

Enforcement Regulation of the Act on Special Measures to Promote Research and Development Business, etc. by Specified Multinational Enterprises

(Order of the Cabinet Office, the Ministry of Internal Affairs and Communications, the Ministry of Finance, the Ministry of Health, Labour and Welfare, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Economy, Trade and Industry, the Ministry of Land, Infrastructure, Transport and Tourism, and the Ministry of the Environment No. 1 of October 31, 2012)

Based on the provisions of Article 2, paragraphs (1) and (2), and Article 11, paragraph (2) of the Act on Special Measures to Promote Research and Development Business, etc. by Specified Multinational Enterprises (Act No. 55 of 2012), the Enforcement Regulation of the Act on Special Measures to Promote Research and Development Business, etc. by Specified Multinational Enterprises is established as follows.

(Scope of Subsidiary Corporations or Other Similar Entities)

Article 1 Corporations prescribed by order of the competent ministry as having a close relationship set forth in Article 2, paragraph (1), item (i) of the Act on Special Measures to Promote Research and Development Business, etc. by Specified Multinational Enterprises (hereinafter referred to as the "Act") are as follows:

- (i) a corporation in which the corporation set forth in Article 2, paragraph (1), item (i) of the Act (referred to as "relevant corporation" in item (iv)) holds a majority of all shareholder's voting rights, etc. (meaning the voting rights of all shareholders or equity investors; the same applies hereinafter) (referred to as a "subsidiary corporation" in the following item);
- (ii) a corporation in which a subsidiary corporation holds a majority of all shareholder's voting rights, etc. (referred to as an "indirectly-owned subsidiary" in the following item);
- (iii) a corporation in which an indirectly-owned subsidiary holds a majority of all shareholder's voting rights, etc.;
- (iv) a corporation which holds a majority of all shareholder's voting rights, etc. of a relevant corporation and a corporation in which a relevant corporation and corporations listed in the preceding three items hold, in total, a majority of all shareholder's voting rights, etc. (excluding those listed in the preceding three items and limited to corporations in which a relevant corporation has part of all shareholder's voting rights, etc.).

(Scope of Corporations Recognized to Be Engaged in Business Activities on a Global Scale)

Article 2 A corporation prescribed by an order of a competent ministry as being engaged in business activities on a global scale as set forth in Article 2, paragraph (1), item (i) of the Act is a corporation which has or whose subsidiary corporation or other similar entity (meaning a subsidiary corporation or other similar entity prescribed in the item; the same applies hereinafter) has an office, store, plant or other fixed facilities relating to its main business, or employees engaged in the business in two or more countries or regions (hereinafter referred to as a "State, etc."), including the State, etc. in which its head office or principal office is located.

(Scope of Corporations Recognized to Have Advanced Knowledge or Technology)

Article 3 A corporation prescribed by an order of a competent ministry as being recognized to have advanced knowledge or technology as set forth in Article 2, paragraph (1), item (ii) of the Act is to fall under any of the following items:

- (i) a corporation which has a considerable record (including a record by its subsidiary corporation or other similar entity), in a State, etc. other than Japan, in the business of conducting research and development of advanced industrial technology suitable for the advancement of technological innovation (hereinafter referred to as "advanced technology" in this item) (including the business of developing products or services with the use of the relevant advanced technology);
- (ii) a corporation which has a considerable record (including a record by its subsidiary corporation or other similar entity), in a State, etc. other than Japan, in the business of establishing policies for the business engaged in by two or more corporations (limited to cases where these corporations' head offices or principal offices are located in two or more States, etc.), while supervising the business of ensuring contributions to two or more corporations and the implementation of policies and other types of business engaged in by two or more corporations, by way of obtaining or retaining the majority of all shareholder's voting rights, etc. of the two or more corporations.

(Scope of Domestic Companies with a Close Relationship with Specified Multinational Enterprises)

Article 4 A company prescribed by order of a competent ministry as a domestic company which has a close relationship as set forth in Article 2, paragraph (2) of the Act is as follows:

- (i) a company in which the specified multinational enterprise set forth in Article 2, paragraph (2) of the Act (referred to as "relevant enterprise" in item (iv)) has a majority of all shareholder's voting rights, etc. (referred to as a "subsidiary company" in the following item);
- (ii) a company in which a subsidiary company has a majority of all shareholder's voting rights, etc. (referred to as an "indirectly-owned company" in the following item);
- (iii) a company in which an indirectly-owned company has a majority of all shareholder's voting rights, etc.;
- (iv) a company which has a majority of all shareholder's voting rights, etc. of the relevant enterprise, and a company in which the relevant enterprise and companies listed in the preceding three items have, in total, the majority of all shareholder's voting rights, etc. (excluding those listed in the preceding three items and limited to a company in which the relevant enterprise has part of all shareholder's voting rights, etc.).

(Scope of Domestic Companies with a Close Relationship with Foreign Corporations)

Article 5 A company prescribed by an order of a competent ministry as a domestic company which has a close relationship as set forth in Article 11, paragraph (2) of the Act is as follows:

- (i) a company in which the foreign corporation referred to in Article 11, paragraph (2) of the Act (referred to as "relevant corporation" in item (iv)) has a majority of all shareholder's voting rights, etc. (referred to as a "subsidiary company" in the following item);
- (ii) a company in which a subsidiary company has the majority of all shareholder's voting rights, etc. (referred to as a "indirectly-owned company" in the following item);
- (iii) a company in which an indirectly-owned company has a majority of all shareholder's voting rights, etc.;
- (iv) a company which has a majority of all shareholder's voting rights, etc. of the relevant corporation, and a company in which the relevant corporation and companies listed in the preceding three items have, in total, the majority of all shareholder's voting rights, etc. (excluding those listed in the preceding three items and limited to a company in which the relevant corporation has part of all shareholder's voting rights, etc.).

Supplementary Provisions

This Order comes into effect as of the date on which the Act comes into effect (November 1, 2012).