

Japan's proposed revisions to the Foreign Exchange and Foreign Trade Act mark a significant shift in Japan's oversight of foreign investment

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Corporate Alert

On Friday, 18 October 2019, the cabinet of Japanese Prime Minister, Shinzo Abe, greenlighted proposed revisions to the Foreign Exchange and Foreign Trade Act (the Forex Act) that tighten the regulatory requirements for foreign direct investment in Japan. A bill will now go on to the Japanese Diet and if passed could come into effect by March 2021.

Proposed amendments

Under the proposed amendments to the Forex Act, foreign investors seeking just a one percent interest in businesses with importance to national security, public safety, public infrastructure, or Japan's economy will be required to undergo a prior notification and approval process with the Japanese government before consummating the proposed investment. The current version of the Forex Act requires such prior notification and approval only if foreign investors seek a 10 percent interest in the relevant Japanese companies.

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