

Public Notice Specifying Conditions to Be Complied  
With So That Specified Acquisition Does Not Fall Within  
the Category of Specified Acquisition Involving National  
Security, Which Are Specified by the Minister of Finance  
and the Competent Minister for the Business, Pursuant to  
the Provisions of Article 28-2, Paragraph (1) of the  
Foreign Exchange and Foreign Trade Act

(Public Notice of the Cabinet Office, Ministry of Internal Affairs and Communications, Ministry of Finance, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and Tourism, and Ministry of the Environment No. 7 of 2020)

Public Notice Specifying Conditions to Be Complied With So That Specified Acquisition Does Not Fall Within the Category of Specified Acquisition Involving National Security, Which Are Specified by the Minister of Finance and the Competent Minister for the Business, Pursuant to the Provisions of Article 28-2, Paragraph (1) of the Foreign Exchange and Foreign Trade Act

(Definitions)

Article 1 In this Public Notice, the meanings of the terms set forth in the following items are as prescribed respectively in those items:

(i) specified acquisition: specified acquisition prescribed in Article 26, paragraph (3) of the Foreign Exchange and Foreign Trade Act (hereinafter referred to as the "Act");

(ii) foreign investor: a foreign investor prescribed in Article 26, paragraph (1) of the Act;

(iii) listed company, etc.: a listed company, etc. prescribed in Article 26, paragraph (2), item (i) of the Act;

(iv) subsidiary company: a subsidiary company prescribed in Article 2, item (iii) of the Companies Act (Act No. 86 of 2005), 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;

(v) specified covered business: a business involved in any of the business types that fall within the scope of business types set forth in Appended Table of the Public Notice Specifying Business Types to Be Specified by the Minister of Finance and the Competent Minister for the Business Pursuant to the Provisions of Article 3, Paragraph (1) and Article 4, Paragraph (2) of the Order on Inward Direct Investment (Public Notice of the Cabinet Office, Ministry of Internal Affairs and Communications, Ministry of Finance, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure and Transport, and Tourism, and Ministry of the Environment No. 3 of 2017);

(vi) parent company: a parent company prescribed in Article 2, item (iv) of the Companies Act, 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;

(vii) specified parent company: a parent company of a subsidiary company of a listed company, etc. or of a company other than a listed company, etc. (hereinafter referred to as an "issuing company"), if the subsidiary company operates a specified covered business (hereinafter referred to as a "specified subsidiary company") (the parent company excludes an issuing company);

(viii) issuing company, etc.: an issuing company, a specified subsidiary company, a specified parent company, or another company (excluding a subsidiary company) prescribed in Article 4, paragraph (3) of the Order on Inward Direct Investment (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 1980) (hereinafter referred to as the "Ministerial Order") as another company on which an issuing company has a material influence in terms of decisions on its financial and operational or business policies, which operates a specified covered business;

(ix) secret technology-related information: information on technology, results of research and development related to technology, production methods, or component suppliers, or any other information related to technology or system involved in a specified covered business, which is managed as secret by the division operating the specified covered business at an issuing company, etc. (excluding information concerning officers (officers, prescribed in Article 26, paragraph (1), item (v) of the Act; the same applies below in this item) of an issuing company, etc., such as working conditions and remuneration of officers, etc., or information concerning the financial conditions of an issuing company, etc.)

(x) inward direct investment, etc.: inward direct investment, etc. prescribed in Article 26, paragraph (2) of the Act);

(xi) financial instruments business operator: a financial instruments business operator prescribed in Article 2, paragraph (9) of the Financial Instruments and Exchange Act (Act No. 25 of 1948); and

(xii) authority for exercise, etc. of voting rights, etc.: the authority for exercise, etc. of voting rights, etc. prescribed in Article 2, paragraph (4), item (i) of the Cabinet Order on Inward Direct Investment (Cabinet Order No. 261 of 1980) (hereinafter referred to as the "Cabinet Order").

(Conditions to Be Complied With So That Specified Acquisition Does Not Fall Within the Category of Specified Acquisition Involving National Security)

Article 2 The conditions to be complied with by a foreign investor prescribed in Article 28-2, paragraph (1) of the Act that has conducted specified acquisition without making a notification under the provisions of Article 28, paragraph (1) of the Act pursuant to the provisions of Article 28-2, paragraph (1) of the Act are as prescribed below:

(i) a foreign investor must not assume office of a director or auditor of an issuing company, etc. involved in the specified acquisition. (if the issuing company, etc. is a membership company (meaning the membership company prescribed in Article 575, paragraph (1) of the Companies Act), a "director" means a member who executes the business or a person who is to perform the duties of a member who executes the business; hereinafter the same applies in this item), or have any of the persons set forth in Article 2, paragraph (1), item (i), (a) to (g) of the Ministerial Order assume office of a director or auditor of the issuing company, etc. (if the specified acquisition. is relevant to a proposal submitted to the shareholders meeting by the foreign investor itself or via another person, including the persons set forth in item (ii), (a) through (j) of that paragraph; if the foreign investor is any of the persons set forth in Article 3-2, paragraph (1), items (iii) through (vi) of the Cabinet Order, and the specified acquisition. is relevant to a proposal submitted to the shareholders meeting by the foreign investor itself or via another person, including the persons set forth in Article 2, paragraph (1), item (iii), (a) and (b) of the Ministerial Order) (in cases other than the case where the specified acquisition. is relevant to a proposal submitted to the shareholders meeting by the foreign investor by the foreign investor itself or via another person: excluding the case where the specified acquisition. is relevant to a proposal submitted to the shareholders meeting based on the provisions of Article 304 of the Companies Act);

(ii) a foreign investor must not submit, by the foreign investor itself or via another person, 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) of the Ministerial Order (limited to those regarding the covered business) to the shareholders meeting of an issuing company;

(iii) a foreign investor must not perform any of the following acts that are likely to lead to the acquisition of undisclosed technology information relevant to the specified covered business or other leakage of the technology information:

(a) acquiring secret technology-related information while knowing that it is secret technology-related information (excluding the case where an issuing company, etc. has voluntarily provided the secret technology-related information and the information will be used within the scope of the purpose of and conditions for the receipt of the information provided);

(b) proposing the disclosure thereto or to a third party of secret technology-related information while knowing that it is secret technology-related information; and

(c) proposing a change to internal rules, agreements, contracts, or anything equivalent thereto of an issuing company, etc. regarding the management of secret technology-related information (excluding the case where it is obviously clear that the proposal satisfies all of the requirements set forth in 1. through 3. or the case where the proposal constitutes the act set forth in (b)):

1. the proposal does not violate any laws or regulations or any contract or any other agreement to which the issuing company, etc. is a party;

2. the proposal does not make it easy to perform the act set forth in (a) or (b); and

3. the proposal strengthens the management of secret technology-related information; and

(Exceptions to Conditions to Be Complied With So That Specified Acquisition Does Not Fall Within the Category of Specified Acquisition Inward Direct Investment, etc. Involving National Security)

Article 3 In the cases set forth in the following items, a foreign investor does not violate the provisions of the preceding Article according to the categories of cases set forth in these items:

(i) if, due to an event that occurs after the most recent specified acquisition conducted without making a notification under the provisions of Article 28, paragraph (1) of the Act pursuant to the provisions of Article 28-2, paragraph (1) of the Act, the foreign investor conducts inward direct investment, etc. that involves the consent set forth in Article 26, paragraph (2), item (v) of the Act that is relevant to the proposal set forth in Article 2, paragraph (11), item (i) of the Cabinet Order and is given after the expiration of the period during which inward direct investment, etc. must not be conducted, by making a notification under the provisions of Article 27, paragraph (1) of the Act (limited to inward direct investment, etc. regarding which the foreign investor is not ordered to modify the substance of or discontinue the inward direct management, etc. based on the provisions of Article 27, paragraph (10) of the Act in connection with the notification, or inward direct investment, etc. that is not relevant to a proposal submitted by the foreign investor itself or via another person, if the notification is not a false notification), or if the Minister of Finance and the competent minister for

the business find unavoidable circumstances, and the foreign investor conducts inward direct investment, etc. that the Minister of Finance and the competent minister for the business finds not to be likely to cause either of the situations set forth in Article 27, paragraph (3), item (i), (a) or (b) of the Act in connection with the assumption of office of a director or auditor at a company other than the issuing company among the issuing company, etc.: item (i) of the preceding Article;

(ii) if, due to an event that occurs after the most recent specified acquisition conducted without making a notification under the provisions of Article 28, paragraph (1) of the Act pursuant to the provisions of Article 28-2, paragraph (1) of the Act, the foreign investor conducts inward direct investment, etc. that involves the consent set forth in Article 26, paragraph (2), item (v) of the Act that is relevant to 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) of the Ministerial Order and is given after the expiration of the period during which inward direct investment, etc. must not be conducted, by making a notification under the provisions of Article 27, paragraph (1) of the Act (limited to inward direct investment, etc. regarding which the foreign investor is not ordered to modify the substance of or discontinue the inward direct investment, etc. based on the provisions of Article 27, paragraph (10) of the Act in connection with the notification, if the notification is not a false notification): item (ii) of the preceding Article;

(iii) if a financial instruments business operator engaging in the Type-I financial instruments business prescribed in Article 28, paragraph (1) of the Financial Instruments and Exchange Act (limited to those engaging in the securities-related services prescribed in paragraph (8) of that Article, and excluding those engaging only in the Type-I small amount electronic public offering service prescribed in Article 29-4-2, paragraph (10) of that Act; the same applies hereinafter), a bank prescribed in Article 2, paragraph (1) of the Banking Act (Act No. 59 of 1981), or a person that operates a business similar to the Type-I financial instruments business or banking business (excluding banking business prescribed in Article 2, paragraph (2) of the Banking Act which does not perform the acts set forth in item (i) of that paragraph) with permission, etc. (meaning permission, etc. prescribed in Article 2, item (iii) of the Administrative Procedure Act (Act No. 88 of 1993) or anything equivalent thereto) granted under the provisions of laws and regulations of a foreign country equivalent to these laws, and that is required to take measures equivalent to the measures set forth in Article 70-4, paragraph (1), item (ii) of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Order No. 52 of 2007) (referred to as "measures for conflict of interest management" in the following item) (hereinafter referred to as a "Type-I financial instruments business, etc." in the following item) proposes the disclosure thereto or to a third party of secret technology-related information of an issuing company, etc. based on the

consent of the issuing company, etc., and acquires secret technology-related information voluntarily provided by the issuing company, etc. based on that proposal: item (iii), (a) and (b) of the preceding Article; and

(iv) if a Type-I financial instruments business operator, etc. takes measures necessary to assure that the Type-I financial instruments business operator, etc. will not provide secret technology-related information to another person (excluding another person in the case where the Type-I financial instruments business operator, etc. conducts business 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 any business equivalent thereto (hereinafter referred to as "investment banking business, etc." in this item)) or to a division of the Type-I financial instruments business operator, etc. that is in charge of performing the acts set forth in Article 28, paragraph (1), item (i) or (v) of that Act or acts equivalent to these acts (if a division engaging in investment banking business, etc. (hereinafter referred to as the "investment banking division" in this item) or a division that holds and trades securities (meaning securities prescribed in Article 2, paragraph (1) of the Financial Instruments and Exchange Act; hereinafter the same applies in this item) of a company other than a listed company, etc. for its own account for the purpose of making profit in the medium to long term and that does not hold or trade securities of a listed company, etc. in its own name (hereinafter referred to as the "proprietary trading division" in this item) performs part of these acts: excluding the investment banking division or proprietary trading division (if the proprietary trading division performs part of these acts, limited to the case where the Type-I financial instruments business operator, etc. has taken measures for conflict of interest measures between the investment banking division and the proprietary trading division)), and to assure that, when proposing the disclosure thereto or to a third party of secret technology-related information by the issuing company, etc., the Type-I financial instruments business operator, etc. will not directly or indirectly use the shares or equity owned thereby or the voting rights or authority for exercise, etc. of voting rights, etc. held thereby, and the Type-I financial instruments business operator, etc. proposes the disclosure thereto or to a third party of secret technology-related information (limited to a proposal submitted in connection with investment banking business, etc. (excluding the business set forth in Article 28, paragraph (1), item (iii) of that Act) via the investment banking division at the request of another person) and acquires secret technology-related information voluntarily provided by the issuing company, etc. based on that proposal (excluding the case set forth in the preceding item): item (iii), (a) and (b) of the preceding Article.