

# Notification System Concerning M&As by Companies outside Japan

## **Introduction**

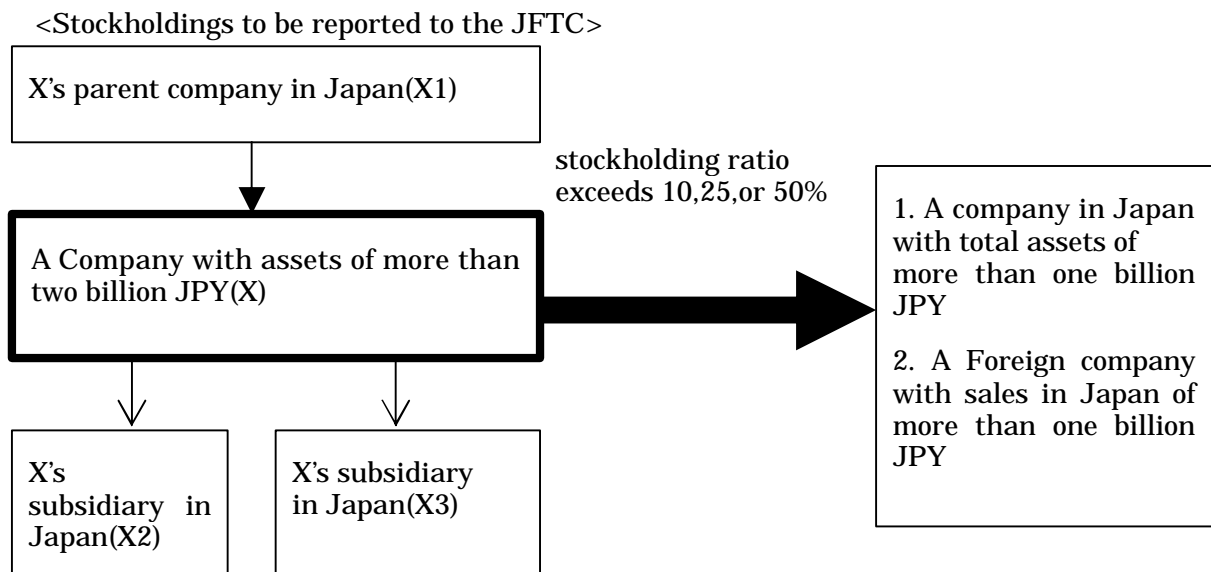
The amended Antimonopoly Act, effective from January 1 1999, has expanded its object for regulation to M&As outside Japan, and the notification system concerning M&As by companies outside Japan has also been modified.

### **(1) Stockholdings by foreign companies**

As far as stockholdings by foreign companies are concerned, a report on the proposed stockholdings has to be submitted to the Fair Trade Commission (hereinafter referred to as "JFTC") if the following three conditions are met.

- a) A company with total assets of more than two billion yen, which has sum of total assets more than ten billion JPY including the company's parent and subsidiary companies (note1) acquires or holds
- b) voting rights of a company in Japan with total assets of more than one billion yen, or a foreign company with sales in Japan(note2) of more than one billion JPY, as a result of which
- c) the ratio of the stocks the acquiring company has to the total voting resulting from issued stocks of the acquired company (stockholding ratio) exceeds 10 percent, 25 percent or 50 percent.

A report has to be submitted within 30 days after exceeding the ratio mentioned in c) above.



The total amount of assets of X, X1, X2 and X3 is more than ten billion JPY  
 —————> holding in excess of 50 percent of the total voting rights

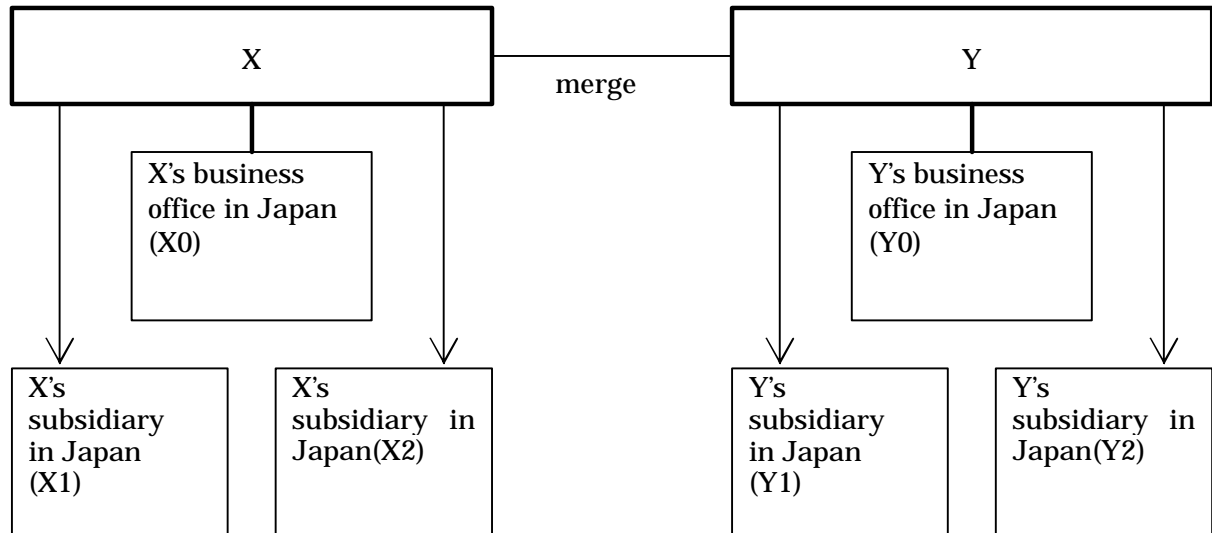
## **(2) Mergers between foreign companies**

As far as mergers between foreign companies are concerned, a plan of the proposed merger has to be filed to the JFTC if the following two conditions are met.

- a) One of the parties to transaction has sales in Japan (note2) of more than ten billion JPY; and
- b) any other party to the transaction has sales in Japan (note2) of more than one billion JPY.

The companies are prohibited from effecting the proposed merger in 30 days after the filing. So it is necessary that the companies file the merger 30 days before effecting it.

<Mergers to be filed to the JFTC>



The total amount of sales of X0, X1 and X2 is more than ten billion JPY

The total amount of sales of Y0, Y1 and Y2 is more than one billion JPY

—————> holding in excess of 50 percent of the total voting rights

### **(3) Acquisitions of business, etc. by foreign companies outside Japan**

As far as acquisitions of business or fixed assets of business are concerned, a plan of the proposed acquisition has to be filed to the JFTC if the following conditions are met.

a) A company with exceeding ten billion yen sum of total amount of assets of the company's parent and subsidiary companies(note1)

acquires

b) either of the following:

i) an entire business from a company in Japan with total assets of more than one billion JPY

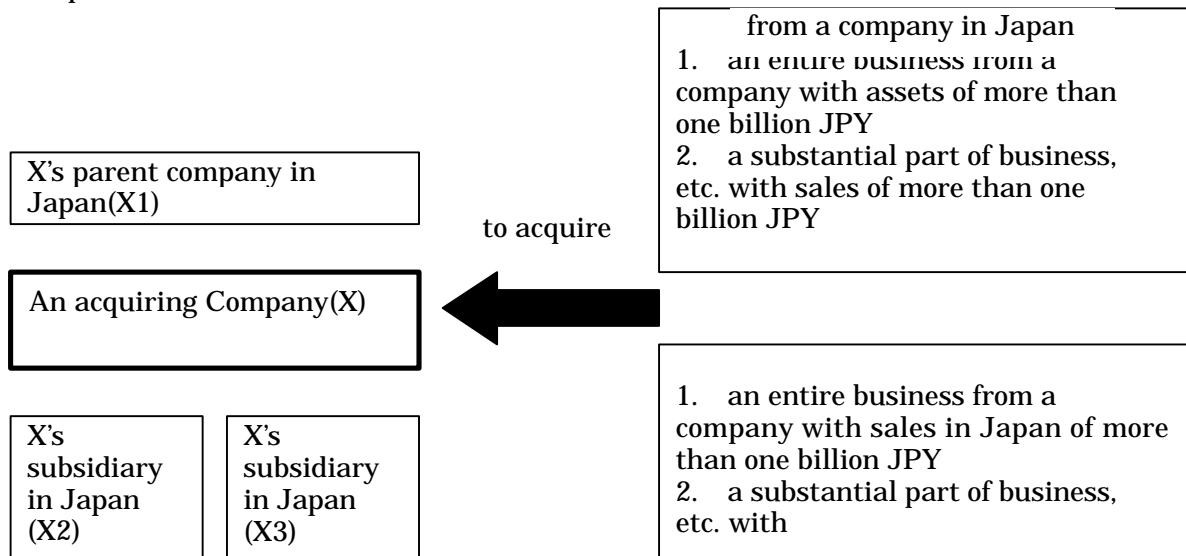
ii) a substantial part of business, or an entire or substantial part of fixed assets of business (hereinafter referred as "a substantial part of business, etc.") with more than one billion yen sales from a company in Japan;

iii) an entire business from a foreign company with sales in Japan(note2) of more than one billion JPY; or

iv) a substantial part of business, etc. with sales in Japan(note2 of more than one billion yen from a foreign company.

The company is prohibited from effecting the proposed acquisition in 30 days after the filing. So it is necessary that the companies file the acquisition 30 days before effecting it.

<Acquisitions to be filed to the JFTC>



The total amount of assets of X, X1, X2 and X3 is more than ten billion yen

—————> holding in excess of 50 percent of the total voting rights

(Note1) Companies whose total amount of assets has to be counted are a company (limited to companies in Japan) which holds in excess of 50 percent of the total voting rights of the company concerned, and companies more than half of whose total voting rights are held by the company concerned.

(Note2) Sales in Japan is calculated by totaling the sales of the company's business offices in Japan and those of companies in Japan more than half of whose total voting rights are held by the company.