



Number of Prior-notification under Foreign Exchange and Foreign Trade Act (FY2023)

June, 2024

*Foreign Investment Policy & Review Office
Ministry of Finance*

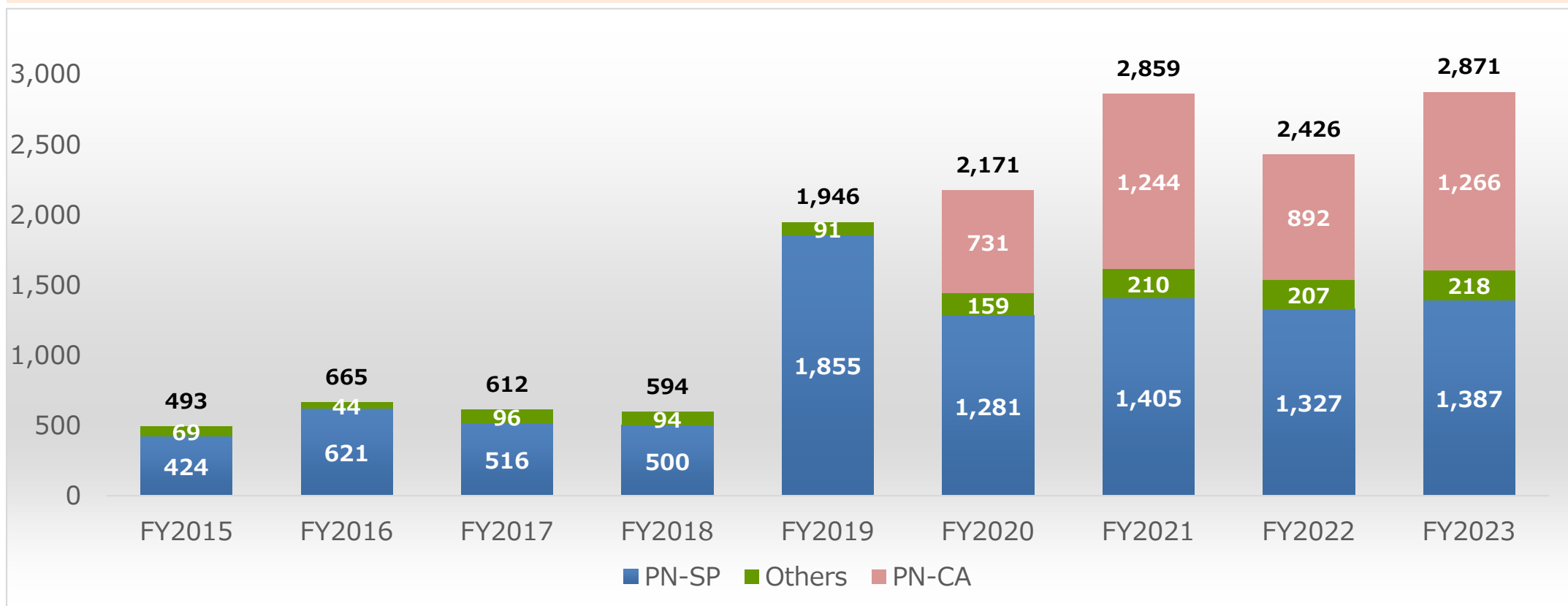


Number of Prior Notification(PN) from FY2015 to FY2023

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 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 of 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 FY2023 is as follows.

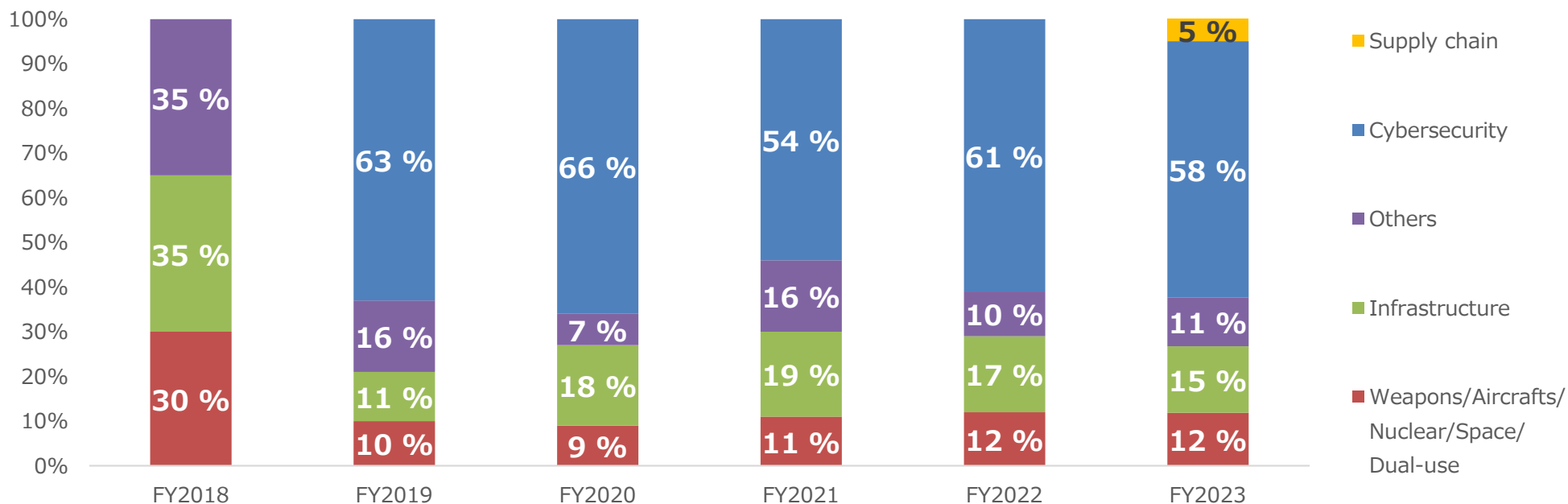
(Note: The number of 2020 is not comparable with other year due to the full implementation of the FEFTA in June 2020.)



(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.

Prior Notifications by Business Sector

- In FY2023, 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 58%.



Reference : Designated Business Sectors

- **Cybersecurity** (Data processing/software services, Storage/memory/processing device etc.)
- **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** *Nov 2021 added
- **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** *July 2020 added
- **Supply chain** *May 2023 added

(Note 1) The prior notifications for companies which conduct business in multiple business sectors are counted in each of the sectors. Please refer to the next page for the number of each sector.

(Note 2) The figures for FY2019 and before show a breakdown of PN-SP, while FY2020 onwards shows a breakdown for all prior notifications.

(Note 3) Telecommunications businesses are included in the Cybersecurity from FY2019 onwards.

(Reference) The number of Business Sectors in Prior Notifications

	FY2017	FY2018	FY2019	FY2020				FY2021				FY2022				FY2023			
				PN-SP	Others	PN-CA	Total	PN-SP	Others	PN-CA	Total	PN-SP	Others	PN-CA	Total	PN-SP	Others	PN-CA	Total
Weapons, etc.	171	233	188	100	6	59	165	196	10	134	340	121	9	103	233	175	14	109	298
Aircrafts	2	19	23	18	0	4	22	11	2	10	23	17	2	18	37	19	0	7	26
Nuclear facilities	2	12	10	2	0	2	4	2	1	3	6	10	0	7	17	7	1	8	16
Space	3	15	16	12	0	4	16	25	1	9	35	17	0	10	27	22	3	28	53
Cybersecurity	-	-	1,457	953	56	590	1,599	994	105	863	1,962	984	104	696	1,784	952	103	978	2,033
Metal mining etc. of critical minerals	-	-	-	-	-	-	-	4	0	0	4	4	0	0	4	7	0	0	7
Construction service business etc. which improves or maintains port facilities on Designated Remote Islands	-	-	-	-	-	-	-	4	0	0	4	8	6	0	14	5	3	0	8
Secure Stable Supply Chains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82	10	69	161
Electricity/Gas, etc.	395	318	235	255	87	44	386	328	96	83	507	225	72	77	374	254	85	58	397
Telecommunications	18	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Broadcasting	2	7	2	9	0	2	11	14	0	16	30	3	1	0	4	9	0	15	24
Water supply	5	3	6	1	0	2	3	2	0	0	2	3	0	2	5	2	0	0	2
Railway	1	3	2	1	0	0	1	3	1	4	8	26	9	1	36	18	3	0	21
Public transportation	9	0	0	0	0	0	0	0	0	0	0	2	0	0	2	5	0	1	6
Biological chemicals/Pharmaceutical manufacturing, etc.	14	19	34	27	4	45	76	69	3	72	144	24	5	80	109	39	12	96	147
Security services	44	40	77	12	0	9	21	57	1	27	85	27	1	18	46	35	1	27	63
Agriculture, Forestry and Fisheries	76	94	96	37	5	11	53	69	0	62	131	47	5	44	96	59	2	57	118
Oil	53	49	46	15	1	22	38	75	2	54	131	28	3	47	78	46	3	33	82
Leather manufacture	31	10	29	2	0	0	2	0	0	4	4	5	0	5	10	10	1	0	11
Air transportation	33	31	11	4	1	2	7	2	1	4	7	3	3	0	6	3	0	4	7
Maritime transportation	33	36	31	5	0	6	11	49	1	162	212	3	0	23	26	8	0	32	40
Total number of PN	612	594	1,946	1,281	159	731	2,171	1,405	210	1,244	2,859	1,327	207	892	2,426	1,387	218	1,266	2,871
Sum of sectors in PN	892	903	2,263	1,453	160	802	2,415	1,904	224	1,507	3,635	1,557	220	1,131	2,908	1,757	241	1,522	3,520

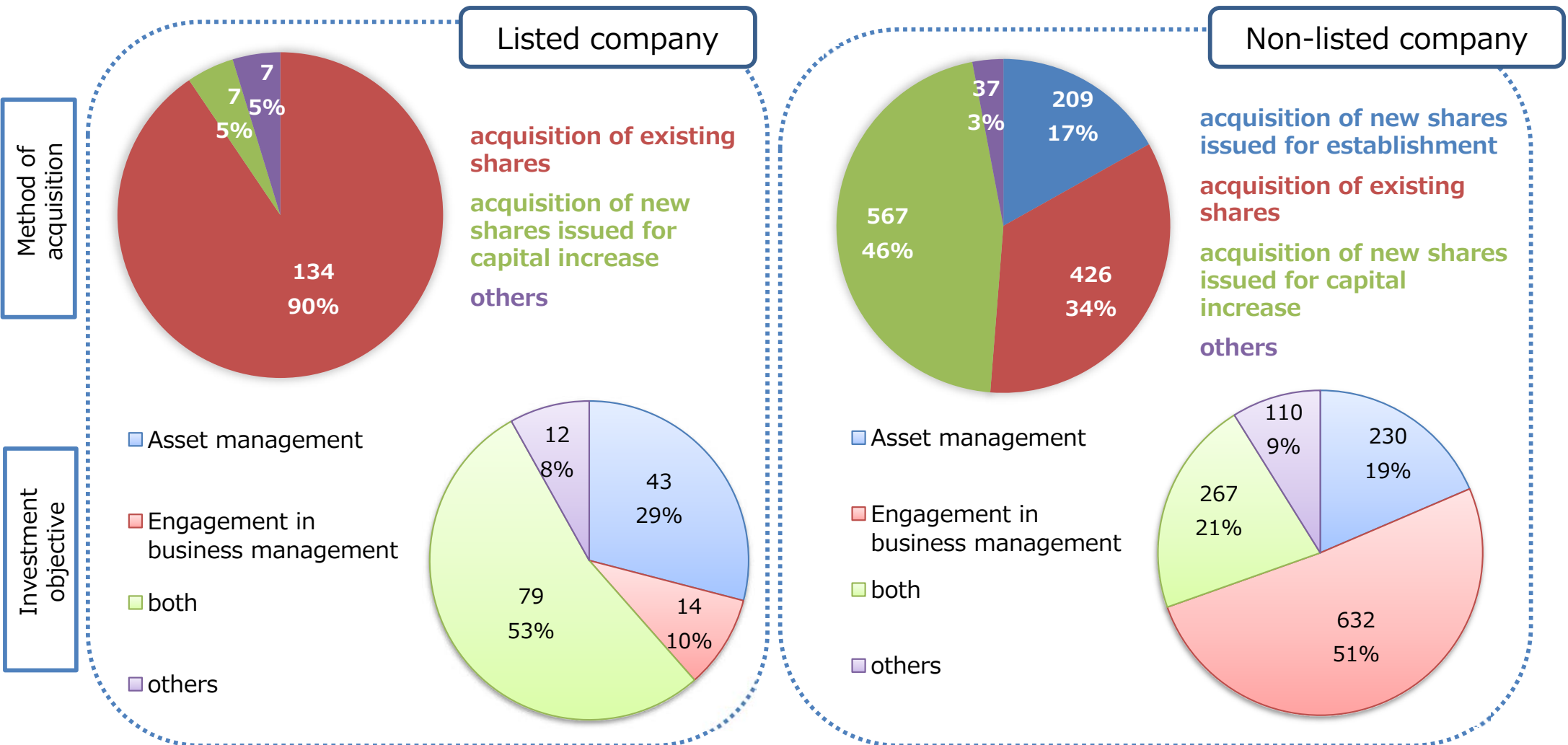
(Note 1) The prior notifications for companies which conduct business in multiple business sectors are counted in each of the sectors.

(Note 2) "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.

(Note 3) Telecommunications businesses are counted as Cybersecurity from FY2019 onwards.

PN-SP by Acquisition Method and Investment Objective (FY2023)

- The number of PN-SP of listed company is 148, far smaller than that for non-listed company, 1,239.
- 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.



(Note 1) "Others" in investment objective includes exercise of stock acquisition right and acquisition of own shares etc.

(Note 2) "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 (FY2023)

- The largest number of PN-SP is submitted by US investors, followed by those in the Cayman Islands and Singapore, except for Japanese investors.
- 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	44	406	450
US	22	250	272
Cayman Islands	3	145	148
Singapore	38	102	140
Hong Kong	5	52	57
South Korea	0	36	36
UK	0	30	30
Taiwan	0	28	28
Netherlands	0	23	23
China	0	22	22
Canada	13	7	20
British Virgin Islands	3	16	19
France	2	17	19
Germany	0	18	18
Vietnam	0	13	13
Switzerland	0	11	11
British Bermuda Islands	0	9	9
Saudi Arabia	8	0	8
Australia	1	7	8
India	0	7	7
Israel	0	4	4
Luxembourg	0	3	3
Ireland	1	2	3
Sweden	0	2	2
Thailand	0	1	1
Others	8	28	36
total	148	1239	1387

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

	Listed company	Non-listed company	total
US	6	100	106
Japan	16	70	86
Singapore	0	75	75
Cayman Islands	2	23	25
France	0	8	8
Luxembourg	0	8	8
Denmark	0	7	7
Germany	2	5	7
China	0	7	7
Hong Kong	0	6	6
South Korea	3	3	6
Ireland	0	5	5
Netherlands	3	1	4
Australia	0	4	4
Spain	0	1	1
Others	3	37	40
Not applicable	9	46	55
total	44	406	450

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

	Listed company	Non-listed company	total
Cayman Islands	1	65	66
Japan	0	45	45
US	0	17	17
Singapore	0	11	11
Hong Kong	0	4	4
China	0	1	1
British Virgin Islands	0	1	1
Others	2	1	3
Not applicable	0	0	0
total	3	145	148

(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.