

Dear EBC Colleagues,

This morning, the Judicial Committee of the House of Councillors passed the new corporate law with Article 821. As you aware, the EBC together with other foreign groups, has undertaken vigorous discussions on 821 with the Japanese authorities. As a result of these discussions, we were able to achieve a delay in the imminent passage of the law through the upper house, thus providing time to negotiate ways to mitigate the effects of the article. In consequence, the article was passed with a politically binding rider added to the bill providing that existing foreign companies will not be affected and that new companies in the future can use the same corporate structure as existing foreign companies. Moreover, in the last sentence of the rider, there is wording that provides a foothold for discussion and a political foundation for future revision of the article. An extensive parliamentary question and answer session last week (using a scripted Q&A based on discussions with the joint foreign group) has provided a political record of clarification. These were the minimum measures that the joint group was prepared to accept as an interim solution.

We managed to have our concerns widely understood by many politicians and argued strongly for a revision. However, the law had already passed the lower house, and the political leadership was not willing to amend and send the law back to the lower house. They did not want the session delayed further by reopening discussion on the corporate law in the lower house, thereby further delaying discussions on the post office privatisation. Thanks to the rider and the Q&A record, we are confident that the relevant companies can operate without the need to reincorporate. However, following the conclusion of the current diet session, which is now focusing on the post office privatisation, the EBC will work to have article 821 amended as soon as possible to provide the proper clarity that one should expect in the statutes in order to provide legal certainty.

Please refer to following documents:

1. Joint EBC-ACCJ-ANZCCJ press release - English
2. Joint EBC-ACCJ-ANZCCJ press release- Japanese
3. EBC press release
4. Rider for Article 821

Best Regards

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