

# CPRC International Symposium Merger Review and Business Alliances

~Comments from Japanese practitioners' perspective~

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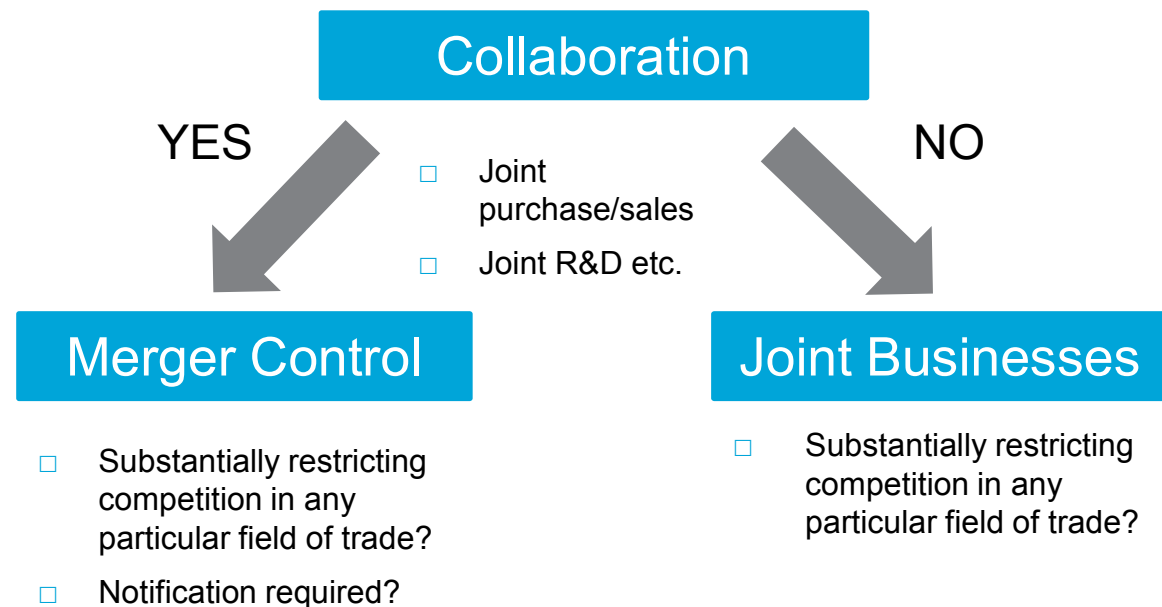
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# Business Combinations Control Framework

## Corporate Form?

- ☐ Share Acquisitions
- ☐ Mergers
- ☐ Splits
- ☐ Joint Share Transfers
- ☐ Business Transfers



# Thresholds for Pre-Notification with JFTC

## (For Checklist Purpose)

Thresholds	
Share Acquisition	(i) A corporation* has > JPY 20 billion in domestic turnover and
	(ii) Another corporation** has > JPY 5 billion in domestic turnover.
	(iii) Two-step thresholds (20% and 50% voting rights held by corporate group)
Merger, Joint Share Transfer, Split	(i) A corporation* has > JPY 20 billion in domestic turnover and
	(ii) Another corporation* has > JPY 5 billion in domestic turnover.
Business Transfer	JPY 20 billion for acquiring corporation* and > JPY 3 billion yen domestic turnover generated by target business or assets

\* Total of group companies' sales

\*\* Total of target and its subsidiaries' sales

# Safe Harbor

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- Herfindahl-Hirschman Index (HHI) is a commonly accepted measure of market concentration.
- HHI is calculated by squaring the market of each firm competing in the market and then summing the resulting numbers

## Horizontal Combination

Post Combination:

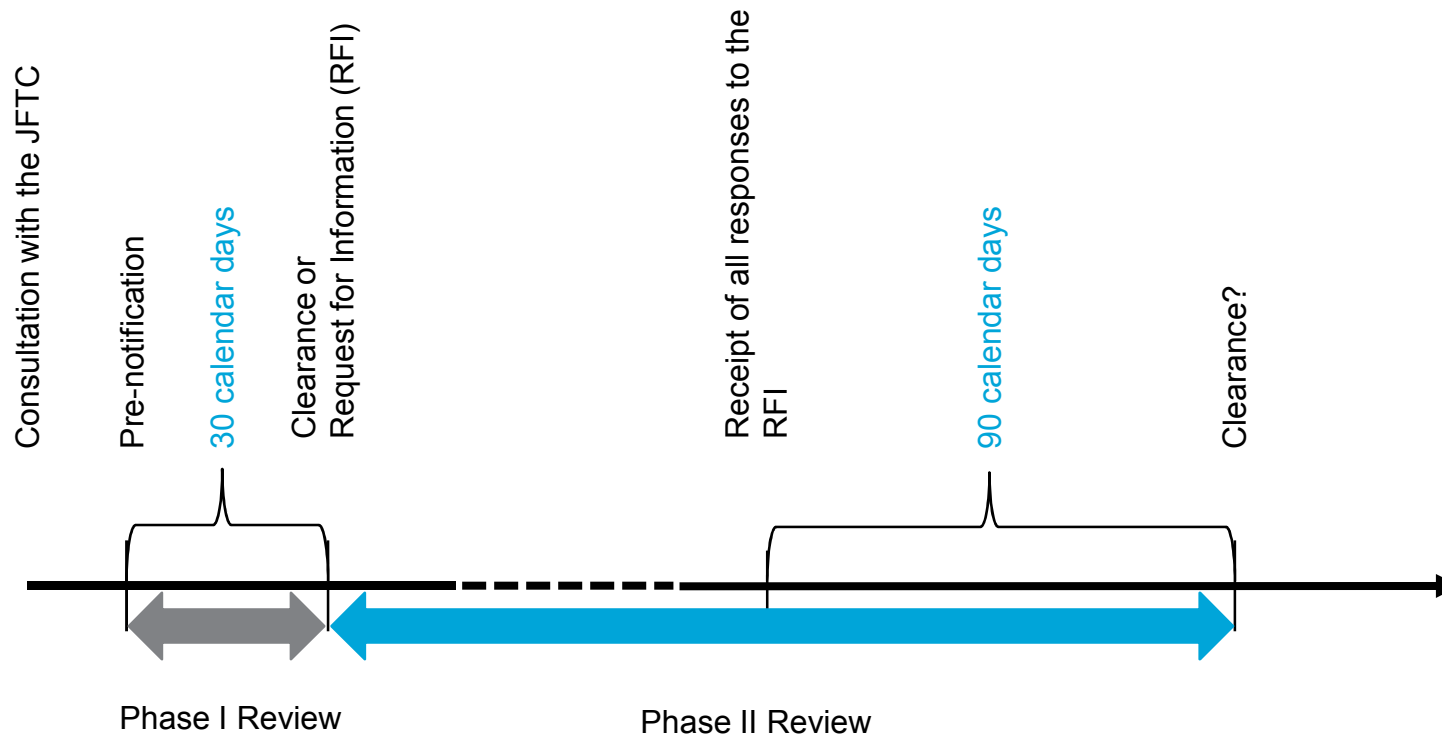
- ① HHI is less than 1,500
- ② HHI is more than 1,500 and equal to/less than 2,500, and increase is less than 250; or
- ③ HHI is more than 2,500, and increase is equal to/less than 150

## Vertical/Combined Combination

Post-Combination:

- ① Market Share equal to or less than 10%; or
- ② HHI does not exceed 2,500, and with market share 25% or less

# Review Timeline



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Thank you

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