

**MEMO# 9128**

August 6, 1997

## **STATUS OF JAPANESE PENSION AND INVESTMENT TRUST REFORMS**

[9128] August 6, 1997 TO: INTERNATIONAL COMMITTEE No. 27-97 RE: STATUS OF JAPANESE PENSION AND INVESTMENT TRUST REFORMS

Attached are copies of two memoranda the Institute received recently from counsel in Tokyo describing the status of changes the Japanese government is making in its pension and investment trust (mutual fund) regulations. The changes address two matters of priority to the Institute -- permitting discretionary investment managers to manage "tax qualified pension plans" and permitting investment trust managers in Japan to assign discretionary investment authority to affiliates outside of Japan. See Memorandum to International Committee No. 42- 96, December 6, 1996. As we previously informed you, the Ministry of Finance (MOF) announced that during 1997, Japan will permit discretionary investment advisors to manage assets of "tax qualified pension plans." See Memorandum to International Committee No. 40-96, November 15, 1996. Counsel reports that the details for implementing this change have not yet been announced. The changes MOF has announced with respect to its investment trust regulations are listed in the attachments. Among other things, MOF will replace the current "licensing" system for investment trust managers with a "registration" system. In addition, retail customers will be permitted to purchase investment trusts in banks as of December 1997. Finally, a recent report issued by the Securities Transaction Counsel recommends that MOF permit investment trust managers to assign discretion to third parties (including their affiliates outside of Japan) over the management of a portion of each fund. Counsel reports that MOF has not decided on a schedule for this change. We will keep you informed of developments. Mary S. Podesta Associate Counsel - International Attachments (in .pdf format)