



Number of Prior-notification under Foreign Exchange and Foreign Trade Act (FY2021)

June, 2022

*Foreign Investment Policy & Review Office
Ministry of Finance*

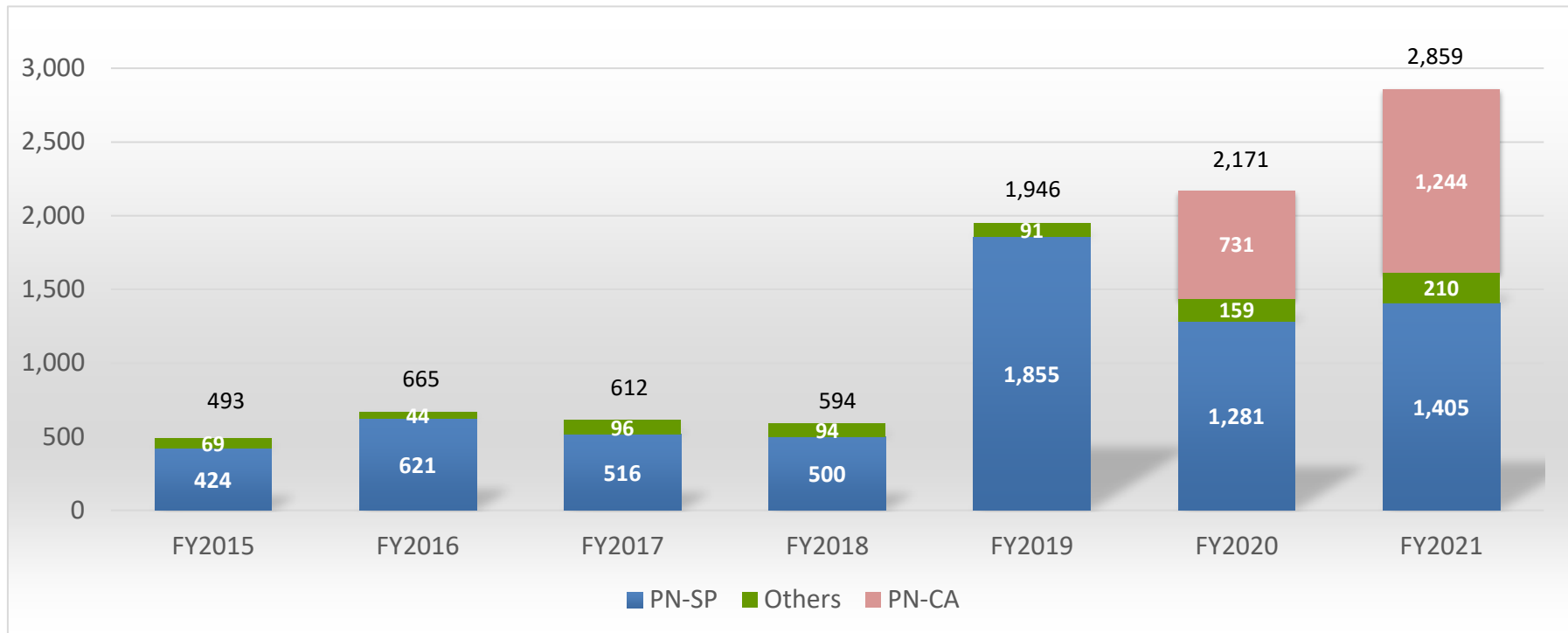


Number of Prior Notification(PN) from FY2015 to FY2021

FEFTA: Foreign Exchange and Foreign Trade Act

- The 2019 amendment of the Foreign Exchange and Foreign Trade Act has lowered the threshold for prior notification for stock purchases (PN-SP) with regard to the acquisition of a listed company's stocks from 10% to 1%. The amendment has also introduced mandatory prior notification for certain actions (PN-CA), namely, (i)voting at the shareholder's meeting for nomination of the foreign investor itself or its closely related person as a board member of the investee company and (ii)voting at the shareholder's meeting for a proposal, made by those foreign investors, to transfer or dispose the investee company's business activities in the designated business sectors. On the other hand, the amendment has introduced an exemption scheme for PN-SP for the investors who comply with certain conditions.
- The number of prior-notification for FY2021 is as follows.

(Note: The number of 2020 is not comparable with other year due to the full implementation of the FEFTA in June 2020.)

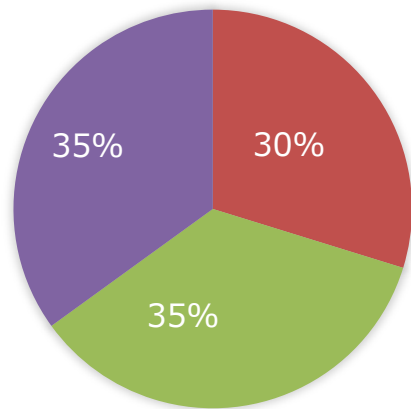


(Note) **Others** include prior notifications for change of business purposes, making loans, bond acquisition, transfers of shares, establishment of a branch office, acquisitions of business and joint exercise of voting rights, etc.

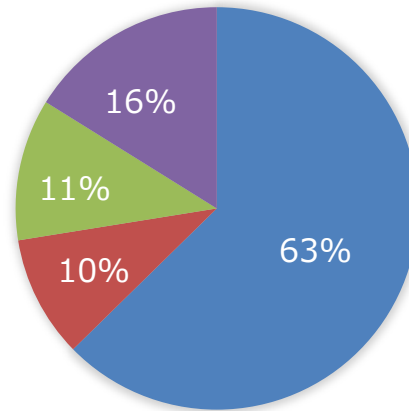
Stock Acquisition by Business Sector

- In FY2021, those related to cybersecurity (e.g. data processing and information services, software services, integrated circuits, semiconductor memory media, etc.) which were added to the designated business sector in August 2019 account for 54%.

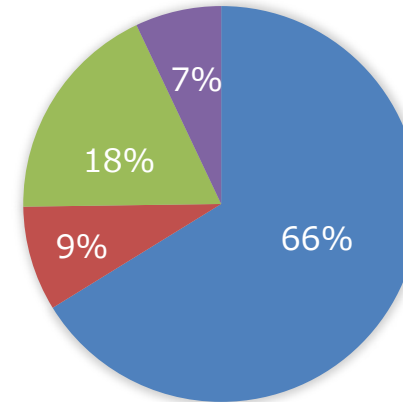
FY2018



FY2019

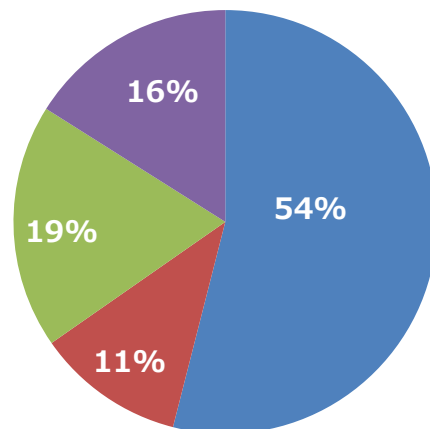


FY2020



- Cybersecurity
- Weapons/Aircrafts/Nuclear/Space/Dual-use
- Infrastructure
- Others

FY2021



Reference : Designated Business Sectors

- Cybersecurity (Data processing/software services, Storage/memory/processing device)
- Weapons
- Aircrafts
- Nuclear facilities
- Space
- Dual-use technologies
- Metal mining etc. of critical minerals
- Construction service business etc. which improves or maintains port facilities on Designated Remote Islands
- Electricity
- Gas
- Telecommunications
- Water supply
- Railway
- Oil
- Heat supply
- Broadcasting
- Public transportation
- Security services
- Biological chemicals
- Agriculture, Forestry and Fisheries
- Leather manufacture
- Air transportation
- Maritime transportation
- Pharmaceutical manufacturing
- Specially-controlled medical devices manufacturing

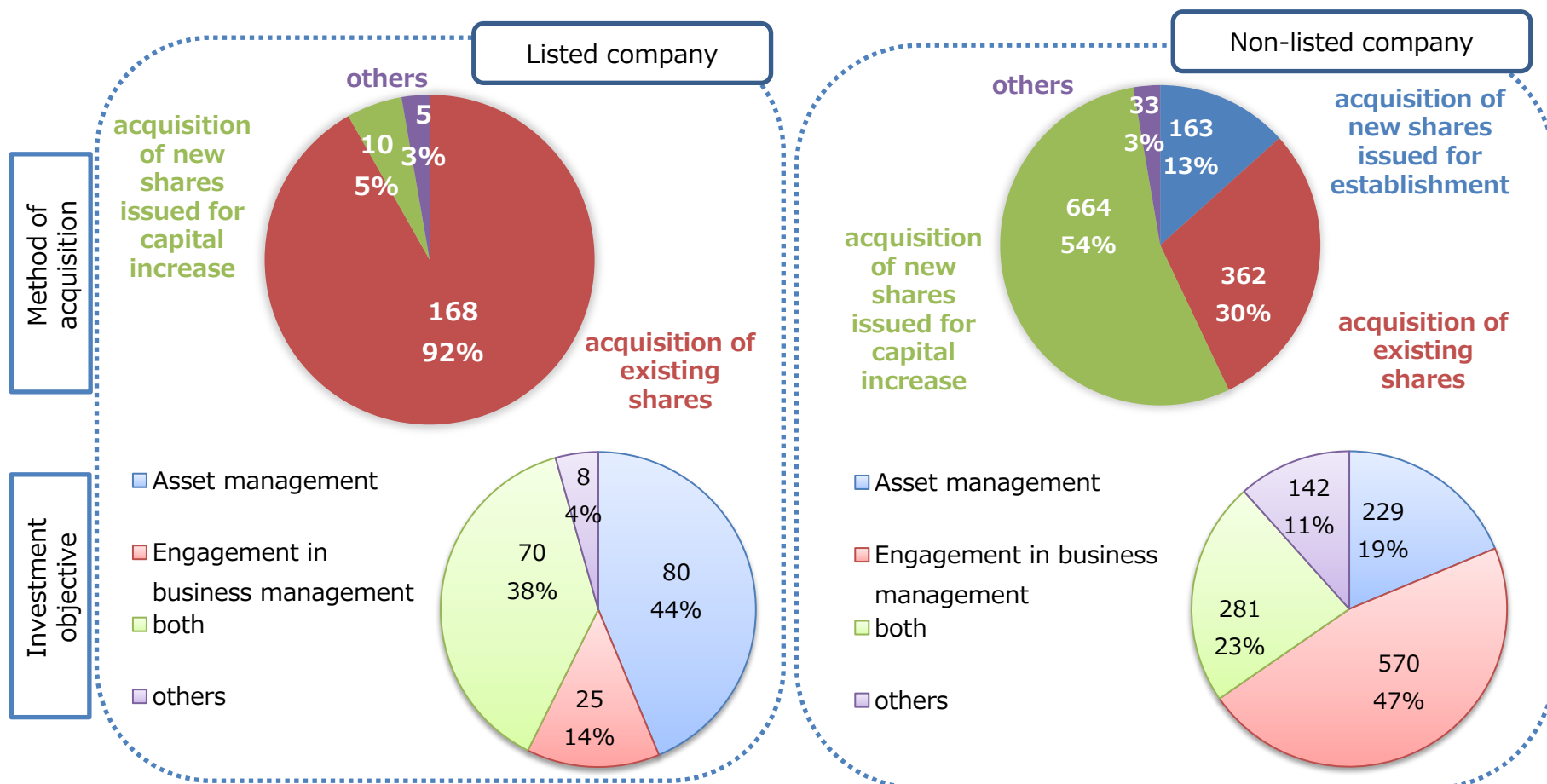
The number of PN by Business Sector

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020				FY2021			
						PN-SP	Others	PN-CA	Total	PN-SP	Others	PN-CA	Total
Weapons, etc.	127	149	171	233	188	100	6	59	165	196	10	134	340
Aircrafts	0	6	2	19	23	18	0	4	22	11	2	10	23
Nuclear facilities	0	0	2	12	10	2	0	2	4	2	1	3	6
Space	0	2	3	15	16	12	0	4	16	25	1	9	35
Cybersecurity	-	-	-	-	1,457	953	56	590	1,599	994	105	863	1,962
Metal mining etc. of critical minerals	-	-	-	-	-	-	-	-	-	4	0	0	4
Construction service business etc. which improves or maintains port facilities on Designated Remote Islands	-	-	-	-	-	-	-	-	-	4	0	0	4
Electricity/Gas, etc.	285	437	395	318	235	255	87	44	386	328	96	83	507
Telecommunications	29	17	18	14	-	-	-	-	-	-	-	-	-
Broadcasting	0	0	2	7	2	9	0	2	11	14	0	16	30
Water supply	2	2	5	3	6	1	0	2	3	2	0	0	2
Railway	3	1	1	3	2	1	0	0	1	3	1	4	8
Public transportation	6	23	9	0	0	0	0	0	0	0	0	0	0
Biological chemicals/Pharmaceutical manufacturing, etc.	20	28	14	19	34	27	4	45	76	69	3	72	144
Security services	47	57	44	40	77	12	0	9	21	57	1	27	85
Agriculture, Forestry and Fisheries	31	64	76	94	96	37	5	11	53	69	0	62	131
Oil	56	61	53	49	46	15	1	22	38	75	2	54	131
Leather manufacture	19	35	31	10	29	2	0	0	2	0	0	4	4
Air transportation	20	24	33	31	11	4	1	2	7	2	1	4	7
Maritime transportation	21	39	33	36	31	5	0	6	11	49	1	162	212
Total number of PN	493	665	612	594	1,946	1,281	159	731	2,171	1,405	210	1,244	2,859
Sum of the PN by sectors	666	945	892	903	2,263	1,453	160	802	2,415	1,904	224	1,507	3,635

- ※The PN for companies which conduct business in multiple business sectors are counted in each of the sectors.
 ※※For FY2020 and beyond, the number of “PN-SP” is Prior Notification for Stock Purchases. “Others” is change of business purpose, making of loan, bond-acquisition, transfers of shares, establishment of branch office, acquisition of business and joint exercise of voting rights, etc. “PN-CA” is Prior Notification for Certain Actions.

PN-SP by Acquisition Method and Investment Objective (FY2021)

- The number of PN-SP of listed company is 183, far smaller than that for non-listed company, 1,222.
- Regarding methods of acquisition, approximately 90% of the acquisitions of listed companies were made through acquisitions of existing shares, including from stock market. In contrast, non-listed companies' shares are largely acquired by foreign investors through capital increase.
- Regarding investment objective, non-listed company has higher percentage of engagement in business management compared to that of listed company.



※“Others” in investment objective includes exercise of stock acquisition right and acquisition of own shares etc.

※※“Others” in method of acquisition includes establishment of affiliated companies, funding support or establishment of a joint venture with a domestic company etc.

Number of Prior-Notification for Stock Purchases (PN-SP) by countries (FY2021)

- The largest number of PN-SP is submitted by US investors, followed by those in the Cayman Islands, except for Japan both listed company and non-listed company.
- The large number of PN-SP from Japanese investors is due to the provision of the Foreign Exchange and Foreign Trade Act that treats Japanese companies whose voting rights are directly or indirectly held by non-resident individuals or foreign entities with 50% or more are treated as foreign investors.

PN-SP by the investor's home country

	Listed company	Non-listed company	total
Japan	51	350	401
US	42	227	269
Cayman Islands	16	239	255
Singapore	17	99	116
Hong Kong	2	52	54
UK	8	31	39
Taiwan	3	30	33
Canada	16	9	25
South Korea	1	21	22
Netherlands	2	17	19
Germany	4	13	17
British Virgin Islands	3	12	15
China	0	15	15
Saudi Arabia	12	1	13
Luxembourg	2	9	11
France	0	11	11
Switzerland	2	7	9
India	0	9	9
Thailand	0	9	9
Australia	2	6	8
Vietnam	0	8	8
British Bermuda Islands	0	7	7
Ireland	0	5	5
Sweden	0	5	5
Israel	0	5	5
Others	0	25	25
total	183	1,222	1,405

PN-SP by the ultimate parent company of the investor whose home country is Japan

	Listed company	Non-listed company	total
Japan	28	62	90
US	10	79	89
Singapore	0	46	46
Cayman Islands	0	31	31
Spain	0	16	16
Hong Kong	0	14	14
South Korea	6	5	11
Denmark	0	9	9
Germany	0	9	9
France	0	8	8
Netherlands	2	4	6
Australia	0	6	6
Switzerland	0	6	6
Luxembourg	0	6	6
Ireland	0	6	6
China	0	4	4
Others	2	10	12
Not applicable	3	29	32
total	51	350	401

PN-SP by the ultimate parent company of the investor whose home country is Cayman Islands

	Listed company	Non-listed company	total
Japan	10	78	88
Cayman Islands	0	83	83
US	1	38	39
Hong Kong	0	15	15
Singapore	2	9	11
China	3	3	6
British Virgin Islands	0	2	2
Taiwan	0	2	2
Not applicable	0	9	9
total	16	239	255

(Note 1) The case where the home country of the investor is "Japan" and the ultimate parent company is also "Japan" is when a subsidiary is a filer and has a parent company in Japan, and multiple foreign corporations hold more than 50% of the voting rights of the parent company in total, but no single foreign corporation holds more than 50%.

(Note 2) The case where the home country of the investor is "Japan" and the ultimate parent company is "N/A", is when multiple foreign corporations hold more than 50% of voting rights of the investor in total, but no single foreign corporation holds more than 50% of the voting rights.

(Note 3) If the investor is a non-resident individual, classification is based on the nationality of the individual.