

MEMO# 32289

March 16, 2020

Consultation on Draft Regulations Under the Japan Foreign Exchange and Foreign Trade Act (FEFTA)

[32289]

March 16, 2020 TO: ICI Global Members

ICI Global Investing Subcommittee

ICI Global Regulated Funds Committee SUBJECTS: International/Global RE: Consultation on Draft Regulations Under the Japan Foreign Exchange and Foreign Trade Act (FEFTA)

As we previously reported, on November 22, 2019, the Japanese National Diet passed an amendment bill to the Foreign Exchange and Foreign Trade Act (FEFTA) to expand the scope of transactions that will be subject to foreign investment review, notably lowering the threshold for requiring approval for the acquisition of shares of restricted companies from the current ten percent to one percent.^[1] The details of the requirements and the scope of exemptions for the financial services sector were not included in the bill, but instead are to be specified by the Ministry of Finance (MOF) in a Ministerial Ordinance, following stakeholder consultation.

On March 14, the MOF launched a public consultation on the draft rules and regulations of the FEFTA. The draft rules and regulations proposed by MOF can be found at "e-Gov," the official web portal of the Government of Japan.^[2] The MOF has also provided an English language summary of the draft regulations, available at https://www.mof.go.jp/english/international_policy/fdi/kanrenshiryou_20200314.pdf. Comments are due by April 12, 2020, and MOF intends for the rules to enter into force in May.

We are reviewing the proposed rules and intend to hold a member call next week (details of which will be sent to members separately).

Eva M. Mykolenko

Associate Chief Counsel - Securities Regulation

endnotes

[1] See ICI [Memorandum No. 32121](#), dated December 20, 2019.

[2] The web portal can be found here:

<https://search.e-gov.go.jp/servlet/Public?CLASSNAME=PCMMSTDETAIL&id=395122004&Mode=0>.

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