of delegation of voting, etc. regarding voting rights attached to the shares subject to call in the case where such undertaking of delegation of voting, etc. had been conducted); and
- (xxv) if a contract for acquisition of consent for joint exercise of voting rights was succeeded to through inheritance or bequest: the acquisition of consent for joint exercise of voting rights;
- (3) The business types specified by order of the competent ministry as prescribed in Article 3, paragraph (2), item (i) of the Cabinet Order are the business types specified by the Minister of Finance and the competent minister for the business.
- (4) The company specified by order of the competent ministry as prescribed in Article 3, paragraph (2), item (i) of the Cabinet Order and Article 3-2, paragraph (2), item (iii) of the Cabinet Order is, in the case where a company (including its subsidiary companies) holds voting rights in a number equivalent to 50 percent of the total voting rights in another company (excluding a corporation or any other organization established based on laws and regulations of a foreign country, and a corporation or any other organization which has its principal office in a foreign country), that other company.

- (5) The inward direct investment, etc. specified by order of the competent ministry as prescribed in Article 3, paragraph (2), item (ii) of the Cabinet Order is inward direct investment, etc. made by a foreign investor in a country or region other than the countries or regions set forth in Appended Table 1 (excluding inward direct investment, etc. made by a foreign investor that falls under Article 26, paragraph (1), item (iii) or item (v) of the Act).
- (6) The inward direct investment, etc. specified by order of the competent ministry as prescribed in Article 3, paragraph (2), item (iii) of the Cabinet Order is the inward direct investment, etc. specified by the Minister of Finance and the competent minister for the business.
- (7) A person that intends to make a notification based on the provisions of Article 3, paragraph (3) of the Cabinet Order must submit a written notification using the relevant form among those specified in the following items for the respective categories set forth in those items to the Minister of Finance and the competent minister for the business, via the Bank of Japan; in this case, the number of copies of the written notification to be submitted is three:
- (i) the acquisition of shares, equity, or voting rights as prescribed in Article 26, paragraph (2), items (i), (iii), and (iv) of the Act, acquisition of investment securities as prescribed in Article 2, paragraph (16), item (ii) of the Cabinet Order, discretionary investment management targeting shares as prescribed in item (iii) of that paragraph, and acquisition of authority for exercise, etc. of voting rights as prescribed in item (v) of that paragraph: Appended Form 1;
 - (ii) transfer of shares or equity as prescribed in Article 26, paragraph (2), item (ii) of the Act: Appended Form 2;
 - (iii) consent given in regard to the substantial change of the business purpose of a company as prescribed in Article 26, paragraph (2), item (v) of the Act: Appended Form 3;
 - (iii)-2 consent given in regard to a proposal on the election of a director or auditor as prescribed in Article 2, paragraph (11), item (i) of the Cabinet Order: Appended Form 3-2;
 - (iii)-3 consent given in regard to any of the proposals set forth in Article 2, paragraph (11), items (ii) through (iv) of the Cabinet Order and the items of paragraph (2) of the preceding Article: Appended Form 3-3;
 - (iv) establishment of a branch office, etc. as prescribed in Article 26, paragraph (2), item (vi) of the Act: Appended Form 4;
 - (v) a substantial change in the type or business purpose of a branch office, etc. as prescribed in Article 26, paragraph (2), item (vi) of the Act: Appended Form 5;
 - (vi) making of a loan as prescribed in Article 26, paragraph (2), item (vii) of the Act: Appended Form 6;

- (vi)-2 business succession as prescribed in Article 26, paragraph (2), item (viii) of the Act: Appended Form 6-2;
 - (vii) the acquisition of bonds as prescribed in Article 2, paragraph (16), item (i) of the Cabinet Order: Appended Form 7.
 - (viii) the undertaking of delegation of voting as prescribed in Article 2, paragraph (16), item (iv) of the Cabinet Order: Appended Form 7-2;
 - (ix) the delegation of voting as prescribed in Article 2, paragraph (16), item (vi) of the Cabinet Order: Appended Form 7-3; and
 - (x) the acquisition of consent for joint exercise of voting rights as prescribed in Article 2, paragraph (16), item (vii) of the Cabinet Order: Appended Form 7-4;
- (8) When the Minister of Finance and the competent minister for the business have received copies of a written notification pursuant to the provisions of the preceding paragraph, they are to state such fact on the copies of the written notification and deliver one copy as a certificate of receipt of notification to the person making the notification; provided, however, that if the procedure referred to in the preceding paragraph is carried out by using the electronic data processing system prescribed in Article 6, paragraph (1) of the Act on the Promotion of Administrative Affairs through the Use of Information and Communications Technology (Act No. 151 of 2002) pursuant to the provisions of that paragraph, they are to state that they have received the notification on a document in which the content of the written notification recorded on an electronic or magnetic record (meaning a record used in computerized information processing which is created in electronic form, magnetic form, or any other form that cannot be perceived by human senses) has been output, and deliver it to the person making the notification as a certificate of receipt of notification.
- (9) A person that intends to make a notice as prescribed in Article 27, paragraph (7) of the Act based on the provisions of Article 3, paragraph (14) of the Cabinet Order must submit a written notice prepared using Appended Form 8 to the Minister of Finance and the competent minister for the business, via the Bank of Japan. In this case, the number of copies of the written notice to be submitted is one.

(Matters Concerning Special Provisions for Notification of Inward Direct Investment, etc.)

Article 3-2 (1) The number of voting rights in a corporation or any other organization specified by order of the competent ministry as those indirectly held via another corporation or any other organization, as prescribed in Article 3-2, paragraph (1), item (iv), (a) of the Cabinet Order and Article 4-3, paragraph (1), item (iv), (a) of the Cabinet Order, (hereinafter referred to as an

- "indirect corporation, etc." in this paragraph) is the number of voting rights in the corporation or any other organization directly held by an indirect corporation, etc. that is a shareholder or capital investor of the corporation or any other organization (limited to an indirect corporation, etc. in which the investment ratio of a foreign government, etc. (meaning the foreign government, etc. prescribed in Article 3-2, paragraph (1), item (iii) of the Cabinet Order; the same applies in Article 7, paragraph (4), item (iv)) is 50 percent or more) or by its subsidiary company, etc. (meaning the subsidiary company, etc. prescribed in Article 2, item (iii)-2 of the Companies Act).
- (2) The matters specified by order of the competent ministry as prescribed in Article 3-2, paragraph (2), item (ii) of the Cabinet Order are the following matters:
- (i) election or dismissal of directors;
 - (ii) shortening of the term of office of directors;
 - (iii) the following amendment in the articles of incorporation:
 - (a) amendment for changing the purpose; and
 - (b) in the case of issuing two or more classes of shares with different features with regard to the matters set forth in Article 108, paragraph (2), item (viii) or (ix) of the Companies Act, the matters provided for in the respective items;
 - (iv) the business transfer, etc. prescribed in Article 468, paragraph (1) of the Companies Act;
 - (v) dissolution of the company;
 - (vi) the absorption-type merger agreement, etc. prescribed in Article 782, paragraph (1) of the Companies Act; and
 - (vii) the consolidation-type merger agreement, etc. prescribed in Article 803, paragraph (1) of the Companies Act.
- (3) The business types specified by order of the competent ministry as prescribed in Article 3-2, paragraph (2), item (iii) of the Cabinet Order are the business types specified by the Minister of Finance and the competent minister for the business.
- (4) The person specified by order of the competent ministry as prescribed in Article 3-2, paragraph (2), item (iii), (a) of the Cabinet Order is any of the following:
- (i) a financial instruments business operator engaging in a business similar to the Type-I financial instruments business prescribed in Article 28, paragraph (1) of the Financial Instruments and Exchange Act (limited to such business in which the securities-related business prescribed in paragraph (8) of that Article are conducted, and excluding such business in which only the Type-I small amount electronic public offering service prescribed in Article 29-4-2, paragraph (10) of that Act is conducted) with

- permission, etc. (meaning the permission, etc. prescribed in Article 2, item (iii) of the Administrative Procedure Act (Act No. 88 of 1993) or an equivalent thereto; hereinafter the same applies in this paragraph) under the provisions of a law or regulation of a foreign country that is equivalent to the Financial Instruments and Exchange Act;
- (ii) a financial instruments business operator engaging in the investment management business prescribed in Article 28, paragraph (4) of the Financial Instruments and Exchange Act (hereinafter referred to as "investment management business" in this item) after being registered under Article 29 of the Financial Instruments and Exchange Act, a financial instruments business operator conducting the act set forth in Article 63, paragraph (1), item (ii) of that Act in the course of trade by making a notification under the provisions of paragraph (2) of that Article, or a financial instruments business operator engaging in a business similar to investment management business with permission, etc. under the provisions of a law or regulation of a foreign country that is equivalent to that Act;
 - (iii) a registered investment corporation prescribed in Article 2, paragraph (13) of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951) or an association that is a corporation or that lacks the legal capacity to hold rights, which has been established in compliance with a law or regulation of a foreign country equivalent to that Act and which is equivalent to a registered investment corporation (limited to one that has received permission, etc. under the law or regulation of the foreign country);
 - (iv) the bank prescribed in Article 2, paragraph (1) of the Banking Act (Act No. 59 of 1981) or a financial instruments business operator engaging in business similar to banking business (excluding banking business as prescribed in Article 2, paragraph (2) of that Act in which the act set forth in item (i) of that paragraph is not conducted) in a foreign country with permission, etc. under the provisions of a law or regulation of a foreign country that is equivalent to that Act;
 - (v) a financial instruments business operator engaging in the insurance business prescribed in Article 2, paragraph (1) of the Insurance Business Act (Act No. 105 of 1995) (hereinafter referred to as "insurance business" in this item) with a license under the provisions of Article 3 or a financial instruments business operator engaging in a business similar to insurance business with permission, etc. under the provisions of a law or regulation of a foreign country that is equivalent to that Act;
 - (vi) the trust company prescribed in Article 2, paragraph (2) of the Trust Business Act (Act No. 154 of 2004) (excluding the custodial trust company prescribed in paragraph (4) of that Article), a financial instruments business operator engaging in the trust business prescribed in Article 2, paragraph (1)

- of that Act with the authorization referred to in Article 1 of the Act on Engagement in Trust Business by Financial Institutions (Act No. 43 of 1943), or a financial instruments business operator engaging in a business similar to trust business with permission, etc. under the provisions of laws or regulations of a foreign country that are equivalent to these Acts (excluding the trust company prescribed in Article 2, paragraph (2) of the Trust Business Act); and
- (vii) a financial instruments business operator conducting the high-speed trading prescribed in Article 2, paragraph (41) of the Financial Instruments and Exchange Act after being registered under Article 66-50 of that Act.
- (5) The inward direct investment, etc. specified by order of the competent ministry as prescribed in Article 3-2, paragraph (2), item (v) of the Cabinet Order is any of the following:
- (i) with regard to the company pertaining to inward direct investment, etc. (hereinafter referred to as the "issuing company" in this item and the following item), a specified subsidiary company (meaning a subsidiary company of the issuing company which engages in a covered business; hereinafter the same applies in this item), a specified parent company (meaning the parent company (meaning the parent company prescribed in Article 2, item (iv) of the Companies Act, and excluding the issuing company, a corporation or any other organization established based on the laws and regulations of a foreign country, and a corporation or any other organization which has its principal office in a foreign country: the same applies in Article 4-3, paragraph (2), item (i)) of a specified subsidiary company, other than the issuing company), or another company on which the issuing company has a material influence in terms of decisions on the financial and operational or business policies, which is another company (excluding its subsidiary companies) as prescribed in paragraph (4) of the preceding Article and which engages in a covered business (hereinafter referred to as the "issuing company, etc." in this paragraph), inward direct investment, etc. intended for being newly elected as a director (if the issuing company, etc. is a membership company (meaning the membership company prescribed in Article 575, paragraph (1) of the Companies Act; the same applies in Article 4-3, paragraph (2), item (i)), it means a member that executes the business or a person that should perform the duties of a member that executes the business) or an auditor of the issuing company, etc., or for having any of the persons set forth in Article 2, paragraph (1), item (ii), (a) through (j) (if the foreign investor falls within any of the categories set forth in Article 3-2, paragraph (1), items (iii) through (v) of the Cabinet Order, it includes the persons set forth in Article 2, paragraph (1), item (iii), (a) and (b)) being newly elected as a director or auditor of the issuing company, etc.;

- (ii) inward direct investment, etc. intended for making any of the proposals set forth in Article 2, paragraph (11), items (ii) through (iv) of the Cabinet Order and the items of Article 2, paragraph (2) (limited to those relating to a covered business) to the shareholders meeting of the issuing company;
- (iii) inward direct investment, etc. intended for the acquisition of non-public technical information relating to a covered business or any other act that is likely to lead to leakage of the technical information;
- (iv) inward direct investment, etc. which, in the case of conducting the act set forth in Article 3-2, paragraph 2, item (iii), (b) of the Cabinet Order, is intended for attending or having a personally designated person attend a meeting of the board of directors or a committee having the authority to make important decisions of the issuing company, etc., or making a proposal to the board of directors or a committee having the authority to make important decisions of the issuing company, etc. or to their members directly or through a personally designated person by submitting a document or an electronic or magnetic record (meaning a record used in computerized information processing which is created in electronic form, magnetic form, or any other form that cannot be perceived by human senses), seeking a reply or action of the issuing company, etc. within a specified time limit with regard to a business of any of the business types specified by the Minister of Finance and the competent minister for the business as prescribed in paragraph (3) in which the issuing company, etc. engage;
- (v) in the case where a foreign investor has given the consent set forth in Article 26, paragraph (2), item (v) of the Act with regard to any of the proposals set forth in Article 2, paragraph (11), items (i) through (iv) of the Cabinet Order or the items of Article 2, paragraph (2) without making a notification under the provisions of Article 27, paragraph (1) of the Act, inward direct investment, etc. involving the company relating to the consent, conducted by the foreign investor;
- (vi) in the case where a foreign investor has made a notification under the provisions of Article 27, paragraph (1) of the Act regarding the consent set forth in Article 26, paragraph (2), item (v) of the Act with regard to any of the proposals set forth in Article 2, paragraph (11), items (i) through (iv) of the Cabinet Order or the items of Article 2, paragraph (2), and given the consent before the expiration of the prohibition period (meaning the prohibition period prescribed in Article 29, paragraph (6) of the Act; the same applies in Article 4-3, paragraph (2), item (v)), inward direct investment, etc. involving the company relating to the consent, conducted by the foreign investor;
- (vii) in the case where a foreign investor has made a false notification regarding the consent set forth in Article 26, paragraph (2), item (v) of the

Act with regard to any of the proposals set forth in Article 2, paragraph (11), items (i) through (iv) of the Cabinet Order or the items of Article 2, paragraph (2), inward direct investment, etc. involving the company relating to the consent, conducted by the foreign investor; or

(viii) in the case where a foreign investor has made a notification regarding the consent set forth in Article 26, paragraph (2), item (v) of the Act with regard to any of the proposals set forth in Article 2, paragraph (11), items (i) through (iv) of the Cabinet Order or the items of Article 2, paragraph (2), and has been ordered to modify the substance of or discontinue the inward direct investment, etc. involving the company relating to the consent, conducted by the foreign investor (excluding the case where the foreign investor followed the order of modification or discontinuance (in a case other than the case where the notification relates to the proposal set forth in Article 2, paragraph (11), item (i) of the Cabinet Order that has been submitted to the shareholders meeting directly or through another person, limited to a case relating to election of any of the persons set forth in Article 2, paragraph (1), item (i), (b) through (e))).

(Notification of Specified Acquisition)

Article 4 (1) The acts specified by order of the competent ministry as prescribed in Article 4, paragraph (1), item (iv) of the Cabinet Order are the acts listed in the following items:

- (i) specified acquisition conducted by a specified listed company, etc. (excluding the act set forth in Article 4, paragraph (1), item (ii) of the Cabinet Order); and
 - (ii) specified acquisition conducted by a special non-listed company; or
 - (iii) among specified acquisition, an act that constitutes underwriting of securities (limited to the case where the voting rights attached to the shares acquired by the act are not exercised).
- (2) The business types specified by order of the competent ministry as prescribed in Article 4, paragraph (2) of the Cabinet Order are the business types specified by the Minister of Finance and the competent minister for the business.
- (3) The company specified by order of the competent ministry as prescribed in Article 4, paragraph (2) of the Cabinet Order and Article 4-3, paragraph (2), item (i) of the Cabinet Order is, in the case where a company (including its subsidiary companies) holds voting rights in a number equivalent to 50 percent of the total voting rights in another company (excluding a corporation or any other organization established based on the laws and regulations of a foreign country, and a corporation or any other organization which has its principal office in a foreign country), that other company.

- (4) A person that intends to give a notification based on the provisions of Article 4, paragraph (3) of the Cabinet Order must submit a written notification prepared using Appended Form 1 to the Minister of Finance and the competent minister for the business, via the Bank of Japan. In this case, the number of copies of the written notification to be submitted is three.
- (5) When the Minister of Finance and the competent minister for the business have received copies of a written notification pursuant to the provisions of the preceding paragraph, they are to state such fact on the copies of the written notification and deliver one copy as a certificate of receipt of notification to the person making the notification. In this case, the provisions of the proviso to Article 3, paragraph (8) apply *mutatis mutandis*.
- (6) A person that intends to give a notice under Article 27, paragraph (7) of the Act as applied *mutatis mutandis* pursuant to Article 28, paragraph (7) of the Act based on the provisions of Article 4, paragraph (11) of the Cabinet Order must submit a written notice prepared using Appended Form 8-2 to the Minister of Finance and the competent minister for the business, via the Bank of Japan. In this case, the number of copies of the written notice to be submitted is one.

(Method of Service by Publication)

Article 4-2 The Minister of Finance and the competent minister for the business may publish, in the official gazette or newspaper, the fact that service by publication has been effected. With regard to service that is to be effected in a foreign country, the Minister of Finance and the competent minister for the business may give a notice of the fact that service by publication has been effected, in lieu of publication in the official gazette or a newspaper.

(Matters Concerning Special Provisions for Notification of Specified Acquisition)

Article 4-3 (1) The business types specified by order of the competent ministry as prescribed in Article 4-3, paragraph (2), item (i) of the Cabinet Order are the business types specified by the Minister of Finance and the competent minister for the business.

- (2) The specified acquisition specified by order of the competent ministry as prescribed in Article 4-3, paragraph (2), item (iii) of the Cabinet Order is any of the following:
 - (i) with regard to the company pertaining to specified acquisition (hereinafter referred to as the "issuing company" in this item and the following item), a specified subsidiary company (meaning a subsidiary company of the issuing company which engages in a business in any of the business types specified by the Minister of Finance and the competent minister for the business as

- prescribed in Article 4, paragraph (2) (hereinafter referred to as "specified covered business" in this paragraph)), a specified parent company (meaning the parent company of a specified subsidiary company, other than the issuing company), or another company on which the issuing company has a material influence in terms of decisions on the financial and operational or business policies, which is another company (excluding its subsidiary companies) as prescribed in Article 4, paragraph (3) and which engages in a specified covered business (hereinafter referred to as the "issuing company, etc." in this item), specified acquisition intended for being newly elected as a director (if the issuing company, etc. is a membership company, it means a member that executes the business or a person that should perform the duties of a member that executes the business) or an auditor of the issuing company, etc., or for having any of the persons set forth in Article 2, paragraph (1), item (ii), (a) through (j) (if the foreign investor falls within any of the categories set forth in Article 3-2, paragraph (1), items (iii) through (v) of the Cabinet Order, it includes the persons set forth in Article 2, paragraph (1), item (iii), (a) and (b)) being newly elected as a director or auditor of the issuing company, etc.;
- (ii) specified acquisition intended for making any of the proposals set forth in Article 2, paragraph (11), items (ii) through (iv) of the Cabinet Order and the items of Article 2, paragraph (2) (limited to those relating to a specified covered business) to the shareholders meeting of the issuing company;
 - (iii) specified acquisition intended for the acquisition of non-public technical information relating to a specified covered business or any other act that is likely to lead to leakage of the technical information;
 - (iv) in the case where a foreign investor has given the consent set forth in Article 26, paragraph (2), item (v) of the Act with regard to any of the proposals set forth in Article 2, paragraph (11), items (i) through (iv) of the Cabinet Order or the items of Article 2, paragraph (2) without making a notification under the provisions of Article 27, paragraph (1) of the Act, specified acquisition involving the company relating to the consent, conducted by the foreign investor;
 - (v) in the case where a foreign investor has made a notification under the provisions of Article 27, paragraph (1) of the Act regarding the consent set forth in Article 26, paragraph (2), item (v) of the Act with regard to any of the proposals set forth in Article 2, paragraph (11), items (i) through (iv) of the Cabinet Order or the items of Article 2, paragraph (2), and has given the consent before the expiration of the prohibition period, specified acquisition involving the company relating to the consent, conducted by the foreign investor;
 - (vi) in the case where a foreign investor has made a false notification regarding

- the consent set forth in Article 26, paragraph (2), item (v) of the Act with regard to any of the proposals set forth in Article 2, paragraph (11), items (i) through (iv) of the Cabinet Order or the items of Article 2, paragraph (2), specified acquisition involving the company relating to the consent, conducted by the foreign investor; or
- (vii) in the case where a foreign investor has made a notification regarding the consent set forth in Article 26, paragraph (2), item (v) of the Act with regard to any of the proposals set forth in Article 2, paragraph (11), items (i) through (iv) of the Cabinet Order or the items of Article 2, paragraph (2), and has been ordered to modify the substance of or discontinue the inward direct investment, etc., specified acquisition involving the company relating to the consent, conducted by the foreign investor (excluding the case where the foreign investor followed the order of modification or discontinuance (in a case other than the case where the notification relates to the proposal set forth in Article 2, paragraph (11), item (i) of the Cabinet Order that has been submitted to the shareholders meeting directly or through another person, limited to a case relating to election of any of the persons set forth in Article 2, paragraph (1), item (i), (b) through (g))).

(Notification of the Conclusion of a Technology Introduction Contract)

- Article 5 (1) The technology specified by order of the competent ministry as prescribed in Article 5, paragraph (1), item (i) of the Cabinet Order is the technology set forth in Appended Table 2.
- (2) A resident that intends to give a notification based on the provisions of Article 5, paragraph (2) of the Cabinet Order must submit a written notification prepared using Appended Form 9 to the Minister of Finance and the competent minister for the business, via the Bank of Japan. In this case, the provisions of the second sentence of Article 3, paragraph (7) apply *mutatis mutandis*.
- (3) When the Minister of Finance and the competent minister for the business have received copies of a written notification pursuant to the provisions of the preceding paragraph, they are to state such fact on the copies of the written notification and deliver one copy as a certificate of receipt of notification to the person making the notification. In this case, the provisions of the proviso to Article 3, paragraph (8) apply *mutatis mutandis*.
- (4) A person that intends to give a notice as prescribed in Article 27, paragraph (7) of the Act as applied *mutatis mutandis* pursuant to Article 30, paragraph (7) of the Act based on the provisions of Article 5, paragraph (9) of the Cabinet Order must submit a written notice prepared using Appended Form 10 to the Minister of Finance and the competent minister for the business, via the Bank of Japan. In this case, the provisions of the second sentence of Article 3,

paragraph (9) apply mutatis mutandis.

Article 6 Deleted.

(Report of Inward Direct Investment, etc. and Specified Acquisition)

Article 6-2 A person that intends to make a report of the inward direct investment, etc. or specified acquisition set forth in Column 1 of Appended Table 3 in any of the business types set forth in Column 3 of that table, conducted by any of the persons set forth in Column 2 of that table based on the provisions of Article 6-3, paragraph (1) of the Cabinet Order must submit a written report prepared using the form specified in Column 4 of that table to the Minister of Finance and the competent minister for the business via the Bank of Japan, within 45 days from the day on which the inward direct investment, etc. is conducted. In this case, the number of copies of the written report to be submitted is one.

(Report of Conclusion, etc. of a Technology Introduction Contract)

Article 6-3 A resident that intends to make a report based on the provisions of Article 6-4, paragraph (1) of the Cabinet Order must submit a written report prepared using Appended Form 18 to the Minister of Finance and the competent minister for the business, via the Bank of Japan. In this case, the provisions of the second sentence of the preceding Article apply mutatis mutandis.

(Report Based on the Provisions of Article 6-5 of the Cabinet Order)

Article 7 (1) If a person that has made a notification under the provisions of Article 27, paragraph (1) of the Act or Article 28, paragraph (1) of the Act has conducted any acts set forth in the following items, the person must submit a written report prepared using the relevant form among those specified in the following items for the respective categories of acts set forth in those items to the Minister of Finance and the competent minister for the business via the Bank of Japan, within 45 days from the day on which the person conducted the act; in this case, the number of copies of the written report to be submitted is one:

- (i) the acquisition of shares or equity (including investment securities that are issued by a corporation established under a special law), acquisition of voting rights, discretionary investment management targeting shares, or acquisition of the authority for exercise, etc. of voting rights stated in the notification; or the disposition of all or part of the shares, equity, or voting rights after the acquisition of shares or equity, acquisition of voting rights, discretionary investment management targeting shares, or acquisition of the

- authority for exercise, etc. of voting rights: Appended Form 19;
- (ii) the making of a loan or acquisition of bonds stated in the notification, or the receipt of a refund or redemption (including the case where a prepayment or early redemption has been received) of all or part of the principal on the loan or bonds after the making of a loan or acquisition of bonds: Appended Form 20;
 - (iii) the suspension of establishment of a branch office, etc. stated in the notification (excluding suspension resulting from acceptance of recommendation for suspension or from an order for suspension of inward direct investment, etc. based on the provisions of Article 27, paragraph (7) or paragraph (10) of the Act) or abolition of the branch office, etc.: Appended Form 22;
 - (iv) the acquisition of consent for joint exercise of voting rights stated in the notification or cancellation of the acquisition of consent for joint exercise of voting rights after the acquisition of consent for joint exercise of voting rights: Appended Form 22-2; or
 - (v) the business succession stated in the notification or disposition of the business after the business succession: Appended Form 22-3.
- (2) If the ratio of the following number of shares or number of voting rights in a listed company, etc. that a person conducting the act set forth in Article 3, paragraph (2), item (xvii) or Article 4, paragraph (1), item (iii) (hereinafter referred to as the "underwriter" in this paragraph) has come to own or hold on the day following the day on which the person acquired shares or voting rights in a listed company, etc. or shares in a company other than a listed company, etc. in relation to the act, to the total number of issued shares or the number of voting rights held by all shareholders of the listed company, etc. comes to 10 percent or more, the person must, with regard to the shares or voting rights in the listed company, etc. that the person has come to own or hold, submit a written report prepared using Appended Form 11 to the Minister of Finance and the competent minister for the business via the Bank of Japan, within 45 days from the day on which the person conducted the act; in this case, the number of copies of the written report to be submitted is one:
- (i) the net number of shares obtained by aggregating the number of substantial shares in the listed company, etc. owned by the underwriter, the number of substantial shares in the listed company, etc. owned by a non-resident individual or corporation that would fall under any of the items of Article 2, paragraph (19) of the Cabinet Order if the underwriter is deemed to be the acquirer of shares, etc. (hereinafter referred to as a "person closely related to the underwriter" in this item and the following item), and the number of shares in the listed company, etc. that are subject to the discretionary investment management targeting shares conducted by the underwriter and

- the person closely related to the underwriter; and
- (ii) the net number of voting rights obtained by aggregating the number of voting rights substantially held or otherwise exercisable under contract by the underwriter and the number of voting rights substantially held or otherwise exercisable under contract by the person closely related to the underwriter.
- (3) If the ratio of the number of shares or number of voting rights in a listed company, etc. set forth in any of the items of the preceding paragraph owned or held by a person that has submitted a written report as prescribed in the preceding paragraph (limited to the case where the acquisition of shares or voting rights in a listed company, etc. or shares in a company other than a listed company, etc. stated in the report constitutes the inward direct investment, etc. set forth in any of the items of Article 3, paragraph (2) of the Cabinet Order or the specified acquisition set forth in Article 4, paragraph (2) of the Cabinet Order) to the total number of issued shares or the number of voting rights held by all shareholders of the listed company, etc. comes to less than 10 percent, the person must, with regard to the status of the person's ownership of shares or holding of voting rights in the listed company, etc., submit a written report prepared using Appended Form 19 to the Minister of Finance and the competent minister for the business via the Bank of Japan, within 30 days from the date of the occurrence of the event concerned. In this case, the number of copies of the written report to be submitted is one.
- (4) If any of the changes set forth in the following items occurs after submitting a written report prepared using Appended Form 11-2 pursuant to the provisions of Article 6-2, the person that has submitted the report must submit a written report prepared using Appended Form 19-2 as of the date of the occurrence of the change to the Minister of Finance and the competent minister for the business via the Bank of Japan, within 45 days from the date of the occurrence of the change; in this case, the number of copies of the written report to be submitted is one:
- (i) if there is a change to a shareholder or capital investor of the person that has submitted the written report prepared using Appended Form 11-2 (limited to a corporation, etc.) (hereinafter referred to as the "person making the report" in this paragraph) for whom either the ratio of the number of voting rights obtained by aggregating the number of voting rights directly held by the shareholder or capital investor and the number of voting rights that would fall within the category set forth in Article 3-2, paragraph (1), to the total voting rights of the person making the report, or the ratio of the number of shares or the amount of capital contributions by the shareholder or capital investor to the total number of issued shares or the total amount of capital contributions of the person making the report, comes to 10 percent or

- more (referred to as a "specified shareholder of the person making the report" in the following item);
- (ii) if a person that falls within any of the categories set forth in Article 3-2, paragraph (1), items (iii) through (v) of the Cabinet Order becomes a specified shareholder of the person making the report;
 - (iii) if there is a change in the nationalities of one-third or more of the total number of either the officers of or officers having the authority to represent the person making the report;
 - (iv) if a person appointed or nominated by a foreign government, etc. or an officer, employee, or any other worker of a foreign government, etc. becomes the officer of or officer having the authority to represent the person making the report;
 - (v) if there is a change to the ultimate parent company, etc. (meaning the ultimate parent company, etc. prescribed in Article 66-4-4, paragraph (4), item (v) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957)) of the person making the report or a person that has a material influence in terms of decisions on the financial and operational or business policies of the person making the report, stated in the written report prepared using Appended Form 11-2 that has been submitted;
 - (vi) if the person making the report newly falls within any of the categories set forth in Article 3-2, paragraph (1), items (iii) through (v) of the Cabinet Order;
 - (vii) if the person making the report newly falls within or ceases to fall within the category of the person that engages in Type I financial instruments business set forth in Article 3-2, paragraph (2), item (iii), (a) of the Cabinet Order or any of the categories set forth in the items of Article 3-2, paragraph (4) (hereinafter referred to as a "financial institution, etc. with permission, etc." in this paragraph);
 - (viii) if the person making the report falls within the category of Article 3-2, paragraph (4), item (i) or (ii), and the person making the report newly comes to conduct or ceases to conduct any of the businesses set forth in Article 28, paragraph (1), item (iii) or Article 35, paragraph (1), item (xi) or (xii) of the Financial Instruments and Exchange Act or a business equivalent thereto at the request of another person;
 - (ix) if the person making the report falls within the category of a financial institution, etc. with permission, etc., and there is a change to the administrative organ that supervises the relevant category of permission, etc. or a change to its nationality; or
 - (x) if the person making the report falls within the category of a financial institution, etc. with permission, etc., and the laws and regulations or the laws and regulations of a foreign country that govern the relevant category of

permission, etc. change.

- (5) In addition to the case where the Minister of Finance and the competent minister for the business request the submission of a report in the form of a written report as prescribed in the preceding paragraphs, when they request the submission of a report pursuant to the provisions of Article 6-5, paragraph (1) of the Cabinet Order, they are to designate the matters to be reported by way of notifying the person or relevant person prescribed in that paragraph thereof.
- (6) The procedures specified by order of the competent ministry as prescribed in Article 6-5, paragraph (2) of the Cabinet Order are the location at which a written report containing the matters designated as prescribed in paragraph (1) of that Article is to be submitted, the number of copies of the written report to be submitted, and other procedures specified by the Minister of Finance and the competent minister for the business.
- (7) When the Minister of Finance and the competent minister for the business give notice as prescribed in paragraph (5), they are to also give notice of the procedures as prescribed in the preceding paragraph.

(Public Notice on the Shortening of a Period)

Article 8 If the Minister of Finance and the competent minister for the business shorten the period during which transactions or acts may not be conducted pursuant to the proviso to Article 27, paragraph (2) of the Act and paragraph (4) of that Article, the proviso to Article 28, paragraph (2) of the Act and paragraph (4) of that Article, or the proviso to Article 30, paragraph (2) of the Act and paragraph (4) of that Article, they are to give public notice of the days on which the transactions or acts stated in the notification may be conducted, by way of using the internet or any other appropriate method.

(Notice of the Rescission of a Recommendation or Order)

- Article 9 (1) If the Minister of Finance and the competent minister for the business rescind, based on the provisions of Article 27, paragraph (11) of the Act, all or part of a recommendation or order issued to a person that has submitted a notice of the acceptance of the recommendation to modify the substance of the inward direct investment, etc. pursuant to paragraph (7) of that Article or a person that has been ordered to modify the substance of the inward direct investment, etc. pursuant to paragraph (10) of that Article, they are to rescind the relevant recommendation or order by way of delivering a written notice in which the details of the rescission are stated to the person that has submitted a notice of the acceptance or the person that has been ordered to modify the substance.
- (2) The provisions of the preceding paragraph apply *mutatis mutandis* to the

rescission of all or part of a recommendation or order as prescribed in Article 4, paragraph (9) or Article 5, paragraph (7) of the Cabinet Order based on the provisions of Article 27, paragraph (11) of the Act as applied mutatis mutandis pursuant to Article 28, paragraph (7) or Article 30, paragraph (7) of the Act.

(Identification of Personnel Conducting On-site Inspection and Questioning)

Article 9-2 The identification of personnel who conduct on-site inspection and questioning as prescribed in Article 68, paragraph (2) of the Act (limited to those concerning Chapter V of the Act) is to be based on Appended Form 23 or the form specified by the Minister of Finance or the competent minister for the business.

(Delegation of Functions)

Article 10 (1) Administrative functions that the Minister of Finance and the competent minister for the business are not precluded from handling based on the proviso to Article 10 of the Cabinet Order are administrative functions in connection with the sending of a document stating the content of an order based on the provisions of Article 29, paragraphs (1) through (5) of the Act and administrative functions in connection with the receipt of notices and reports under the provisions of Article 7, paragraphs (5) through (7).

(2) The administrative functions specified by the Minister of Finance and the competent minister for the business as prescribed in Article 10, item (ii) of the Cabinet Order are, in the case where the Minister of Finance and the competent minister for the business have given an instruction with regard to the notification prescribed in Article 27, paragraph (1), Article 28, paragraph (1), or Article 30, paragraph (1) of the Act, the administrative functions to give public notice of the days on which the transactions or acts stated in the notification may be conducted, by way of using the internet or any other appropriate method, on the day the instruction was given.

Appended Table (Re: Article 6-2)

	Column 1	Column 2	Column 3	Column 4
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(i)	Acquisition of shares or equity in a company prescribed in Article 26, paragraph (2), item (i) of the Act	Foreign investor	Business types other than the business types specified by the Minister of Finance and the competent minister for the business as prescribed in Article 3, paragraph (3) (hereinafter referred to as "subject business types" in this table)	Appended Form No. 11
(ii))		Subject business types other than the business types specified by the Minister of Finance and the competent minister for the business as prescribed in Article 3-2, paragraph (2)	Appended Form No. 11-2

(ii) i)	<p>The acquisition of shares of a listed company, etc. prescribed in Article 26, paragraph (2), item (iii) of the Act or acquisition of voting rights in a listed company, etc. prescribed in item (iv) of that paragraph, or discretionary investment management targeting shares prescribed in Article 2, paragraph (16), item (iii) of the Order or acquisition of the authority for exercise, etc. of voting rights prescribed in item (v) of that paragraph (limited to the case where the ratio of the net number of shares obtained by aggregating the number of substantial shares of the listed company, etc. owned by the person that has conducted the acquisition or discretionary investment management targeting shares (hereinafter referred to as the "acquirer, etc." in this table) and shares of the listed company, etc. that are subject to the discretionary investment management targeting shares conducted by the acquirer, etc. (hereinafter referred to as "shares under substantial ownership, etc." in this table) and the number of shares under substantial ownership, etc. of an individual or corporation, etc. that is a non-resident and that would fall under any of the items of Article 2, paragraph (19) of the Order if the acquirer, etc. is deemed to be the acquirer of shares, etc. prescribed in that</p>	<p>Foreign investors except for the following: foreign investors engaging in the Type-I financial instruments business prescribed in Article 3-2, paragraph (2), item (iii), (a) of the Order, and foreign investors falling under any of the items of Article 3-2, paragraph (3) (hereinafter referred to as a "licensed financial institution, etc." in this table); among foreign investors found by the Minister of Finance pursuant to the provisions of Article 3-2, paragraph (1) of the Order as not falling within the category of a foreign investor that is highly likely to conduct inward direct investment, etc. involving national security, etc., those confirmed as being particularly unlikely to conduct such inward direct investment, etc. (hereinafter referred to as a "specified government-owned company, etc." in this table); and foreign investors that have</p>	Subject business types	Appended Form No. 11-2
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(i v)	The acquisition of shares of a listed company, etc. prescribed in Article 26, paragraph (2), item (iii) of the Act or acquisition of voting rights in a listed company, etc. prescribed in item (iv) of that paragraph, or discretionary investment management targeting shares prescribed in Article 2, paragraph (16), item (iii) of the Order or acquisition of the authority for exercise, etc. of voting rights prescribed in item (v) of that paragraph (limited to the case where the ratio of ownership, etc. of the acquirer, etc. changes from less than 3 percent to not less than 3 percent but less than 10 percent)	Foreign investors except for a licensed financial institution, etc., specified government-owned company, etc., and those that have reported inward direct investment, etc. involving the same listed company, etc. based on this paragraph	Subject business types	Append Form No. 11-2
(v)	The acquisition of shares of a listed company, etc. prescribed in Article 26, paragraph (2), item (iii) of the Act or acquisition of voting rights in a listed company, etc. prescribed in item (iv) of that paragraph, or discretionary investment management targeting shares prescribed in Article 2, paragraph (16), item (iii) of the Order or acquisition of the authority for exercise, etc. of voting rights prescribed in item (v) of that paragraph (limited to the case where the ratio of ownership, etc. of the acquirer, etc. is 10 percent or more)	Foreign investor	Business types other than the subject business types	Append Form No. 11

(v i)			Subject business types	Appended Form No. 11-2
(v ii)	The acquisition of shares of a listed company, etc. prescribed in Article 26, paragraph (2), item (iii) of the Act or acquisition of voting rights in a listed company, etc. prescribed in item (iv) of that paragraph, or discretionary investment management targeting shares prescribed in Article 2, paragraph (16), item (iii) of the Order or acquisition of the authority for exercise, etc. of voting rights prescribed in item (v) of that paragraph (limited to the case where the ratio of ownership, etc. of the acquirer, etc. changes from less than the ratio specially specified by the Minister of Finance (hereinafter referred to as the "specified ratio" in this paragraph) to not less than the specified ratio but less than 10 percent)	Specified government-owned company, etc.	Subject business types	Form designated by the Minister of Finance
(v iii)	The acquisition of investment securities prescribed in Article 2, paragraph (16), item (ii) of the Order	Foreign investor	Business types other than the subject business types	Appended Form No. 11
(i x)	The transfer of shares or equity in a company prescribed in Article 26, paragraph (2), item (ii) of the Act	Foreign investor	Business types other than the subject business types	Appended Form No. 12
(x)	The making of a loan prescribed in Article 26, paragraph (2), item (vii) of the Act	Foreign investor	Business types other than the subject business types	Appended Form No. 16

(x i)	the business succession as a result of the acquisition of a business, an absorption-type company split, and a merger prescribed in Article 26, paragraph (2), item (viii) of the Act	Foreign investor	Business types other than the subject business types	Appended Form No. 16-2
(x ii)	The acquisition of bonds prescribed in Article 2, paragraph (16), item (i) of the Order	Foreign investor	Business types other than the subject business types	Appended Form No. 17
(x iii)	Undertaking of delegation of voting prescribed in Article 2, paragraph (16), item (iv) of the Order	Foreign investor	Business types other than the subject business types	Appended Form No. 17-2
(x iv)	Delegation of voting prescribed in Article 2, paragraph (16), item (vi) of the Order	Foreign investor	Business types other than the subject business types	Appended Form No. 17-3
(x v)	The acquisition of consent for joint exercise of voting rights prescribed in Article 2, paragraph (16), item (vii) of the Order	Foreign investor	Business types other than the subject business types	Appended Form No. 17-4
(x vi)	Specified acquisition prescribed in Article 26, paragraph (3) of the Act	Foreign investor	Subject business types specified by the Minister of Finance and the competent minister for the business as prescribed in Article 4, paragraph (2), other than the business types specified by the Minister of Finance and the competent minister for the business as prescribed in Article 4-3, paragraph (1)	Appended Form No. 11-2