

**MEMO# 32102**

December 13, 2019

## **Draft Letter on Japan Foreign Investment Restrictions Amendments (FEFTA) - Feedback Requested by December 17**

[32102]

December 13, 2019 TO: ICI Global Investing Subcommittee  
ICI Global Regulated Funds Committee RE: Draft Letter on Japan Foreign Investment Restrictions Amendments (FEFTA) - Feedback Requested by December 17

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 implementing rules that are still being drafted. We understand that draft rules are expected to be released for consultation in late January or early February, but that it would be beneficial to provide initial feedback to the Ministry of Finance prior to their formal publication.

ICI representatives, including ICI's President and CEO, Paul Schott Stevens, met with the Ministry of Finance and other government representatives in Tokyo in late November regarding this matter. Attached is a draft letter to the Ministry of Finance that we have prepared as a follow up to this meeting, seeking confirmation on outstanding issues and requesting that they be made clear in the final rules.

As background I have included information that has been released by the Ministry of Finance on the FEFTA amendments – a short PowerPoint and FAQs.

Please provide your feedback on the draft letter to me by the end of Tuesday, December 17th and reach out if you have any questions.

Eva M. Mykolenko  
Associate Chief Counsel - Securities Regulation

[Attachment No. 1](#)

[Attachment No. 2](#)

[Attachment No. 3](#)

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