

State of notifications related to business combinations in fiscal year 2019

July 22, 2020

The Japan Fair Trade Commission

Part I State of acceptance and investigation of notifications of acquisition of stock

In FY2019, the JFTC received 310 notifications of business combination plans (down 3.4% from the previous fiscal year), of which notifications of acquisition of stock numbered 264, notifications of merger 12, notifications of demerger 12, notifications of joint share transfer 3, and notifications of business acquisition, etc. 19.

Of the 310 notifications received in FY2019, the “number of cases where the JFTC issued a notice to the effect that the JFTC would not issue a cease and desist order on the grounds that the primary review found no problems under the Antimonopoly Act (hereinafter AMA)” was 300, the “number of cases subjected to the secondary review on the grounds that further detailed examination would be necessary”, was 1, and the “number of cases withdrawn during the preliminary investigation”, was 9.

As well, among the cases closed in FY2019, there were 4 cases in which the JFTC determined that there would be no issues in terms of the AMA given the implementation of remedies proposed by the Parties and 6 cases which were concerned with business combination plans which did not require notifications (cases in which a corporation consulted with the JFTC or cases in which the JFTC reviewed the business combinations voluntarily)

The state of acceptance and investigation of notifications in the past three years is shown in Table 1, Table 2, and Table 3.

* As this is a tentative translation, please refer to the original that written in Japanese form more details.

Table 1. Processing status of notifications received in the past three fiscal years

	FY2017	FY2018	FY2019
Number of notifications	306	321	310
Cases closed at the preliminary review ^(Note 1)	299	315	300
Cases where the waiting period was shortened among above	(193)	(240)	(217)
Cases withdrawn prior to the conclusion of the preliminary review	6	4	9
Cases which were sent to the secondary investigation	1	2	1

(Note 1) Cases where the JFTC issued a notice to the effect that the JFTC would not issue a cease and desist order on the grounds that the primary review found no problems under the AMA

Table 2. Processing status of the secondary review in the past three fiscal years

	FY2017	FY2018	FY2019
Cases closed at the secondary review ^(Note 3)	1	3	0
<input type="checkbox"/> <input type="checkbox"/> Cases found to have no issues given the <input type="checkbox"/> <input type="checkbox"/> implementation of remedies	0	2	0
Cases in which a cease and desist order was issued	0	0	0

(Note 2) The above table shows the number of notifications processed in each fiscal year regardless of whether they were received during the same fiscal year.

(Note 3) Cases where the JFTC issued a notice to the effect that the JFTC would not issue a cease and desist order on the grounds that the secondary review found no problems under the AMA

Table 3. Changes in the number of notifications concerning business combination plans that include a foreign enterprise in the Parties

	FY2017	FY2018	FY2019
Integration plans between Japanese enterprises and foreign enterprises	12	6	12
Integration plans between foreign enterprises	31	34	39
Total	43	40	51

Part II Number of cases by type of business combination

1. Acquisition of stock

(1) Number of cases by total domestic sales (Table 4)

Table 4. Number of notifications of acquisition of stock by total domestic sales

Total domestic sales of a share-issuing company \ Total domestic sales of a share-acquiring company	5B yen or more and less than 20B yen	20B yen or more and less than 50B yen	50B yen or more and less than 100B yen	100B yen or more and less than 500B yen	500B yen or more	Total
20B yen or more and less than 50B yen	33	6	1	0	0	40
50B yen or more and less than 100B yen	13	8	3	0	0	24
100B yen or more and less than 500B yen	78	21	5	4	2	110
500B yen or more and less than 1T yen	19	9	2	3	0	33
1T yen or more and less than 5T yen	19	5	2	4	2	32
5T yen or more	14	6	1	2	2	25
Total	176	55	14	13	6	264

(2) Number of cases by percentage of acquired voting rights (Table 5)

Table 5. Number of notifications of acquisition of stock by percentage of acquired voting rights

More than 20% up to 50%	More than 50%	Total
66	198	264

(Note 4) A percentage of acquired voting rights is calculated by dividing the sum of the number of voting rights concerning a share issuing company which will be owned by a notifying company after acquisition and by corporations, other than the notifying company, which belong to a group of combined companies which the notifying company is part of, by the total number of voting rights of the share issuing company owned by all stockholders.

2. Mergers

(1) Number of cases by merger type

By type of merger, 12 notifications were about mergers (absorption-type mergers) and there was no notification of consolidation.

(2) Number of cases by total domestic sales (Table 6)

Table 6. Number of notifications of merger by total domestic sales

Total domestic sales of a dissolving company Total domestic sales of a surviving company	5B yen or more and less than 20B yen	20B yen or more and less than 50B yen	50B yen or more and less than 100B yen	100B yen or more and less than 500B yen	500B yen or more	Total
5B yen or more and less than 20B yen	0	1	1	1	1	4
20B yen or more and less than 50B yen	1	2	0	0	0	3
50B yen or more and less than 100B yen	1	0	1	2	0	4
100B yen or more and less than 500B yen	0	0	0	0	0	0
500B yen or more and less than 1T yen	0	0	0	0	0	0
1T yen or more and less than 5T yen	0	0	0	0	0	0
5T yen or more	0	0	0	0	1	1
Total	2	3	2	3	2	12

(Note 5) The above table only includes a dissolving company with the largest domestic sales if the merger is among three or more companies, in other words, if there are two or more dissolving companies.

3. Demergers

(1) Number of cases by demerger type

By type of demerger, 12 notifications were about absorption-type demergers and there was no notification of joint incorporation-type demerger.

(2) Number of cases by total domestic sales (Table 7)

Table 7. Number of notifications of demerger by total domestic sales

Total domestic sales of a company which is split (or domestic sales concerning the business which is transferred) Total domestic sales of a succeeding company	3B yen or more and less than 20B yen	20B yen or more and less than 50B yen	50B yen or more and less than 100B yen	100B yen or more and less than 500B yen	500B yen or more	Total
5B yen or more and less than 20B yen	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)
20B yen or more and less than 50B yen	0(0)	0(0)	0(0)	0(0)	0(0)	0(0)
50B yen or more and less than 100B yen	0(3)	0(0)	0(0)	0(0)	0(0)	0(3)
100B yen or more and less than 500B yen	0(2)	0(0)	0(0)	0(0)	0(0)	0(2)
500B yen or more and less than 1T yen	0(1)	0(0)	0(0)	0(0)	2(0)	2(1)
1T yen or more and less than 5T yen	0(2)	0(0)	0(0)	0(0)	0(0)	0(2)
5T yen or more	0(2)	0(0)	0(0)	0(0)	0(0)	0(2)
Total	0(10)	0(0)	0(0)	0(0)	2(0)	2(10)

(Note 6) The number of received notifications by total domestic sales of an alienating company which transfers all its business is shown outside of brackets and the number of received notifications by domestic sales of the business to be split which is an important part of an alienating company is shown in brackets. (Neither number is included in the other in any set of two numbers, one inside and the other outside of brackets.)

4. Number of cases of joint share transfer by total domestic sales (Table 8)

Table 8. Number of notifications of joint share transfer by total domestic sales

Total domestic sales of share-transferring company 1 \ Total domestic sales of share-transferring company 2	5B yen or more and less than 20B yen	20B yen or more and less than 50B yen	50B yen or more and less than 100B yen	100B yen or more and less than 500B yen	500B yen or more	Total
20B yen or more and less than 50B yen	0	1	0	0	0	1
50B yen or more and less than 100B yen	1	0	0	0	0	1
100B yen or more and less than 500B yen	0	0	0	0	0	0
500B yen or more and less than 1T yen	0	0	0	0	0	0
1T yen or more and less than 5T yen	0	0	0	0	1	1
5T yen or more	0	0	0	0	0	0
Total	1	1	0	0	1	3

(Note 7) In the above table, “share-transferring company 1” refers to the company which has the largest total domestic sales and “share-transferring company 2” the company with the second largest total domestic sales among companies jointly transferring shares.

5. Acquisition of business, etc.

(1) Number of cases by type

By type of acquisition of business, etc. 17 notifications were about acquisition of business and 2 notifications were about acquisition of fixed assets for business.

(2) Number of cases by total domestic sales (Table 9)

Table 9. Number of notifications of acquisition of business, etc. by total domestic sales

Domestic sales concerning acquired business, etc.	3B yen or more and less than 20B yen	20B yen or more and less than 50B yen	50B yen or more and less than 100B yen	100B yen or more and less than 500B yen	500B yen or more	Total
Total domestic sales of an acquiring corporation						
20B yen or more and less than 50B yen	4	0	0	0	0	4
50B yen or more and less than 100B yen	3	0	0	0	0	3
100B yen or more and less than 500B yen	5	0	0	0	0	5
500B yen or more and less than 1T yen	2	0	0	0	0	2
1T yen or more and less than 5T yen	2	0	1	0	0	3
5T yen or more	2	0	0	0	0	2
Total	18	0	1	0	0	19

(Note 8) The above table only includes an assignor company with the largest domestic sales in the case of acquisition of business, etc. from two or more companies, in other words, if there are two or more assignor companies.

Part III Number of notifications by industry (Table 10)

1. Acquisition of stock

Of 264 notifications of acquisition of stock, apart from “Others”, “Manufacturing” accounted for the largest part and recorded 50 notifications, followed by “Wholesale and retail trade”, 40 and “Transportation/communication/warehousing”, 15.

2. Mergers

Of 12 notifications of merger[s], “Manufacturing” and “Wholesale and retail trade” accounted for the largest part, respectively 4 notifications, followed by “Services”, 2.

3. Demergers

There was no notification of joint incorporation-type demerger.

Of 12 notifications of absorption-type demerger, “Wholesale and retail trade” accounted for the largest part and recorded 5 notifications, followed by “Services”, 3.

4. Joint share transfer

3 notifications of joint share transfer were received, in “Construction”, “Wholesale and retail trade”, and “Real estate.”

5. Acquisition of business, etc.

Of 19 notifications of acquisition of business, etc., apart from “Others”, “Manufacturing” accounted for the largest part and recorded 8 notifications, followed by, “Transportation/communication/warehousing”, 3.

Table 10. Number of notifications by industry

By industry	Acquisition of stock	Merger	Joint incorporation-type demerger	Absorption-type demerger	Joint share transfer	Acquisition of business, etc.	Total
Agriculture, forestry, and fisheries	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0
Construction	8	0	0	1	1	0	9
Manufacturing	50	4	0	0	0	8	62
Wholesale and retail trade	40	4	0	5	1	1	51
Real estate	8	0	0	0	1	0	9
Transportation/communication/warehousing	15	0	0	1	0	3	19
Services	12	2	0	3	0	0	17
Finance and insurance	11	0	0	1	0	1	13
Electricity, gas, heat supply and water	2	0	0	0	0	0	2
Others	118	2	0	2	0	6	128
Total	264	12	0	12	3	19	310

(Note 9) Notifications were classified by the industry of the share acquiring company in the case of acquisition of stock, the industry of the surviving company after merger in the case of merger, the industry of the succeeding company in the case of joint incorporation-type demerger and absorption-type demerger, the industry of the newly established company in the case of joint share transfer, and the industry of the company which acquires business, etc. in the case of acquisition of business, etc.

Part IV Number of notifications by type of relationship (Table 11)

1. Acquisition of stock

Of 264 notifications of acquisition of stock, horizontal relationship was the most prevalent and involved in 149 notifications, followed by vertical relationship (backward), 83 and vertical relationship (forward), 77.

(Note 10) Types of relationship are detailed below. The same shall apply hereinafter.

(1) Horizontal relationship: Cases where parties constituting the company group are competing with each other in the same particular field of trade.

(2) Vertical relationship: Cases where parties constituting the company group do not share the same transaction stage.

Forward: Cases where a share acquiring company, surviving company, succeeding company or acquiring corporation combines with a corporation which is closer to end-users

Backward: Cases where a business combination is made with a corporation which is farther from end-users.

(3) Conglomerate relationship: Cases where neither horizontal nor vertical relationship applies

Market extension: Cases where parties constituting the company group are supplying the same kind of goods or services in different markets

Product extension: Cases where parties constituting the company group are supplying different kinds of goods or services that are related in terms of production or sales

Pure: Cases where none of the above applies

(Note 11) Notifications involving multiple types of relationship are counted towards their respective type. Therefore, the sum of the number of notifications of each type does not always match the number of notifications in total. The same shall apply hereinafter.

2. Mergers

Of 12 notifications of merger[s], horizontal relationship was the most prevalent and involved in 10 notifications, followed by conglomerate relationship (market extension) and conglomerate relationship (product extension), respectively 1.

3. Demergers

There was no notification of joint incorporation-type demerger.

Of 12 notifications of absorption-type demerger, horizontal relationship was the most prevalent and involved in 9 notifications, followed by vertical relationship (backward), 6 and vertical relationship (forward), 5.

4. Joint share transfer

Horizontal relationship was involved in all 3 notifications of joint share transfer.

5. Acquisition of business, etc.

Of 19 notifications of acquisition of business, etc., horizontal relationship was the most prevalent and involved in 17 notifications, followed by conglomerate relationship (product extension), 4 and conglomerate relationship (market extension), 3.

Table 11. Number of notifications by type of relationship

By type		Acquisition of stock	Merger	Joint incorporation-type demerger	Absorption-type demerger	Joint share transfer	Acquisition of business, etc.
Horizontal relationship		149	10	0	9	3	17
Vertical relationship	Forward	77	0	0	5	0	1
	Backward	83	0	0	6	0	1
Conglomerate relationship	Market extension	54	1	0	1	0	3
	Product extension	49	1	0	1	0	4
	Pure	43	0	0	0	0	0
Number of notifications		264	12	0	12	3	19

(Note 12) Notifications involving multiple types of relationship are counted towards their respective type. Therefore, the sum of the number of notifications of each type does not always match the number of notifications in total.

Table 12. Changes in the number of notifications in the past three years of horizontal, vertical and conglomerate business combinations

	FY2017	FY2018	FY2019
Horizontal business combination	179 (58%)	179 (56%)	187 (60%)
Vertical business combination	121 (40%)	129 (40%)	128 (41%)
Conglomerate business combination	132 (43%)	105 (33%)	135 (44%)
Total	306 (100%)	321 (100%)	310 (100%)

(Note 13) Notifications involving more than one type of business combination, namely horizontal, vertical and conglomerate, are counted towards their respective type. Therefore, the sum of the number of notifications of each type does not always match the number of notifications in total.

Data: Changes in the number of notifications/reports related to business combinations

(Note 1)

Fiscal year	Business report pursuant to Article 9 (Note 2)	Notification of incorporation pursuant to Article 9 (Note 2)	Notification of acquisition of stock (Note 3)	Notification of interlocking directorate (Note 4)	Report of shareholding by other than company (Note 5)	Notification of merger (Note 6)	Notification of demerger (Note 7)	Notification of joint share transfer (Note 8)	Notification of acquisition of business, etc.(Note 9)
1947			(2)		(0)	(23)			(22)
1948			(31)		(0)	(309)			(192)
1949			(13)		(0)	(123)			(53)
			2,373		0	448			143
1950			3,840		0	420			207
1951			4,546		0	331			182
1952			4,795		0	385			124
1953			3,863	268	0	344			126
1954			2,827	328	0	325			167
1955			3,033	268	0	338			143
1956			3,080	457	0	381			209
1957			3,069	375	0	398			140
1958			3,316	557	0	381			118
1959			3,170	466	0	413			139
1960			2,991	644	0	440			144
1961			3,211	675	1	591			162
1962			3,231	804	0	715			193
1963			3,844	758	0	997			223
1964			3,921	527	4	864			195
1965			4,534	487	1	894			202
1966			4,325	462	0	871			264
1967			4,075	458	2	995			299
1968			4,069	480	3	1,020			354
1969			4,907	647	0	1,163			391
1970			4,247	543	2	1,147			413
1971			5,832	552	0	1,178			449
1972			5,841	501	1	1,184			452
1973			6,002	874	0	1,028			443
1974			5,738	794	0	995			420
1975			5,108	754	9	957			429
1976			5,229	925	6	941			511
1977			5,085	916	1	1,011			646
1978			5,372	1,394	0	898			595
1979			5,359	3,365	0	871			611
1980			5,759	2,556	2	961			680
1981			5,505	2,958	1	1,044			771
1982			6,167	2,477	1	1,040			815
1983			6,033	3,389	4	1,020			702
1984			6,604	3,159	2	1,096			790
1985			6,640	3,504	6	1,113			807
1986			7,202	2,944	1	1,147			936
1987			7,573	3,776	1	1,215			1,084
1988			6,351	3,450	0	1,336			1,028
1989			8,193	4,420	0	1,450			988
1990			8,075	4,312	0	1,751			1,050
1991			8,034	6,124	2	2,091			1,266
1992			8,776	5,675	0	2,002			1,079
1993			8,036	6,330	3	1,917			1,153
1994			8,954	5,137	18	2,000			1,255
1995			8,281	5,897	1	2,520			1,467
1996			9,379	5,042	0	2,271			1,476
1997	0	0	8,615	5,955	7	2,174			1,546
1998	2	0	7,518	447	0	1,514			1,176
1999	1	1	1,029			151			179
2000	5	1	804			170			213

Fiscal year	Business report pursuant to Article 9 (Note 2)	Notification of incorporation pursuant to Article 9 (Note 2)	Notification of acquisition of stock (Note 3)	Notification of interlocking directorate (Note 4)	Report of shareholding by other than company (Note 5)	Notification of merger (Note 6)	Notification of demerger (Note 7)	Notification of joint share transfer (Note 8)	Notification of acquisition of business, etc.(Note 9)
2001	7	7	898			127	20		195
2002	16	7	899			112	21		197
2003	76	4	959			103	21		175
2004	79	1	778			70	23		166
2005	80	5	825			88	17		141
2006	87	2	960			74	19		136
2007	93	2	1,052			76	33		123
2008	92	4	829			69	21		89
2009	93	5	840			48	15	3	79
2010	92	2	184			11	11	5	54
2011	100	0	224			15	10	6	20
2012	99	1	285			14	15	5	30
2013	100	0	218			8	14	3	21
2014	103	0	231			12	20	7	19
2015	104	2	222			23	17	6	27
2016	108	2	250			26	16	3	24
2017	105	0	259			9	13	3	22
2018	107	2	259			16	15	2	29
2019	112	0	264			12	12	3	19

(Note 1) Numbers in brackets are the ones of authorized cases.

(Note 2) As the provisions for business report and notification of incorporation of Article 9 of the AMA were established in the 1997 revision of the Act, no data is available for years prior to the revision.

In addition, before the 2002 revision of the AMA, business reports and notifications of incorporation were required for holding companies with total amounts of assets exceeding a certain level. Since the 2002 revision, however, financial companies and non-financial companies with total amounts of assets exceeding a certain level in addition to holding companies have been required to submit business reports and notifications of incorporation.

(Note 3) The (total asset) threshold requiring reports of shareholding has been revised as follows:

Revised year	(Total asset) threshold
1949	Over 5 million yen
1953	Over 100 million yen
1965	Over 500 million yen
1977	Over 2 billion yen

Before the 1998 revision of the AMA, domestic corporations (excluding those engaged in financial business) with total assets of over 2 billion yen as well as foreign corporations (excluding those engaged in financial business) were required to submit a report of shareholding within three months of the end of every business year, if they had shares of domestic corporations. Under the 1998 revision of the AMA, a corporation which had total assets exceeding 2

billion yen and belonged to a group of combined companies which had a sum of total assets exceeding 10 billion yen was required to submit a report of shareholding if it acquired or held more than 10%, 25%, or 50% of stocks of a domestic corporation with total assets exceeding 1 billion yen or a foreign corporation with domestic sales exceeding 1 billion yen.

In addition, notification standards have been changed since the revision of the AMA in 2009 and a corporation with total domestic sales exceeding 20 billion yen has been required to submit a notification in advance just as in the case of a merger, etc., if it plans to acquire stocks of another corporation with total domestic sales, including those of subsidiaries, exceeding 5 billion yen, and to hold more than 20% or 50% of voting rights (notification at two stages).

(Note 4) Before the 1998 revision of the AMA, officers and employees of a corporation were required to notify the JFTC if they also held positions as officers of another corporation which was in competition with the first corporation in Japan and a total amount of assets of one of the two corporations exceeded 2 billion yen. This requirement was removed in the 1998 revision.

(Note 5) Before the 1998 revision of the AMA, a person other than a company was required to submit a report of shareholding, if he was to hold more than 10% of all issued stocks of each of two or more domestic corporations which were in competition with each other in Japan. This requirement was removed in the 1998 revision.

(Note 6) Before the 1998 revision of the AMA, a corporation was required to notify the JFTC in advance without exception, if it planned to merge with another. Under the 1998 revision, however, notification was required if the Parties included a corporation which belonged to a group of combined companies which had a sum of total assets exceeding 10 billion yen and another corporation which belonged to a group of combined companies which had a sum of total assets exceeding 1 billion yen.

In addition, notification standards have been changed since the revision of the AMA in 2009 and now the JFTC must be notified if a corporation with total domestic sales exceeding 20 billion and another corporation with total domestic sales exceeding 5 billion yen plan to merge.

(Note 7) As notification of demerger was introduced in the 2000 revision of the Commercial Code, no data is available for years up to FY2000. In addition, notification standards have been changed since the revision of the AMA in 2009 and now the JFTC must be notified of a plan of demerger in cases where the Parties include a total succession company (a corporation which intends to alienate all of its business) whose total domestic sales exceed 20 billion yen and a corporation with total domestic sales exceeding 5 billion yen which intends to succeed to the business.

(Note 8) As notification of joint share transfer was introduced in the 2009 revision of the AMA, no data is available for years up to FY2008.

(Note 9) Before the 1998 revision of the AMA, a corporation was required to notify the JFTC in advance without exception, if it planned to acquire the whole or a

substantial part of the business of another company. Under the 1998 revision, however, notification was required if a corporation which belonged to a group of combined companies which had a sum of total assets exceeding 10 billion yen planned to acquire the whole business of another domestic corporation whose total assets were over 1 billion yen.

In addition, notification standards have been changed since the revision of the AMA in 2009 and now the JFTC must be notified of a plan to acquire a business if a corporation with total domestic sales exceeding 20 billion plans to acquire the whole business of another corporation with domestic sales exceeding 3 billion yen.