

# FY 2013 Japan Fair Trade Commission Performance Evaluation Report (Standard Format)

(The Japan Fair Trade Commission 25-(2))

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 fields of trade by undertaking reviews promptly and appropriately based on notifications, through proper responses in cases where it is deemed that a business combination will violate the statutes of the Antimonopoly Act, and through publishing case examples of major business combinations.						
Goal	Maintaining and promoting fair and free competition by undertaking reviews of business combinations promptly (primary review: within 30 days from the date notification is accepted; secondary review: within 90 days from the date all additional reports and data are received) and appropriately, thereby preventing business combinations that will substantially restrain competition in any particular fields of trade (FY 2012).						
Budget-Related Activity	Breakdown of Budget		FY 2010	FY 2011	FY 2012	FY 2013	Amount requested for FY2014
	Amount Allocated (thousand yen)	Budget Supplemented (a)	7,531	8,910	8,269	7,854	7,859
		Budget Carried (b)	0	0	0	0	0
		Total (a + b)	7,531	8,910	8,269	7,854	7,859
Executed amount (thousand yen) (c)		4,789	7,505	5,427			
Important Cabinet Policy Related to the Activity (Main Administrative Policy Speeches, etc.)	Name of the administrative policy speech, etc.		Date		Relevant part (excerpt)		
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Evaluation Index	Number of accepted notifications of business combinations [See Note 1]	Actual Results					
		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
		1,008	985	265	275	349	
	Percentage of notifications accepted business combinations processed within the legally designated period	Actual Results					
		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
		100	100	100	100	100	
	Target Figures for Each Fiscal Year		100	100	100	100	100
	The number of results of reviews in the Major Business Combination Cases published on the JFTC website	Actual Results					
		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
		7	8	12	9	11	
	The average number of pages per case example published on the JFTC website	Actual Results					
		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
		9.4	6.3	6.3	8.9	9.5	
	Number of public accesses to the Major Business Combination Cases published on the JFTC website [See Note 2]	Actual Results					
FY 2008		FY 2009	FY 2010	FY 2011	FY 2012		
5,796		7,900	8,601	9,174	7,661		
Amount of consumer benefits protected by merger reviews (100 million yen)	Actual Results						
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012		
	Approx. 37	Approx. 1,035	Approx. 70	Approx. 1,063	Approx. 494		

Note 1: The significant drop in accepted notifications since FY 2010 from FY 2009 and previous years can be attributed to the 2009 Act Amending the Antimonopoly Act, which reduced the range of business combinations subject to mandatory notification. Figures include cases in which the business combination plan notification was eventually withdrawn due to circumstances at the notifying corporation.

Note 2: The number of public accesses for each fiscal year is the number of accesses in that fiscal year to the Major Business Combination Cases published in the corresponding year.

Results of Evaluations of Activity	Status of Achievements	<p>Of the 349 notifications accepted in FY 2012, the 340 cases that underwent only a primary review were closed within 30 days and the six cases that involved a secondary review were closed within 90 days. Thus, in all cases reviews of business combinations were conducted promptly and appropriately.</p> <p>Note that in three cases the business combination plan notification was withdrawn due to circumstances at the notifying corporation.</p>
	Directions for Future Activity	<p>Looking at all evaluation indicators as a whole, the activity can be deemed as being necessary and effective in maintaining and promoting fair and free competition and to have been implemented efficiently. Nevertheless, the following issues remain.</p> <p>The review to the business combination regulations and the subsequent abolishment of the prior consultation system has necessitated that the JFTC judge promptly and accurately whether a given business combination will substantially impair competition in any particular field of trade while collecting and analyzing required information, even for cases involving important, large-scale business combinations, within the statutory limited review period, which does not permit extensions of the review period. Moreover, corporations also expect prompt, accurate business combination reviews so as not to miss time-sensitive opportunities to implement business combinations. The intent of the review to the business combination regulations is to improve the swiftness, transparency, and predictability of business combination reviews. Based on this intent, then, and in line with statutory procedures, the JFTC must work further to conduct business combination reviews promptly and appropriately and protect the interests of consumers for all accepted notifications, including those for important, large-scale business combinations.</p> <p>The JFTC must also continue to improve the quality of its business combination reviews and to further bolster the Mergers and Acquisitions Division's organizational strength in order to better handle cases of international business combinations. This is necessary because (1) the business world is demanding enhancements to the review system, particularly improvements in the Mergers and Acquisitions Division's expertise and in the speed of business combination reviews; because (2) an increasing number of business combination reviews require the exchange of information with foreign competition authorities; and because (3) it is necessary to handle appropriately important, large-scale business combinations that require the application of specialized legal knowledge and to handle accurately cases that require the placement of economists with relevant expertise and experience to the Mergers and Acquisitions Division to conduct objective and theoretical analyses.</p> <p>The JFTC has been enhancing its provision of information to the public significantly. For example, the JFTC now publishes all business combination reviews in which further reports and information were requested and in which the JFTC notified the party that no cease and desist orders would be issued. In the interest of preventing corporations from planning business combinations that are problematic from the standpoint of the Antimonopoly Act, the JFTC must make further efforts to enhance publicly provided information on the results of business combination reviews while giving due consideration to corporate confidentiality.</p>

Use of Expert Knowledge	<ul style="list-style-type: none"> <li>• I believe that foreign competition authorities have many economists working for them, but how many economists does the JFTC have that work on business combinations? (Mr. Wakabayashi) (We replied that in FY 2012, there was one economist with a doctorate, but there were several economists with master's degrees working at the JFTC.)</li> <li>• You quote the number of pages in the Major Business Combination Cases as an indicator, but is it necessarily true that simply increasing the number of pages indicates an improvement? (Mr. Kakizaki) (We replied that we believe the number of pages in the Major Business Combination Cases is an appropriate indicator for measuring the completeness of published information. However, as the commentator pointed out, we do not think that endlessly increasing the number of pages indicates an improvement.)</li> </ul>
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Materials and Other Information Used During Policy Evaluation	<p>“Major Business Combination Cases in FY 2012”  Drafted by: The JFTC  Published on: June 5, 2013.  The above material is held by the General Affairs Division, Secretariat, General Secretariat, the JFTC.</p>
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Responsible Department	Mergers and Acquisitions Division, Economic Affairs Bureau	Responsible Person	Osamu Tanabe, Director of Mergers and Acquisitions Division	Year/Month for Policy Evaluation	April – July, 2013
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