

Standard Format: Report for Policy Evaluation - Management by Objective (MBO)

(The Japan Fair Trade Commission 23-(1))

| | | | | | | | |
|--|--|-------------------------|--------|---------------|--------|--|------------------|
| Name of Activity | Measures against violations of the Antimonopoly Act, etc. Prompt and appropriate merger reviews | | | | | | |
| Outline of Activity | Preventing business combinations (stock acquisitions, mergers, company splits, joint share transfers, and business acquisitions) that will substantially restrain competition in any particular field of trade by undertaking reviews promptly and appropriately based on notifications and prior consultations. Publishing case examples of major business combinations to improve the transparency of the investigations. | | | | | | |
| Goal | Maintaining and promoting fair and free competition by undertaking reviews of business combinations promptly (primary review: within 30 days; secondary review: within 90 days) and appropriately, thereby preventing business combinations that will substantially restrain competition in any particular field of trade (FY2010). | | | | | | |
| Budget-Related Activity | Breakdown of Budget | | FY2008 | FY2009 | FY2010 | FY2011 | Amount Requested |
| | Amount Allocated (thousand yen) | Budget Supplemented (a) | 8,327 | 11,027 | 7,531 | 8,910 | 8,274 |
| | | Budget Carried (b) | 0 | 0 | 0 | 0 | 0 |
| | | Total (a + b) | 8,327 | 11,027 | 7,531 | 8,910 | 8,274 |
| | Executed amount (thousand yen) (c) | | 4,256 | 10,309 | 4,789 | | |
| Important Cabinet Policy Related to the Activity (Main Administrative Policy Speeches, etc.) | Name of the administrative policy speech, etc. | | | Date | | Relevant part (excerpt) | |
| | New Growth Strategy (Cabinet decision) | | | June 18, 2010 | | Examination and necessary review of business combination regulations, etc. (review procedures and criteria, etc.) that also give consideration to the global market (to conclude and take the necessary measure within FY2011) | |

| | | | | | | | |
|------------------|--|----------------|----------------|------------|---------------|------------|--------|
| Evaluation Index | Number of accepted notifications of business combinations | Actual Results | | | | | |
| | | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | |
| | | 1,189 | 1,284 | 1,008 | 985 | 265 | |
| | The average period and the number of cases of prior consultation (primary review) | | Actual Results | | | | |
| | | | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 |
| | | No. of days | 19.7 | 20.8 | 20.6 | 21.3 | 23.0 |
| | | No. of cases | 38 | 39 | 22 | 16 | 9 |
| | Target Figures for Each Fiscal Year | | 30 | 30 | 30 | 30 | 30 |
| | The average period and the number of cases of prior consultation (secondary review) | | Actual Results | | | | |
| | | | FY2006 | FY2997 | FY2008 | FY2009 | FY2010 |
| | | No. of days | 45.7 | 0 | 0 | 0 | 85.0 |
| | | No. of cases | 3 | 0 | 0 | 0 | 3 |
| | Target Figures for Each Fiscal Year | | 90 | 90 | 90 | 90 | 90 |
| | The number of results of reviews in the Major Business Combination Cases published on the JFTC website | Actual Results | | | | | |
| | | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | |
| | | 12 | 11 | 7 | 8 | 12 | |
| | The average number of pages per case example published on the JFTC website | Actual Results | | | | | |
| | | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | |
| | | 6.6 | 6.4 | 9.4 | 6.3 | 6.3 | |
| | Number of public accesses to the Major Business Combination Cases published on the JFTC website (See Note) | Actual Results | | | | | |
| | | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | |
| | | - | 2,770 | 5,796 | 7,900 | 8,601 | |
| | Amount of consumer benefits protected by merger reviews (100 million yen) | Actual Results | | | | | |
| | | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | |
| | | Approx. 82 | Approx. 50 | Approx. 37 | Approx. 1,035 | Approx. 70 | |

Note: With regard to the number of accesses, data prior to August 2007 are unavailable. The number of public accesses for each fiscal year applies to the Major Business Combination Cases published in the corresponding year.

| | | |
|------------------------------------|--------------------------------|---|
| Results of Evaluations of Activity | Status of Achievements | In terms of cases for which notifications were accepted or prior consultation was requested, merger reviews are undertaken promptly and appropriately, with primary reviews completed within 30 days and secondary reviews completed within 90 days. |
| | Directions for Future Activity | <p>Evaluated based on the index as a whole, the activity can be assessed as being necessary and effective for maintaining and promoting fair and free competition and can be deemed to have been implemented efficiently. However, the activity involves the following issues.</p> <p>As a result of the review of business combination regulations, the prior consultation system was abolished. Accordingly, concerning important, large-scale business combination cases, decisions as to whether or not the proposed business combinations would substantially restrain competition in particular fields of trade will have to be made within the periods stipulated in the Antimonopoly Act. In addition, corporations expect reviews to be undertaken promptly and appropriately so that they do not miss the right timing and opportunities to implement their business combinations. The JFTC will therefore need to implement the reviewed business combination regulations soundly, by enhancing communications with notifying corporations, for example. At the same time, the JFTC needs to strive to protect consumer interests by undertaking reviews of proposed business combinations for which notifications have been accepted, including important, large-scale combinations, even more promptly and appropriately.</p> <p>The JFTC also needs to reinforce the organizational structure of its Mergers and Acquisition Division, so as to: (1) ensure the further promptness and appropriateness of reviews of proposed business combinations for which notifications were made in response to the review of merger regulations; (2) continue to deal appropriately with cases of international business combinations that the JFTC needs to review by exchanging information with foreign competition authorities; and (3) deal appropriately with important, large-scale business combinations that require the expertise of economists and qualified legal professionals. Furthermore, the business community has requested that the JFTC enhance its review system to strengthen the expertise of its Mergers and Acquisition Division and ensure that its reviews are undertaken more promptly. Accordingly, the JFTC needs to further improve the quality of its merger reviews and further reinforce the organizational structure.</p> <p>As a result of the review of merger regulations, the JFTC has decided to further enhance the scope of the results of the merger reviews it publishes. It has decided to publish all cases of merger reviews in which requests for reports, etc. were conducted and in which the JFTC gave notice that it would not issue a cease and desist order. To ensure the further transparency of merger reviews and respond to requests for the enhancement of the cases published by the JFTC, which were received in response to its request for public comments regarding merger regulations, the JFTC needs to make further efforts to enhance the cases it publishes concerning the results of merger reviews, while giving consideration to corporate secrets.</p> |

| | |
|-------------------------|--|
| Use of Expert Knowledge | Do you confirm whether corporations have actually implemented a remedy? (Mr. Konishi) (We answered that we confirm the implementation status of a remedy by obtaining reports from the companies involved.) |
|-------------------------|--|

| | |
|---|---|
| Materials and Other Information Used During Policy Evaluation | <p>“Major Business Combination Cases in FY2010”</p> <p>Drafted by: The JFTC</p> <p>Published on: June 21, 2011</p> <p>The above material is held by the General Affairs Division, Secretariat, General Secretariat, the JFTC.</p> |
|---|---|

| | | | | | |
|------------------------|--|--------------------|---|----------------------------------|--------------------|
| Responsible Department | Mergers and Acquisitions Division, Economic Affairs Bureau | Responsible Person | Wataru Kobayashi, Director of Mergers and Acquisitions Division | Year/Month for Policy Evaluation | April - July, 2011 |
|------------------------|--|--------------------|---|----------------------------------|--------------------|