

MEMO# 32312

March 24, 2020

Consultation on Draft Regulation under Japan's FEFTA; Member Call on March 27

[32312]

March 24, 2020 TO: ICI Global Investing Subcommittee

ICI Global Regulated Funds Committee RE: Consultation on Draft Regulation under Japan's FEFTA; Member Call on March 27

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 the 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 (midnight Tokyo time), and the MOF intends for the rules to enter into force in May.

We will hold a member call this Friday, March 27 at 12 p.m. US Eastern to discuss the proposed regulations and potential issues for regulated funds. If you are unable to participate in the call but are interested in this matter (particularly if you are based in Asia), please reach out and we can set up a time to speak individually.

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endnotes

[1] See ICI Memorandum No. 32121, dated December 20, 2019, *available at* <https://www.iciglobal.org/iciglobal/pubs/memos/memo32289>.

[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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