

**MEMO# 32121**

December 20, 2019

## **Letter on Japan Foreign Investment Restrictions Amendments (FEFTA)**

[32121]

December 20, 2019 TO: ICI Global Members

ICI Global Investing Subcommittee

ICI Global Regulated Funds Committee SUBJECTS: International/Global RE: Letter on Japan Foreign Investment Restrictions Amendments (FEFTA)

On November 22, the Japanese National Diet passed an amendment bill to the Foreign Exchange and Foreign Trade Act (FEFTA) to expand the scope of transaction that will be subject to foreign investment review. Notably, the amendment will lower the threshold for requiring approval (referred to as prior notification) for the acquisition of shares of restricted companies from the current ten percent to one percent. The government has stated that the final rules will include broad exemptions for the foreign financial services sector and has tried to reassure investors about its support for corporate governance. The details of the revised requirements and the scope of any exemptions will be provided in a Ministerial Ordinance that is expected to be released for consultation in February. Attached as background are a short PowerPoint and FAQs produced by the MOF.

ICI representatives, including ICI's President and CEO, Paul Schott Stevens, met with the Ministry of Finance (MOF) and other government representatives in Tokyo in late November regarding this matter. The attached letter from Paul Schott Stevens to Atsushi Mimura at the Ministry of Finance requests that certain issues and concerns relevant to the regulated fund industry that were discussed at the meeting be addressed in the Ministerial Ordinance. Specifically, it provides that (1) asset managers should be within the scope of the financial institution exemption, (2) owners of assets that delegate voting and investment authority should not be subject to the prior notification and post-investment reporting requirements, (3) regulated funds should be within the scope of the financial institution exemption, and (4) existing holdings should not be subject to the new rules.

Eva M. Mykolenko

Associate Chief Counsel - Securities Regulation>

[Attachment No. 1](#)

[Attachment No. 2](#)

[Attachment No. 3](#)

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.