



Number of Prior Notification under Foreign Exchange and Foreign Trade Act (FY2020)

July, 2021

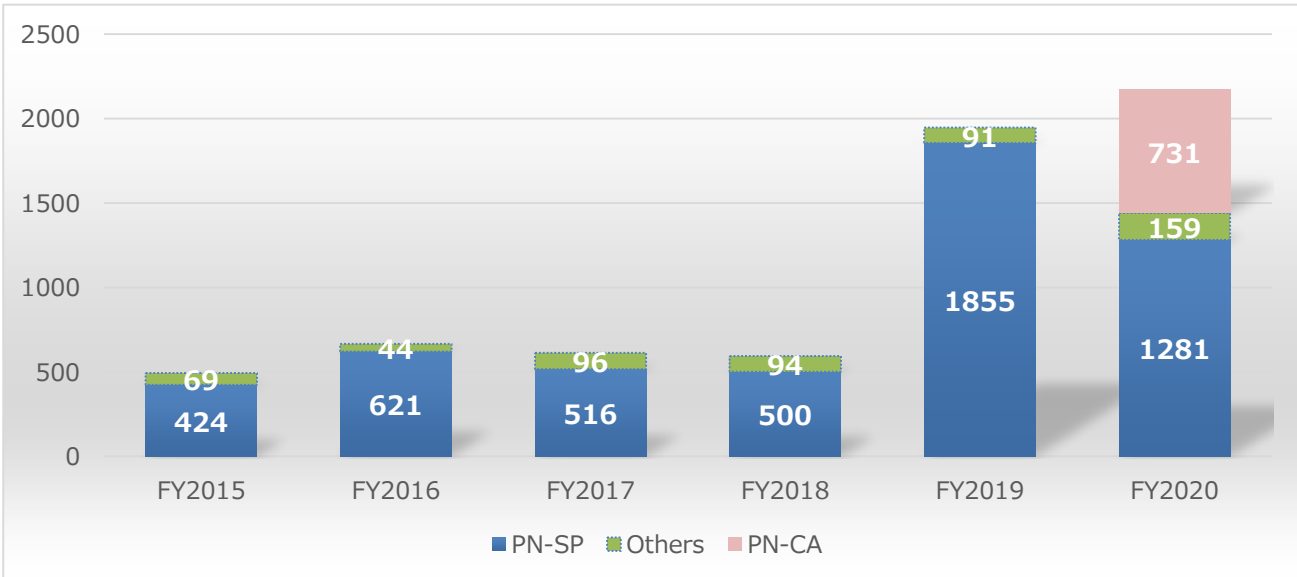
*Foreign Investment Policy & Review Office
Ministry of Finance*

MINISTRY OF
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Number of Prior Notification from FY2015 to FY2020

- 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. It has also rationalized the obligation of prior notification for investments via investment partnership.
- As the result, the total number of PN stands at 2,171 in FY 2020 (April 2020 to March 2021) , a 10% increase from FY2019 (+225 cases). The number includes PN-CA (731 cases) that was newly introduced. (Note) The number of post-transaction after exemption is 987 in FY2020.

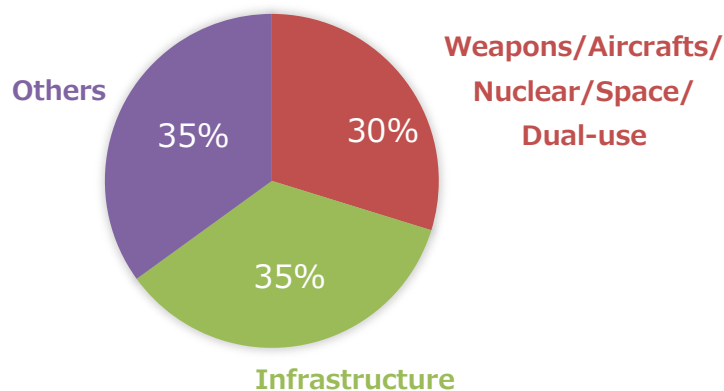


(Note) **Others** include prior notifications for change of business purposes, making loans, bond acquisition, transfers of shares, acquisition of business, establishment of a branch office and joint exercise of voting rights.

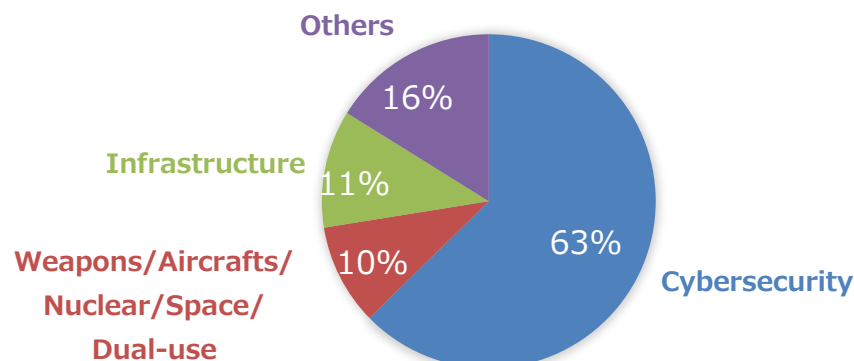
Stock Acquisition by Business Sector

- In FY2018, business sectors of weapons, infrastructure, and others accounted for around 30% of total stock acquisition, respectively. In FY2020, those related to cybersecurity (e.g. data processing and information services, computer programming and other software services, integrated circuits, semiconductor memory media) account for 66%.

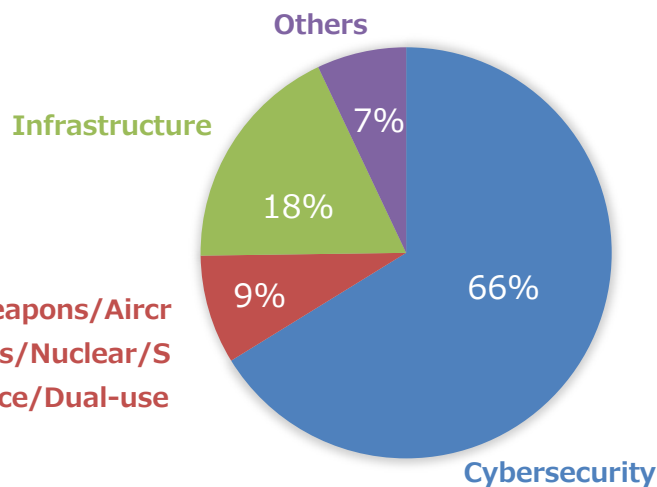
FY2018



FY2019



FY2020



Reference : Designated Business Sectors

- Cybersecurity (Data processing/software services, Storage/memory/processing device)
- Weapons
- Aircrafts
- Nuclear facilities
- Space
- Dual-use technologies
- 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

Number of PN by Business Sector

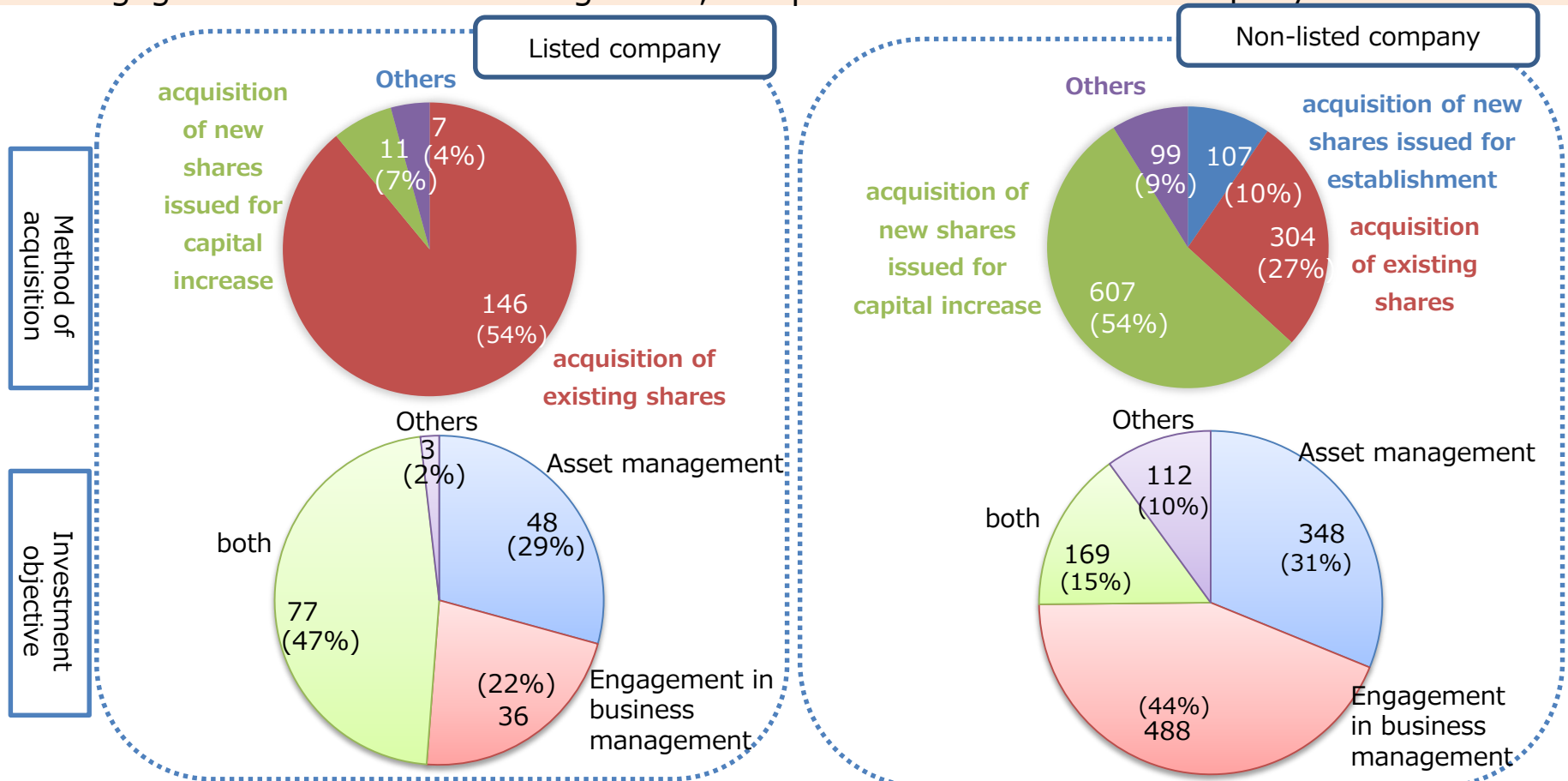
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Weapons, etc.	127	149	171	233	188	165
Aircrafts	0	6	2	19	23	22
Nuclear facilities	0	0	2	12	10	4
Space	0	2	3	15	16	16
Cybersecurity	-	-	-	-	1457	1599
Electricity/Gas, etc.	285	437	395	318	235	386
Telecommunications	29	17	18	14	-	0
Broadcasting	0	0	2	7	2	11
Water supply	2	2	5	3	6	3
Railway	3	1	1	3	2	1
Public transportation	6	23	9	0	0	0
Biological chemicals/Pharmaceutical manufacturing, etc.	20	28	14	19	34	76
Security services	47	57	44	40	77	21
Agriculture, Forestry and Fisheries	31	64	76	94	96	53
Oil	56	61	53	49	46	38
Leather manufacture	19	35	31	10	29	2
Air transportation	20	24	33	31	11	7
Maritime transportation	21	39	33	36	31	11
Total number of PN	493	665	612	594	1946	2171
Sum of the PN by sectors	666	945	892	903	2263	2415

※The PN for companies which conduct business in multiple sectors are counted in each of the sectors.

※※The number of PN is the total of PN-SP, PN-CA, change of business purposes, making loans, bond acquisition, transfers of shares, acquisition of business, establishment of a branch office and joint exercise of voting rights.

PN-SP by Acquisition Method and Investment Objective

- The number of PN-SP for listed company is 164, far smaller than that for non-listed company, 1117.
- 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 increases.
- Regarding investment objectives, non-listed company has higher percentage of engagement in business management, compared to that of listed company.



※Others in investment objectives include exercise of stock acquisition rights and acquisition of own shares.

PN-SP by Country in FY2020

- The largest number of PN-SP is submitted by US investors, followed by those in the Cayman islands, except for Japan.
- The large number of PN-SP from Japanese investors is due to the provision of the Foreign Exchange and Foreign Trade Act that treats a Japanese corporation which is owned by non-resident and/or foreign entity with more than 50% voting rights or is owned by such Japanese corporation or its subsidiary company with more than 50% voting rights as a foreign investor.
- Ultimate parent companies of such Japanese investors are mostly Japanese entities, while those of the Cayman islands and the US are also outstanding.

PN-SP by the investor's home country

	listed company	non-listed company
Japan	43	365
US	60	178
Cayman islands	18	151
Singapore	17	69
Taiwan		79
Hong Kong	1	40
Netherlands		37
UK	4	21
Germany		21
British Virgin Islands	4	15
China		17
Canada	10	4
India		13
South Korea	2	11
Others	5	96
Total	164	1117

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

	listed company	non-listed company
Japan	31	157
US	1	59
Cayman islands	2	46
South Korea	8	25
Germany		21
Singapore		20
Australia		6
Canada		6
Others	1	25
Total	43	365