

**MEMO# 4923**

June 28, 1993

## **JAPAN ANNOUNCES LIBERALIZATION OF FOREIGN MANAGEMENT OF JAPANESE PENSION FUNDS**

June 28, 1993 TO: BOARD OF GOVERNORS NO. 58-93 INTERNATIONAL MEMBERS NO. 19-93  
RE: JAPAN ANNOUNCES LIBERALIZATION OF FOREIGN MANAGEMENT OF JAPANESE PENSION FUNDS

As you may know, the Institute has been actively seeking liberalization of the restrictions currently placed upon foreign investment advisers seeking to manage the assets of Japanese pension funds. In October, 1992, Institute representatives met in Tokyo with representatives of the Japanese government and investment management industry to discuss these issues. Since then the Institute has been working with U.S. Government representatives to obtain liberalization of the Japanese investment management market. We are pleased to inform you that, according to recent information from the U.S. Treasury, the Japanese government will allow foreign investment advisers to manage a greater portion of Japanese pension plan assets. Currently, U.S. advisers may manage only post-1990 contributions to corporate pension funds ("new" money), up to one-third of a plan's total assets. The new policy, which was announced in connection with the ongoing Uruguay Round GATT negotiations, eliminates the old money/new money distinction. A foreign adviser will be able to manage up to one-third of a corporate pension plan's assets. This share of the corporate pension market represents approximately twelve percent of all Japanese pension plan assets. The new policy, which is subject to change before it is finalized, is expected to be implemented by the end of the year. We will keep you informed of developments. Catherine L. Heron Vice President-Tax & Pension