

# **Cabinet Order on Inward Direct Investment, etc.**

(Cabinet Order No. 261 of October 11, 1980)

The Cabinet hereby enacts this Cabinet Order pursuant to the provisions of Article 26; Article 27; Article 29, Article 30, Article 67, Article 69, Article 69-3, paragraph (2), and Article 69-4 of the Foreign Exchange and Foreign Trade Control Act (Act No. 228 of 1949), and Articles 2 to 4 of its Supplementary Provisions; and pursuant to the provisions of Article 6 of Supplementary Provisions of the Act Partially Revising the Foreign Exchange and Foreign Trade Control Act (Act No. 65 of 1979) for the purpose of implementing the provisions of the Foreign Exchange and Foreign Trade Control Act.

Chapter I General Provisions (Article 1)

Chapter II Inward Direct Investment, etc. (Articles 2 to 4)

Chapter III Conclusion of a Technology Introduction Contract, etc. (Articles 5 to 6-2)

Chapter III-2 Reports (Articles 6-3 to 6-5)

Chapter IV Miscellaneous Provisions (Articles 7 to 10)

Supplementary Provisions

## **Chapter I General Provisions**

(Purpose)

Article 1 This Cabinet Order establishes necessary matters regarding the management or adjustment or reporting of matters related to inward direct investment, etc. and the conclusion of the technology introduction contract, etc. prescribed in Chapter V of the Foreign Exchange and Foreign Trade Act (hereinafter referred to as the "Act").

## **Chapter II Inward Direct Investment, etc.**

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

Article 2 (1) The number of voting rights in a company to be specified by a Cabinet Order as being indirectly held through another company referred to in Article 26, paragraph (1), item (iii) of the Act, shall be the number of voting rights (meaning voting rights prescribed in Article 26, paragraph (1), item (iii) of the Act; the same applies hereinafter) in said company directly held by another company which is a shareholder or a capital investor (limited to a company in which the investment ratio of the persons listed in item (i) and

- item (ii) of the same paragraph (referred to as "foreign juridical person, etc." in the next paragraph and paragraph (1), item (vi) of the next Article) is 50% or more; the same applies in paragraph (1), item (vi) of the next Article).
- (2) The "investment ratio" as used in the preceding paragraph means the ratio of the number of voting rights in a company directly held by foreign juridical person, etc. to the number of voting rights held by all shareholders or members of the said company.
- (3) The shares to be specified by a Cabinet Order referred to in Article 26, paragraph (2), item (i) of the Act shall be shares registered or designated as those whose selling prices are announced for over-the-counter sale pursuant to the provisions of the rules of an Approved Financial Instruments Firms Association (meaning an Approved Financial Instruments Firms Association defined in Article 2, paragraph (13) of the Financial Instruments and Exchange Act (Act No. 25 of 1948)).
- (4) Non-resident individuals, juridical persons, or other organizations (limited to those which fall under Article 26, paragraph (1), item (ii) through item (iv) of the Act, and hereinafter referred to as "juridical person, etc." in this Article and the next Article) referred to in paragraph (2), item (iii) of the same Article, who are to be specified by a Cabinet Order as being in a permanent economic relationship such as one of share ownership, as being related by kinship, or as being party to another special relationship equivalent thereto with a person who has acquired shares in a listed company, etc. (meaning a listed company, etc. provided for in Article 26, paragraph (2), item (i) of the Act; the same applies hereinafter) (hereinafter referred to as the "acquirer of shares") are the following:
- (i) a juridical person, etc. in which the acquirer of shares directly holds a number of voting rights equivalent to 50% or more of the number of voting rights of all shareholders or members (hereinafter referred to as "total voting rights" in this paragraph and Article 5, paragraph (1), item (i), (d));
  - (ii) a juridical person, etc. (excluding the one set forth in the preceding item) in which the acquirer of shares and the juridical person etc. set forth in the preceding item directly hold a number of voting rights equivalent to 50% or more of the total voting rights;
  - (iii) in case where an acquirer of shares is a juridical person, etc., a juridical person, etc. (excluding those set forth in the preceding two items) that directly holds a number of voting rights equivalent to 50% or more of the total voting rights in said acquirer of shares ;
  - (iv) in case where an acquirer of shares is a juridical person, etc., a juridical person, etc. (excluding those set forth in item (i) and item (ii)) that directly holds a number of voting rights equivalent to less than 50% of the total voting rights in said acquirer of shares, when, if the voting rights said

- juridical person, etc. directly holds in the acquirer of shares are combined with the number of voting rights in the acquirer of shares that are directly held by a second juridical person, etc. that directly holds a number of voting rights in the first juridical person, etc. equivalent to 50% or more of the total voting rights of the first juridical person, etc., the number of voting rights thus held accounts for 50% or more of the total voting rights of the acquirer of shares;
- (v) a juridical person, etc. (excluding those set forth in each of the preceding items) that directly holds a number of voting rights equivalent to 50% or more of the total voting rights of the juridical persons, etc. specified in the preceding two items;
  - (vi) a juridical person, etc. (excluding those set forth in each of the preceding items) in which the juridical person, etc. listed in the preceding item directly holds a number of voting rights equivalent to 50% or more of the total voting rights;
  - (vii) a juridical person, etc. (excluding those set forth in the preceding items) in which the juridical person, etc. listed in item (v) and the juridical person, etc. listed in the preceding item directly hold a number of voting rights equivalent to 50% or more of the total voting rights;
  - (viii) a juridical person, etc. (excluding those set forth in the preceding items) in which the juridical person, etc. listed in item (iii) directly holds a number of voting rights equivalent to 50% or more of the total voting rights;
  - (ix) a juridical person, etc. (excluding those set forth in the preceding items) in which the juridical person, etc. listed in item (iii) and the juridical person, etc. listed in the preceding item directly hold a number of voting rights equivalent to 50% or more of the total voting rights;
  - (x) an officer (meaning directors and others equivalent thereto; hereinafter the same applies in this paragraph) of the acquirer of shares (limited to a juridical person, etc.) or an officer of the juridical person, etc. listed in each of the preceding items;
  - (xi) a juridical person, etc. (excluding those set forth in item (i) to item (ix)) the majority of whose officers are officers listed in the preceding item;
  - (xii) the spouse of an acquirer of shares;
  - (xiii) a lineal relative of an acquirer of shares;
  - (xiv) in case where an acquirer of shares is a government institution, public organization, or an entity equivalent thereto of a country other than Japan (including a region which is a part thereof), any other government institution, public organization, or an entity equivalent thereto of the same country (excluding those listed in item (i) to item (ix) and item (xi));
  - (xv) in case where an acquirer of shares has agreed to jointly exercise voting rights and other rights as a shareholder of a listed company, etc. with

another non-resident individual or juridical person, etc. that owns shares in said listed company, etc. (excluding when said acquirer of shares and said other non-resident individual or juridical person, etc. have entrusted the authority necessary to invest in the shares of said listed company, etc., and the authority to exercise voting rights and other rights as shareholders of said listed company, etc. to a person listed in one of the items of Article 26, paragraph (1) of the Act (excluding said acquirer of shares and said other non-resident individual or juridical person, etc.) (limited to when said acquirer of shares and said other non-resident individual or juridical person, etc. cannot exercise the rights due to said entrustment) based on a discretionary investment contract (meaning a discretionary investment contract defined in Article 2, paragraph (8), item (xii) (b) of the Financial Instruments and Exchange Act; hereinafter the same applies in this Article) or any other contract), said non-resident individual or juridical person, etc. (excluding those set forth in each of the preceding items).

- (5) The ratio to be specified by a Cabinet Order referred to in Article 26, paragraph (2), item (iii) of the Act shall be 10%.
- (6) The establishment or change to be specified by a Cabinet Order referred to in Article 26, paragraph (2), item (v) of the Act shall be the establishment of a branch office, a factory or other places of business (hereinafter referred to as a "branch office, etc.") in Japan in connection with the following business undertakings, or the establishment or substantial change of a branch office, etc. already existing in Japan other than the substantial change of the kind or business purpose of said branch office, etc:
  - (i) the banking business prescribed in Article 2, paragraph (2) of the Banking Act (Act No. 59 of 1981) (including business deemed to be a banking business pursuant to the provisions of Article 3 of the same Act);
  - (ii) the business undertakings of a foreign insurance company, etc. prescribed in Article 2, paragraph (7) of the Insurance Business Act (Act No. 105 of 1995);
  - (iii) the gas business prescribed in Article 2, paragraph (10) of the Gas Business Act (Act No. 51 of 1954);
  - (iv) the electricity business prescribed in Article 2, paragraph (1), item (ix) of the Electricity Business Act (Act No. 170 of 1964);
  - (v) the business undertakings of a financial instruments business operator prescribed in Article 2, paragraph (9) of the Financial Instruments and Exchange Act who engages in the Type I Financial Instruments Business prescribed in Article 28, paragraph (1) of the same Act or the investment management business prescribed in paragraph (4) of the same Article;
  - (vi) the business undertakings of a foreign trust company prescribed in Article 2, paragraph (6) of the Trust Business Act (Act No. 154 of 2004); and

- (vii) the fund transfer services prescribed in Article 2, paragraph (2) of the Act on Financial Settlements (Act No. 59 of 2009).
- (7) The amount to be specified by a Cabinet Order referred to in Article 26, paragraph (2), item (vi) of the Act shall be the amount specified in each of the following items in accordance with the classification of the cases listed in the following item:
- (i) in case where the outstanding balance of loans to a juridical person having its principal office in Japan after a loan prescribed in Article 26, paragraph (2), item (vi) of the Act (hereinafter referred to as "loans") has been made to said juridical person is not less than 100 million yen and less than the amount specified by an ordinance of the competent ministry: the amount specified by said ordinance of the competent ministry;
  - (ii) in case where the outstanding balance of loans to a juridical person having its principal office in Japan after a loan is made to said juridical person exceeds the amount specified by an ordinance of the competent ministry set forth in the preceding item: the amount calculated by deducting the total of the outstanding balance of said loans and the outstanding balance of bonds issued by said juridical person (limited to a company) and offered to specified parties as prescribed in paragraph (9), item (i) (hereinafter referred to as "bonds" in this item) which are owned by the person who made the said loan (including the total of the outstanding balance of a loan made, and the outstanding balance of bonds acquired by a non-resident individual or juridical person, etc. that falls under the items of paragraph (4), if the person that made the said loan is deemed to be an acquirer of shares set forth in the same paragraph, and excluding the amount of said loan) from an amount equivalent to 50% of the amount to be specified by an ordinance of the competent ministry as the amount of liabilities of said juridical person after said loan is made (or zero, if the amount thus calculated is less than zero).
- (8) The financial institutions to be specified by a Cabinet Order referred to in Article 26, paragraph (2), item (vi) of the Act shall be the following financial institutions:
- (i) a person engaged in trust business, insurance business or financial instruments business;
  - (ii) the International Bank for Reconstruction and Development and the U.S. Import-Export Bank;
  - (iii) a person not listed in either of the preceding two items that makes loans as a primary business (excluding cases where a person whose business is the sale, transport or storage of goods or a sales intermediary makes loans in association with these transactions);
  - (iv) a person to be specified by an ordinance of the competent ministry as being equivalent to any of those listed in the preceding three items.

- (9) The acts to be specified by a Cabinet Order referred to in Article 26, paragraph (2), item (vii) of the Act shall be as follows:
- (i) the acquisition of bonds issued by a company which are offered to specified parties among those listed in each of the items of Article 26, paragraph (1) of the Act; provided, however, that an acquisition of bonds falling under any of the following is excluded:
    - (a) an acquisition of bonds by a person engaged in banking business or a person listed in item (i) or item (iii) of the preceding paragraph;
    - (b) an acquisition of Japanese currency-denominated bonds by a party listed in Article 26, paragraph (1), item (iii) or item (iv) of the Act;
    - (c) an acquisition of bonds for which the period from the date of acquisition to the date of principal redemption is not more than one year;
    - (d) an acquisition of bonds in an amount not more than that specified in 1. or 2. below, in accordance with the classification of the case listed in 1 or 2 below:
      - 1. if the outstanding balance of bonds of said company to be owned after acquisition is not more than the amount not less than 100 million yen to be specified by an ordinance of the competent ministry: the amount specified by said ordinance of the competent ministry;
      - 2. if the outstanding balance of bonds of said company to be owned after acquisition exceeds the amount specified by the ordinance of the competent ministry set forth in 1.: the amount calculated by deducting the total of the outstanding balance of said bonds and the outstanding balance of the loans made to said company by the person that acquired said bonds (including the total of the outstanding balance of bonds acquired, and the outstanding balance of a loan made by a non-resident individual or juridical person, etc. that falls under the items of paragraph (4) if the person that acquired said bonds is deemed to be an acquirer of shares set forth in the same paragraph, and excluding the amount of said acquisition) from an amount equivalent to 50% of the amount to be specified by an ordinance of the competent ministry as the amount of liabilities of said juridical person after said acquisition (or zero, if the amount thus calculated is less than zero).
  - (e) other acquisition of bonds to be specified by an ordinance of the competent ministry;
  - (ii) the acquisition of investment securities issued by a juridical person established pursuant to a special Act;
  - (iii) discretionary investment in shares of a listed company, etc., which satisfies the following requirements:
    - (a) the authority necessary to invest in shares of said listed company, etc. and the authority to exercise voting rights and other rights as a

- shareholder of said listed company, etc. have been entrusted to a person listed in one of the items of paragraph (1) of Article 26 of the Act, and the entrustor cannot exercise said rights due to such entrustment;
- (b) the ratio of the number of shares of said listed company, etc. that are subject to the discretionary investment in shares (including the number of shares of said listed company, etc. that are subject to discretionary investment in shares (limited to those that satisfy the requirement listed in (a)) by a non-resident individual or juridical persons, etc. that falls under any of the items of paragraph (4), if the person carrying out the discretionary investment in shares is deemed to be the acquirer of shares referred to in that paragraph) to the total number of issued shares of said listed company, etc. is 10% or more.
- (10) The term "discretionary investment in shares" referred to in item (iii) of the preceding paragraph means investment in shares after entrustment by another person based on a discretionary investment contract or any other contract.

(Notification of Inward Direct Investment, etc. and Service, etc. of a Recommendation of a Change)

Article 3 (1) Inward direct investment, etc. referred to in Article 26, paragraph (2) of the Act (hereinafter referred to as "inward direct investment, etc."), to be specified by a Cabinet Order in consideration of inheritances, testamentary gifts, the merger of juridical persons, and or other circumstances, as referred to in Article 27, paragraph (1) and Article 55-5, paragraph (1) of the Act, shall be inward direct investment, etc. that falls under the category of any of the following acts:

- (i) the acquisition of a company's shares or equity through inheritance or as a testamentary gift;
- (ii) acquisition of the relevant shares and equity by a juridical person that survives after a merger or by a newly established juridical person resulting from a merger with a juridical person that owns the shares or equity of a company that is not a listed company, etc. (referred to as a "non-listed company" in the next item and item (iv));
- (iii) acquisition of the relevant shares and equity by a juridical person newly established after a company split or a juridical person that assumes business resulting from a company split by a juridical person that owns the shares or equity of a non-listed company;
- (iv) acquisition of a non-listed company's shares or equity (excluding acquisition wherein the ratio of the number of shares or the amount of investment in (hereinafter referred to as "shares, etc." in this item) said non-listed company in connection with said acquisition to the total number of issued shares or the total amount of investment in (hereinafter referred to as

- "issued shares, etc." in this item) said non-listed company, or the ratio of the total number of shares, etc. in said non-listed company that the person who acquires them is to own after said acquisition plus the shares, etc. in said non-listed company that are owned by a non-resident individual or juridical person that falls under any of the items of paragraph (4) of the preceding Article if the person who makes said acquisition is deemed to be the acquirer of shares referred to in paragraph (4) of the preceding Article to the issued shares, etc. of said non-listed company, is 10% or greater), other than the acquisition of shares or equity falling under the category of inward direct investment, etc. listed in any of the items of the next paragraph (excluding the acquisition of shares to be specified by an ordinance of the competent ministry as being equivalent to the shares of a listed company, etc.);
- (v) the acquisition of new shares issued as a result of a share split or consolidation of shares, or discretionary investment in shares in connection with said new shares (meaning discretionary investment in shares prescribed in paragraph (10) of the preceding Article; the same applies in Article 7, item (i));
  - (vi) an act listed in Article 26, paragraph (2), item (i), item (iii), item (iv) or item (vi) of the Act or an act specified in any item of paragraph (9) of the preceding Article in which a listed company, etc. among those specified in Article 26, paragraph (1), item (iii) of the Act engages, whereby all of the ratios of the number of shares of said listed company, etc. directly owned by each shareholder (limited to a foreign juridical person, etc. or other companies) of said listed company, etc. (including the number of shares owned by a non-resident individual or juridical person, etc. that falls under any of the items of paragraph (4) of the preceding Article if the shareholder is deemed to be the acquirer of shares set forth in the same paragraph) to the total number of issued shares of said listed company, etc. is less than 10%;
  - (vii) acts not listed in any of the preceding items which are to be specified by an ordinance of the competent ministry.
- (2) Inward direct investment, etc. to be specified by a Cabinet Order as being likely to fall under the category of inward direct investment, etc. that requires examination, as referred to in Article 27, paragraph (1) of the Act, is inward direct investment, etc. falling under any of the following items:
- (i) inward direct investment, etc. involving the business types to be specified by an ordinance of the competent ministry as business types that fall under either (a) or (b) (with regard to inward direct investment, etc. listed in Article 26, paragraph (2), item (i) to item (iv) of the Act and paragraph (9), item (i) and item (iii) of the preceding Article, including a case where a subsidiary company of a listed company, etc., or of another company set forth in such provisions (meaning a subsidiary company set forth in Article 2, item



- (iii) of the Companies Act (Act No. 86 of 2005), but limited to those located in Japan; the same applies hereinafter) and those to be specified by an ordinance of the competent ministry as other companies on which said company is able to exert a material influence regarding the determination of their financial, operational, or business policies (excluding subsidiary companies) operate a business in the business types to be specified by said ordinance of the competent ministry):
- (a) business types involving inward direct investment, etc. which are likely to impair national security, disturb the maintenance of public order or hinder the protection of public safety;
  - (b) business types involving inward direct investment, etc. of which Japan has lodged a reservation pursuant to the provisions of Article 2-b of the Code of Liberalization of Capital Movements of the Organization for Economic Cooperation and Development;
- (ii) inward direct investment, etc. to be specified by an ordinance of the competent ministry as being likely to fall under the category of inward direct investment, etc. listed in Article 27, paragraph (3), item (ii) of the Act;
  - (iii) inward direct investment, etc. to be specified by an ordinance of the competent ministry as being likely to fall under a capital transaction as designated by the Minister of Finance pursuant to Article 11, paragraph (1) of the Foreign Exchange Order (Cabinet Order No. 260 of 1980).
- (3) The notification pursuant to the provisions of Article 27, paragraph (1) of the Act must be submitted within six months before the day when inward direct investment is intended to be made based on the procedures to be specified by an ordinance of the competent ministry.
- (4) If a foreign investor prescribed in Article 26, paragraph (1) of the Act who must submit a notification pursuant to the provisions of Article 27, paragraph (1) of the Act (hereinafter referred to as a "foreign investor"), falls under a case listed in Article 26, paragraph (1), item (i) or item (ii), said foreign investor must submit said notification through an agent who is a resident (limited to persons who have the authority to receive documents that are served pursuant to the provisions of paragraph (7) and paragraph (12)).
- (5) The matters to be specified by a Cabinet Order that are referred to in Article 27, paragraph (1) are the following:
- (i) the name, domicile or residence, nationality, and occupation of the person submitting the notification (or for a juridical person or other organization, its name, the location of its principal office, the content of the business it operates, its stated capital, and the name of its representative);
  - (ii) the business purpose of the inward direct investment, etc.;
  - (iii) the amount of inward direct investment, etc. and the timing of its closing;
  - (iv) the reason for making the inward direct investment, etc.;

- (v) other matters to be specified by an ordinance of the competent ministry.
- (6) The multilateral treaty or other international agreement on inward direct investment, etc. to be specified by a Cabinet Order that is referred to in Article 27, paragraph (3), item (i) of the Act is the Organization for Economic Cooperation and Development Treaty (limited to the part pertaining to the Code of Liberalization of Capital Movements decided pursuant to the provision of Article 5- (a) of said Treaty) and Annex B: General Agreement on Trade in Services to the Marrakesh agreements which establish the World Trade Organization.
- (7) The period during which inward direct investment, etc. is prohibited pursuant to the provisions of Article 27, paragraph (3) or paragraph (6) of the Act is extended by serving a document that notes said extension of the period at the domicile or residence or business office of the person who should receive such service, through service by mail or via correspondence delivery service prescribed in Article 2, paragraph (2) of the Act on Correspondence Delivery by Private Business Operators (Act No. 99 of 2002) by an ordinary correspondence delivery business operator prescribed in paragraph (6) of the same Article or a specified correspondence delivery business operator prescribed in paragraph (9) of the same Article (hereinafter referred to as "mail, etc." in this Article and Article 5), or through personal delivery service; provided, however, that in the case where a foreign investor submitted said notification of inward direct investment, etc. through an agent who is a resident, said document shall be served at the domicile or residence or business office of said agent.
- (8) If the document prescribed in the preceding paragraph is sent by mail, etc. with ordinary handling, the postal item or the correspondence mail prescribed in Article 2, paragraph (3) of the Act on Correspondence Delivery by Private Business Operators is presumed to have been served at the time it should have normally arrived.
- (9) If the document prescribed in paragraph (7) is sent by mail, etc. with ordinary handling, the Minister of Finance and the minister having jurisdiction over the business must prepare in advance a record by means of which it will be sufficient to ascertain the name (or for a juridical person or other organization, its appellation) of the person who should be served with the document (in a case under the proviso to the same paragraph, the agent; the same applies in the next paragraph and paragraph (11)), the destination, and the date on which said document was sent.
- (10) The delivery service referred to in paragraph (7) must be conducted by an official of the relevant administrative organ (including an official of the Bank of Japan engaging in the affairs listed in Article 10, item (iii) pursuant to the provisions of Article 69, paragraph (1) of the Act) who delivers the document to the person who should be served at the place which the document prescribed in

- paragraph (7) should be served; provided, however, that said document may be delivered at other places if the person who should be served has no objection.
- (11) In a case listed in any of the following items, the delivery service referred to in paragraph (7) may be conducted by the acts specified in each of said items in lieu of the delivery prescribed in the preceding paragraph:
- (i) if the person who should be served with the document prescribed in paragraph (7) cannot be met with at the place which service should be made: delivery of said document to an employee, worker, or cohabitant who has the capacity to receive said document (referred to as an "employee, etc." in the next item);
  - (ii) if neither the person who should be served with the document prescribed in paragraph (7) nor an employee, etc. is available at the place which the service should be made or if e such persons refuse to receive said document without justifiable grounds: leaving said document at the place which the service should be made.
- (12) The recommendation or order pursuant to the provisions of Article 27, paragraph (5) and paragraph (10) of the Act is implemented by serving a document that notes the content of said recommendation or order at the domicile or residence or business office of the person who should be served, through service by mail, etc. or delivery service; provided, however, that if a foreign investor has submitted the relevant notification of inward direct investment, etc. through an agent who is a resident, such document shall be served at the domicile or residence or business office of said agent.
- (13) The provisions of paragraph (8) through paragraph (11) apply mutatis mutandis to a document that notes the content of the recommendation or order prescribed in the preceding paragraph. In such case, the term "the preceding paragraph" in paragraph (8) and the term "paragraph (7)" in paragraph (9) are deemed to be replaced with "paragraph (12)"; the terms "paragraph (7)" and "Article 10, item (iii)" in paragraph (10) are deemed to be replaced with "paragraph (12)" and "Article 10, item (iv) or item (vi)," respectively; and the term "paragraph (7)" in paragraph (11) is deemed to be replaced with "the next paragraph."
- (14) The notice pursuant to Article 27, paragraph (7) of the Act must be given based on the procedures to be specified by an ordinance of the competent ministry.

Article 4 Deleted.

### **Chapter III Conclusion, etc. of a Technology Introduction Contract**

(Notification of the Conclusion, etc. of a Technology Introduction Contract and

Service, etc. of a Recommendation of a Change)

Article 5 (1) The conclusion, etc. of a technology introduction contract prescribed in Article 30, paragraph (1) (hereinafter referred to as "conclusion, etc. of a technology introduction contract") to be specified by a Cabinet Order that is referred to in the same paragraph, is the conclusion, etc. of a technology introduction contract which falls under any of the following items:

- (i) the conclusion of a contract (excluding conclusion of a contract due to a change in one of the parties to the contract pertaining the conclusion, etc. of a technology introduction contract) constituting the conclusion, etc. of a technology introduction contract listed in (a) through (d), which pertains to specified technology (meaning the technology to be specified by an ordinance of the competent ministry as technology pertaining to the Conclusion, etc. of a Technology Contract which is likely to impair national security, disturb the maintenance of public order, or hinder the protection of public safety; hereinafter the same applies in this paragraph and Article 6-4, paragraph (2), item (ii)):
- (a) the conclusion, etc. of a technology introduction contract for which the amount of consideration (excluding travel expenses and sojourn expenses in Japan; hereinafter referred to as "consideration of the technology introduction contract") to be paid pursuant to the conclusion, etc. of the technology introduction contract to a non-resident (including the non-resident's branch office, etc. in Japan; hereinafter the same applies in this item) who is the other party to the contract exceeds an amount equivalent to 100 million yen;
- (b) the conclusion, etc. of a technology introduction contract for which the consideration of the technology introduction contract has not been determined;
- (c) the conclusion, etc. of a technology introduction contract under which a resident intends to transfer industrial property and other rights related to technology, grant licenses relating thereto or give technological guidance related to business operations as consideration of the technology introduction contract;
- (d) the conclusion, etc. of a technology introduction contract in which a resident, who is a company in which 50% or more of the total voting rights are directly held by a non-resident who is the other party to the conclusion, etc. of a technology introduction contract intends to conclude, etc. the technology introduction contract with said non-resident;
- (ii) the change of a clause of the contract pertaining to the conclusion, etc. of a technology introduction contract listed in (a) through (d) of the preceding item (limited to a new addition of a specified technology);
- (iii) the contract for which the amount of the consideration of the technology

- introduction contract exceeds an amount equivalent to 100 million yen as a result of a change in a clause of a contract pertaining to the conclusion, etc. of the technology introduction contract (excluding those listed in (b) through (d) of item (i)), which pertains to a specified technology.
- (2) The notification pursuant to the provisions of Article 30, paragraph (1) of the Act must be submitted within three months before the day when the conclusion, etc. of a technology introduction contract is intended to be made based on the procedures to be specified by an ordinance of the competent ministry.
- (3) The matters to be specified by a Cabinet Order that are referred to in Article 30, paragraph (1) of the Act are the following:
- (i) the name, domicile or residence, and occupation of the person submitting the notification (or for a juridical person or other organization, its name, the location of its principal office, the content of the business it operates, its stated capital, and the name of its representative);
  - (ii) the kind and consideration of the technology pertaining to the conclusion, etc. of the technology introduction contract;
  - (iii) the timing for carrying out the conclusion, etc. of the technology introduction contract;
  - (iv) the reason for intending to carry out the conclusion, etc. of the technology introduction contract;
  - (v) In addition to the matters listed in the preceding items, the clauses of the contract pertaining to the conclusion, etc. of the technology introduction contract and other matters to be specified by an ordinance of the competent ministry.
- (4) The multilateral treaty or other international agreement to be specified by a Cabinet Order that is referred to in Article 30, paragraph (3) of the Act is the Organization for Economic Cooperation and Development Treaty (limited to the part regarding the Code of Liberalization of Current Invisible Operations decided pursuant to the provisions of Article 5- (a) of said Treaty).
- (5) The period in which the conclusion, etc. of a technology introduction contract is prohibited pursuant to the provisions of Article 30, paragraph (3) or paragraph (6) is extended by serving a document that notes the extension of the period at the domicile or residence or business office of the person who should be served, through service by mail, etc. or delivery service.
- (6) The provisions of Article 3, paragraph (8) to paragraph (11) inclusive apply *mutatis mutandis* to a document that notes the extension of the period as prescribed in the preceding paragraph. In such case, the term "the preceding paragraph" in paragraph (8) of the same Article and the term "paragraph (7)" in paragraph (9) through paragraph (11) of the same Article shall be deemed to be replaced with "Article 5, paragraph (5)."
- (7) A recommendation or order pursuant to the provisions of Article 30,

paragraph (5) of the Act or the provisions of Article 27, paragraph (10) of the Act as applied mutatis mutandis to pursuant to paragraph (7) of the same Article is issued by serving a document that notes the content of said recommendation or order at the domicile or residence or business office of the person who should be served, through service by mail, etc. or delivery service.

- (8) The provisions of Article 3, paragraph (8) through paragraph (11) apply mutatis mutandis to a document that notes the content of the recommendation or order prescribed in the preceding paragraph. In such case, the term "the preceding paragraph" in paragraph (8) of the same Article and the term "paragraph (7)" in paragraph (9) of the same Article are deemed to be replaced with "Article 5, paragraph (7)"; the terms "paragraph (7)" and "Article 10, item (iii)" in paragraph (10) of the same Article are deemed to be replaced with "Article 5, paragraph (7)" and "Article 10, item (iv) or item (vi)," respectively; and the term "paragraph (7)" in paragraph (11) of the same Article is deemed to be replaced with "Article 5, paragraph (7)."
- (9) The notice prescribed in Article 27, paragraph (7) of the Act which applies mutatis mutandis pursuant to Article 30, paragraph (7) of the Act must be given based on the procedures to be specified by an ordinance of the competent ministry.

(Technical Replacement Deemed to Be Made for Article 27 of the Act)

Article 6 The technical replacement deemed to be made pursuant to the provisions of Article 30, paragraph (7) of the Act shall be as in the following table.

Provision for which a term is deemed to be replaced	Term deemed to be replaced	Term used to make the replacement
Article 27, paragraph (7)	paragraph (5)	Article 30, paragraph (5)
Article 27, paragraph (8)	shall make an inward direct investment, etc.	shall effect the conclusion of a technology introduction contract, etc.
Article 27, paragraph (9)	paragraph (3) or paragraph (6)	Article 30, paragraph (3) or paragraph (6)
	the inward direct investment, etc.	the conclusion of a technology introduction contract, etc.
	make an inward direct investment, etc.	effect the conclusion of a technology introduction contract, etc.

Article 27, paragraph (10)	paragraph (5)	Article 30, paragraph (5)
	content pertaining to the inward direct investment, etc.	all or part of the clause pertaining to the conclusion of a technology introduction contract, etc.
	paragraph (3) or paragraph (6)	paragraph (3) or paragraph (6) of the same Article
Article 27, paragraph (11)	inward direct investment, etc. pertaining to a notification pursuant to the provision of paragraph (1) .....inward direct investment, etc. pertaining to national security, etc.	the conclusion of a technology introduction contract, etc. under a notification pursuant to the provisions of Article 30, paragraph (1).....conclusion of a technology introduction contract, etc. involving national security, etc. prescribed in paragraph (3) of the same Article
	content pertaining to inward direct investment, etc.	all or part of the clause pertaining to the conclusion of a technology introduction contract, etc.
Article 27, paragraph (12)	In addition to what is prescribed in paragraph (5) to paragraph (11) inclusive, ..... content pertaining to inward direct investment, etc.	In addition to what is prescribed in paragraph (7) to the preceding paragraph inclusive and Article 30, paragraph (5) and paragraph (6), .....all or part of the clause pertaining to the conclusion of a technology introduction contract, etc.

(Exclusion from Application)

Article 6-2 The conclusion, etc. of a technology introduction contract to be specified by a Cabinet Order that is referred to in Article 30, paragraph (8) shall be the conclusion, etc. of a technology introduction contract pertaining to technological guidance related to business operations.

### **Chapter III-2 Reports**

(Report of Inward Direct Investment, etc.)

Article 6-3 (1) The report pursuant to the provisions of Article 55, paragraph (1) of the Act must be submitted based on the procedures to be specified by an ordinance of the competent ministry by the fifteenth day of the month following the month in which the date the inward direct investment was made falls.

(2) If a foreign investor who must submit a notification pursuant to the provisions of Article 55, paragraph (1) of the Act falls under the cases listed in Article 26, paragraph (1), item (i) or item (ii), said foreign investor must submit said notification through an agent who is a resident.

- (3) The matters to be specified by a Cabinet Order that are referred to in the provisions of Article 55, paragraph (1) of the Act are the following:
- (i) the name, domicile or residence, nationality, and occupation of the person submitting the report (or for a juridical person and other organization, its name, the location of its principal office, the content of the business it operates, its stated capital, and the name of its representative);
  - (ii) the business purpose of the inward direct investment, etc.;
  - (iii) the amount of inward direct investment, etc. and the date of its closing;
  - (iv) other matters to be specified by an ordinance of the competent ministry.

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

- Article 6-4 (1) The report pursuant to the provisions of Article 55-6, paragraph (1) of the Act must be submitted based on the procedures to be specified by an ordinance of the competent ministry within 15 days from the date on which the conclusion, etc. of a technology introduction contract was effected.
- (2) The conclusion, etc. of a technology introduction contract to be specified by a Cabinet Order that is referred to in Article 55-6, paragraph (2), is the following conclusion, etc. of a technology introduction contract:
- (i) the conclusion, etc. of a technology introduction contract pertaining to technological guidance related to business operations;
  - (ii) the conclusion, etc. of a technology introduction contract for technology other than specified technology.

(Report Pursuant to Article 55-8 of the Act)

- Article 6-5 (1) If to the extent necessary for enforcing the provisions of Article 26, Article 27, Article 30, Article 55-5, or Article 55-6 of the Act and this Cabinet Order, pursuant to the provisions of Article 55-8 of the Act, the relevant persons or the person conducting or having conducted a transaction or engaging in or having engaged in an act governed by these provisions is required to submit a report on the content of the transaction or act, the timing of its implementation, and other matters related to said transaction or act, the Minister of Finance or the Minister of Finance and the minister having jurisdiction over the business shall designate the matters on which the person or persons are required to report pursuant to what is specified by an ordinance of the Ministry of Finance or by an ordinance of the competent ministry.
- (2) A person who is required to submit a report on the matters designated under the preceding paragraph shall submit said report pursuant to the procedures to be specified by an ordinance of the Ministry of Finance or an ordinance of the competent ministry.

## **Chapter IV Miscellaneous Provisions**



(Minister Having Jurisdiction Over the Business)

Article 7 The minister having jurisdiction over the business under the Act and this Cabinet Order, is the minister specified in each of the following items for the category of subject matter listed in the relevant item:

- (i) subject matter concerning the acquisition or transfer of the shares or equity, or discretionary investment in shares, of a company (including a juridical person established pursuant to a special Act) or a substantial change of its business purpose: the minister having jurisdiction over the business which said company operates (if the company's subsidiary or any of those to be specified by an ordinance of the competent ministry as prescribed in Article 3, paragraph (2), item (i) operates a business in the business types to be specified by an ordinance of the competent ministry as prescribed in the same item, this includes the minister having jurisdiction over said business; the same applies in item (v));
- (ii) subject matter concerning the establishment of a branch office, etc. in Japan or a substantial change in the kind of branch office, etc. or its business purpose: the minister having jurisdiction over the business which said branch office, etc. operates;
- (iii) subject matter concerning loans made to a juridical person having its principal office in Japan: the minister having jurisdiction over the business which said juridical person operates;
- (iv) subject matter concerning the conclusion, etc. of a technology introduction contract: the minister having jurisdiction over the business of accepting the technology pertaining to said conclusion, etc. of a technology introduction contract;
- (v) subject matter concerning the acquisition of bonds issued by a company: the minister having jurisdiction over the business which said company operates.

(Ordinance of the Competent Ministry)

Article 7-2 Ordinances of the competent ministry under this Cabinet Order are orders that the Minister of Finance and the minister having jurisdiction over the business issue.

(Means of Public Notice)

Article 8 Public notices prescribed in this Cabinet Order are issued through the official gazette.

(Method of Conversion)

Article 9 The conversion of a foreign currency to Japanese currency in the cases where the provisions of the Act (limited to Chapter V, Article 55-5, Article 55-6

and Article 55-8 (limited to the part pertaining to Article 6-5 of this Cabinet Order; hereinafter the same applies in the next Article)), this Cabinet Order and the order based thereon apply, shall be made by using the basic foreign exchange rate or arbitrated foreign exchange rate prescribed in Article 7, paragraph (1) of the Act as of the day on which a transaction is conducted or an act is taken in which a conversion should be made concerning the amount under said provisions, except where the conversion is made using the method specified by an ordinance of the competent ministry in accordance with the classifications specified by an ordinance of the competent ministry.

(Delegation of Affairs)

Article 10 The affairs related to the enforcement of the Act (limited to Chapter V, Article 55-5, Article 55-6 and Article 55-8) which the Minister of Finance or the Minister of Finance and the minister having jurisdiction over the business have the Bank of Japan handle pursuant to the provisions of Article 69, paragraph (1) of the Act are the following affairs; provided, however, that when the Minister of Finance or the Minister of Finance and the minister having jurisdiction over the business find necessary, this does not preclude them from handling said affairs of their own accord pursuant to an ordinance of the Ministry of Finance or an ordinance of the competent ministry:

- (i) acceptance of a notification pursuant to the provisions of Article 27, paragraph (1) and Article 30, paragraph (1) of the Act;
- (ii) notice of the shortening of the period pursuant to the provisions of Article 27, paragraph (2) and paragraph (4) and Article 30, paragraph (2) and paragraph (4) of the Act and other affairs related to said shortening of the period, as is specified by the Minister of Finance and the minister having jurisdiction over the business;
- (iii) the sending of the document that notes the extension of the period pursuant to the provisions of Article 27, paragraph (3) and paragraph (7) and Article 30, paragraph (3) and paragraph (6) of the Act;
- (iv) the sending of the document that notes the content of a recommendation pursuant to the provisions of Article 27, paragraph (5) and Article 30, paragraph (5) of the Act;
- (v) acceptance of the notice relating to the compliance pursuant to the provisions of Article 27, paragraph (7) of the Act (including when applied mutatis mutandis pursuant to Article 30, paragraph (7) of the Act);
- (vi) the sending of the document that notes the content of an order pursuant to the provisions of Article 27, paragraph (10) of the Act (including when applied mutatis mutandis pursuant to Article 30, paragraph (7) of the Act);
- (vii) notice of the rescission pursuant to the provisions of Article 27, paragraph (11) (including when it is applied mutatis mutandis pursuant to Article 30,

- paragraph (7) of the Act);
- (viii) acceptance of the report pursuant to the provisions of Article 55-5, paragraph (1) and Article 55-6, paragraph (1) of the Act;
- (ix) preparation of the record pursuant to the provisions of Article 3, paragraph (9) (including when applied mutatis mutandis pursuant to paragraph (13) of the same Article and Article 5, paragraph (6) and paragraph (8));
- (x) acceptance of the report pursuant to the provisions of Article 6-5;
- (xi) affairs incidental to the affairs listed in the preceding items.

### **Supplementary Provisions**

#### **(Date of Enforcement)**

Article 1 This Cabinet Order comes into force as of the date of enforcement (December 1, 1980) of the Act Partially Revising the Foreign Exchange and Foreign Trade Control Act (Act No. 65 of 1979).

#### **(Repeal of the Cabinet Order on Special Provisions on Approval Standards, etc. pursuant to the Provisions of the Act on Foreign Capital)**

Article 2 The following Cabinet Orders are hereby repealed:

- (i) Cabinet Order on Hearing Procedures Pursuant to the Provisions of Article 20 of the Act on Foreign Capital (Cabinet Order No. 182 of 1950);
- (ii) Cabinet Order on Special Provisions on Approval Standards, etc. Pursuant to the Provisions of the Act on Foreign Capital (Cabinet Order No. 221 of 1952);
- (iii) Cabinet Order Specifying the Scope of Affairs That the Bank of Japan Is to Handle Pursuant to the Act on Foreign Capital (Cabinet Order No. 412 of 1952);
- (iv) Cabinet Order on the Deposit Accounts of Foreign Investors (Cabinet Order No. 427 of 1952).

#### **(Transitional Measures)**

Article 3 (1) The transactions or acts recognized or permitted pursuant to the provisions of Article 17 or 26 of the Foreign Exchange Control Order (Cabinet Order No. 203 of 1950, hereinafter referred to as the "Former Control Order" in the next paragraph) prior to its repeal by the Foreign Exchange Control Order (Cabinet Order No. 260 of 1980, hereinafter referred to as the "New Control Order") are governed by the provisions of Article 3, paragraph (1) of the Supplementary Provisions of the New Control Order.

- (2) Among the transactions or acts pertaining to an application for permission that have actually taken place pursuant to the provisions of Article 17 of the Former Control Order at the time of the enforcement of this Cabinet Order,

with regard to those for which a notification must be submitted pursuant to the provisions of Article 29, paragraph (1) of the Act after its revision (hereinafter referred to as the "New Act" in this paragraph) by the Act Partially Revising the Foreign Exchange and Foreign Trade Control Act (hereinafter referred to as the "Revisionary Act"), said application is deemed to be the notification submitted pursuant to the provisions of the same paragraph on the date of enforcement of this Cabinet Order (hereinafter referred to as the "date of enforcement"), and the New Act (excluding Chapters III, IV and VI) and the provisions of this Cabinet Order apply.

Article 4 If a bank authorized to conduct foreign exchange operations prescribed in Article 11 of the Act treats separately in terms of accounting from other deposit accounts, as of the day prior to the date of enforcement, the outstanding balance of a foreign investor's deposit account which was opened pursuant to the provisions of Article 9-2, paragraph (1) of the Act on Foreign Capital (Act No. 163 of 1950; hereinafter referred to as the "Former Foreign Capital Act") prior to its revision by the Revisionary Act, with regard to the refund of the outstanding balance of said foreign investor's deposit account, the provisions of Article 11 of the New Control Order do not apply while said outstanding balance is being separately treated in terms of accounting.

Article 5 With regard to the conditions attached pursuant to the provisions of Article 14, paragraph (1) of the Former Foreign Capital Act at the time of the approval, designation or confirmation prescribed in the Former Foreign Capital Act, of the conditions which require that approval be obtained in advance from the competent minister (which means the competent minister prescribed in the Former Foreign Capital Act), only those which the Minister of Finance and the minister having jurisdiction over the business (which means the minister having jurisdiction over the business pursuant to the provision of Article 11) designate on the date of enforcement shall remain in force even after the enforcement of this Cabinet Order, and the other conditions shall lose their effect after the enforcement of this Cabinet Order.

Article 6 With regard to the transactions or acts pertaining to an application or a notification which have actually been made pursuant to the provisions of Article 10, Article 11, paragraph (1), Article 12, paragraph (1), Article 13, paragraph (1), Article 13-2 or Article 13-3 of the Former Foreign Capital Act at the time of the enforcement of this Cabinet Order, the Cabinet Order on Special Provisions on Approval Standards, etc. Pursuant to the Provisions of the Act on Foreign Capital (hereinafter referred to as "Former Cabinet Order on Special Provisions") and Cabinet Order Specifying the Scope of Affairs That

the Bank of Japan Is to Handle Pursuant to the Act on Foreign Capital (hereinafter referred to as "Former Cabinet Order on Delegation") prior to their repeal by this Cabinet Order shall still remain in force even after the enforcement of this Cabinet Order.

Article 7 With regard to the shares, etc. prescribed in Article 13-2 of the Former Foreign Capital Act or the consideration, etc. or the right to the consideration, etc. prescribed in Article 13-3 of Former Foreign Capital Act of which their date of acquisition is earlier than the date of enforcement, the provisions of Article 5 of the Former Cabinet Order on Special Provisions and the provisions of item (vii), item (viii) and item (xii) of the Former Cabinet Order on Delegation remain in force even after the enforcement of this Cabinet Order.

(Partial Revision of Order for Organization of Ministry of Health and Welfare)  
Article 8 Order for Organization of Ministry of Health and Welfare (Cabinet Order No. 388 of 1952) is partially revised as follows.

"Act on Foreign Capital (Act No. 163 of 1950)" in Article 34, paragraph (3) is replaced with "Foreign Exchange and Foreign Trade Control Act (Act No. 228 of 1949)."

(Partial Revision of Order for Organization of Ministry of International Trade and Industry)

Article 9 Order for Organization of Ministry of International Trade and Industry (Cabinet Order No. 390 of 1952) is partially revised as follows.

"Technical assistance contract" in Article 43, item (ii) is replaced with "Technology Introduction Contract," and "acquisition of property" in item (iii) of the same Article with "acquisition of property, etc."

(Partial Revision of Order for Organization of Ministry of Transport)

Article 10 Order for Organization of Ministry of Transport (Cabinet Order No. 391 of 1952) is partially revised as follows.

"Acquisition of shares, etc." and "technical assistance contract" in Chapter I of the Order for Organization of Ministry of Transport is replaced with "acquisition, etc. of shares" and "Technology Introduction Contract," respectively.

#### **Supplementary Provisions [Cabinet Order No. 291 of September 26, 1981]**

This Cabinet Order comes into force as of October 1, 1981.

#### **Supplementary Provisions [Cabinet Order No. 48 of March 27, 1982]**

**[Extract]**

- (1) This Cabinet Order comes into force as of the date of enforcement of the Banking Act (April 1, 1982).

**Supplementary Provisions [Cabinet Order No. 195 of June 19, 1984]**

This Cabinet Order comes into force as of the date of enforcement of the provision of Article 5 of the Act Partially Revising the Act on Measures Accompanying the Accession to the International Monetary Fund and International Bank for Reconstruction and Development for the Purpose of Forming a Harmonized Foreign Economic Relationship (July 1, 1984).

**Supplementary Provisions [Cabinet Order No. 48 of March 25, 1991]**

(Date of Enforcement)

- (1) This Cabinet Order comes into force as of April 1, 1991.

(Transitional Measures Accompanying the Partial Revision of the Cabinet Order on Inward Direct Investment, etc.)

- (2) If new shares prescribed in Article 2, paragraph (13), item (ii) of the Cabinet Order on Inward Direct Investment, etc. prior to the revision by the provisions of Article 4 are acquired upon the issue of new shares for which the provisions then in force still remain applicable pursuant to the provisions of Supplementary Provisions, Article 11 of the Act Partially Revising the Commercial Code, etc. (Act No. 64 of 1990), and if new shares prescribed in the provisions of item (v) of the same paragraph are acquired by way of appropriation of profit for which the provisions then in force still remain applicable pursuant to the provisions of Supplementary Provisions, Article 17 of the same Act, the provisions then in force remain applicable.
- (3) With regard to the application of penal provisions to acts that took place prior to the enforcement of this Cabinet Order, the provisions then in force remain applicable.

**Supplementary Provisions [Cabinet Order No. 354 of November 27, 1991]**

(Date of Enforcement)

- (1) This Cabinet Order comes into force as of the date of enforcement of the Act Partially Revising the Foreign Exchange and Foreign Trade Control Act (January 1, 1992).

(Transitional Measures)

- (2) With regard to the application of penal provisions to acts that took place prior to the enforcement of this Cabinet Order, the provisions then in force remain applicable.

**Supplementary Provisions [Cabinet Order No. 411 of December 26, 1994]  
[Extract]**

(Date of Enforcement)

Article 1 This Cabinet Order comes into force as of the date of enforcement (March 1, 1995) of the Act Partially Revising the Gas Business Act (Act No. 42 of 1994).

**Supplementary Provisions [Cabinet Order No. 419 of December 28, 1994]**

This Cabinet Order comes into force as of the date on which the Marrakesh Agreement preceding the World Trade Organization comes into effect with regard to Japan.

**Supplementary Provisions [Cabinet Order No. 359 of October 18, 1995]  
[Extract]**

(Date of Enforcement)

Article 1 This Cabinet Order comes into force as of the date of enforcement (December 1, 1995) of the Act Partially Revising the Electricity Business Act (hereinafter referred to as the "Revisionary Act").

**Supplementary Provisions [Cabinet Order No. 426 of December 22, 1995]**

This Cabinet Order comes into force as of the date of enforcement of the Insurance Business Act (April 1, 1996).

**Supplementary Provisions [Cabinet Order No. 384 of December 25, 1997]**

(Date of Enforcement)

Article 1 This Cabinet Order comes into force as of the date of enforcement of the Act Partially Revising the Foreign Exchange and Foreign Trade Control Act (April 1, 1998).

(Transitional Measures)

Article 2 The provisions of Article 6-4, paragraph (2) of the Cabinet Order on

Inward Direct Investment, etc. after its revision apply to the conclusion, etc. of a technology introduction contract prescribed in Article 31, paragraph (1) of the Foreign Exchange and Foreign Trade Act which will be effected after the date of enforcement of this Cabinet Order (hereinafter referred to as the "conclusion, etc. of a technology introduction contract" in this Article), and with regard to the conclusion, etc. of a technology introduction contract which was effected prior to said date, the provisions then in force remain applicable.

Article 3 With regard to the application of penal provisions to acts that took place prior to the enforcement of this Cabinet Order and to acts that took place after the enforcement of this Cabinet Order pertaining to matters for which the provisions then in force are to remain applicable pursuant to the provisions of the preceding Article, the provisions then in force remain applicable.

**Supplementary Provisions [Cabinet Order No. 431 of December 27, 1999]  
[Extract]**

(Date of Enforcement)

Article 1 This Cabinet Order comes into force as of March 21, 2000.

**Supplementary Provisions [Cabinet Order No. 307 of June 7, 2000]  
[Extract]**

(Date of Enforcement)

Article 1 This Cabinet Order comes into force as of January 6, 2001.

**Supplementary Provisions [Cabinet Order No. 77 of March 28, 2001]**

(Date of Enforcement)

(1) This Cabinet Order comes into force as of the date of its promulgation; provided, however, that the revisionary provisions of Article 3, paragraph (1) come into force as of April 1, 2001.

(Transitional Measures)

(2) The provisions of Article 6-4, paragraph (2) of the Cabinet Order on Inward Direct Investment, etc. after its revision apply to the conclusion, etc. of a technology introduction contract prescribed in Article 31, paragraph (1) of the Foreign Exchange and Foreign Trade Act which is effected after the date of enforcement of this Cabinet Order (hereinafter referred to as the "conclusion, etc. of a technology introduction contract" in this paragraph), and with regard to the conclusion, etc. of a technology introduction contract which was effected



prior to said date, the provisions then in force remain applicable.

- (3) With regard to the application of penal provisions to acts that took place prior to the enforcement of this Cabinet Order and to acts that took place after the enforcement of this Cabinet Order pertaining to matters for which the provisions then in force are to remain applicable pursuant to the provisions of the preceding paragraph, the provisions then in force remain applicable.

#### **Supplementary Provisions [Cabinet Order No. 54 of March 20, 2002]**

(Date of Enforcement)

- (1) This Cabinet Order comes into force as of April 1, 2002.

(Transitional Measures Concerning Convertible Bonds)

- (2) With regard to the acquisition of new shares prescribed in the provisions of Article 3, paragraph (1), item (vi) and item (vii) of the Cabinet Order on Inward Direct Investment prior to its revision by this Cabinet Order pertaining to convertible bonds and bonds with preemptive rights for which the provisions then in force are to remain applicable pursuant to the Supplementary Provisions, Article 7 of the Act Partially Revising the Commercial Code, etc. (Act No. 128 of 2001), the provisions then in force remain applicable.

#### **Supplementary Provisions [Cabinet Order No. 386 of December 18, 2002] [Extract]**

(Date of Enforcement)

Article 1 This Cabinet Order comes into force as of April 1, 2003.

#### **Supplementary Provisions [Cabinet Order No. 476 of December 3, 2003] [Extract]**

This Cabinet Order comes into force as of April 1, 2004.

#### **Supplementary Provisions [Cabinet Order No. 429 of December 28, 2004] [Extract]**

(Date of Enforcement)

Article 1 This Cabinet Order comes into force as of the date of enforcement of the Act (December 30, 2004).

#### **Supplementary Provisions [Cabinet Order No. 42 of March 17, 2006]**

This Cabinet Order comes into force as of the date of enforcement of the Companies Act.

**Supplementary Provisions [Cabinet Order No. 233 of August 3, 2007]  
[Extract]**

(Date of Enforcement)

Article 1 This Cabinet Order comes into force as of the date of enforcement of the Revisionary Act.

(Transitional Measures Concerning Application of Penal Provisions)

Article 64 With regard to the application of penal provisions to acts that took place prior to the date of enforcement of this Cabinet Order and to acts that took place after the date of enforcement of this Cabinet Order pertaining to matters for which the provisions then in force are to remain applicable pursuant to the provisions of the Supplementary Provisions, the provisions then in force remain applicable.

**Supplementary Provisions [Cabinet Order No. 280 of September 7, 2007]**

(Date of Enforcement)

(1) This Cabinet Order comes into force as of September 28, 2007.

(Transitional Measures)

(2) With regard to inward direct investment, etc. prescribed in Article 26, paragraph (2) of the Foreign Exchange and Foreign Trade Act that pertains to a notification submitted pursuant to Article 27, paragraph (1) of the same Act or a report submitted pursuant to Article 55-5, paragraph (1) of the same Act prior to the date of enforcement of this Cabinet Order, the provisions then in force remain applicable.

(3) With regard to the application of penal provisions to acts that took place prior to the enforcement of this Cabinet Order and to acts that took place after the enforcement of this Cabinet Order pertaining to matters for which the provisions then in force are to remain applicable pursuant to the provisions of the preceding paragraph, the provisions then in force remain applicable.