

**Act on Special Measures for the
Promotion of Research and
Development Business, etc. by
Specified Multinational Enterprises
(Act for Promotion of Japan as an
Asian Business Center)
Guideline**

**Investment Facilitation Division
Ministry of Economy, Trade and Industry**

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Part 1 Outline of the Act for Promotion of Japan as an Asian Business Center

I. Introduction

Amid intensified competition for attracting global enterprises, the Act on Special Measures for Promotion of Research and Development Business, etc. by Specified Multinational Enterprises (the Act for Promotion of Japan as an Asian Business Center ^(*)) was enacted with the aim of promoting the activities of global enterprises that intend to newly engage in research and development business and supervisory business in Japan.

This Guideline introduces the outline of the Act for Promotion of Japan as an Asian Business Center, the outline of the support measures, requirements to qualify for certification, and application procedures.

<Major Support Measures>

Shortening of investment procedures	○The period from making a notification under the Foreign Exchange and Foreign Trade Act, during which investment cannot be made, is shortened from 30 days to two weeks
Assistance for fund raising	○Assistance for fund raising by the Small and Medium Business Investment & Consultation Co., Ltd. (Also covering small and medium-sized stock companies with stated capital not less than 300 million yen)
Acceleration of patent examinations <small>*Operational measures according to the existing provisions of the Patent Act</small>	○Acceleration of examinations and proceedings for patent applications relating to certified R&D business (Ordinary applications: around 22.2 months → Rapid examinations: around 1.9 months (performance of FY2011))
Acceleration of entry examinations <small>*Operational measures according to the existing provisions of the Immigration Control and Refugee Recognition Act</small>	○Acceleration of entry examinations (certificate of eligibility for status of residence) of foreigners intending to work at certified enterprises (Ordinarily one month → Around 10 days)

*“Promotion of Japan as an Asian Business Center” refers to the initiative to facilitate the construction of high value-added bases of global enterprises in Japan, thereby restoring Japan’s presence as an Asian core business center.

II. Outline of the Act

Support for the establishments of new business facilities of global enterprises based on the Act for Promotion of Japan as an Asian Business Center

In order to promote activities to attract research and development bases and supervisory bases of global enterprises to Japan, such measures as a shortening of investment procedures will be taken for global enterprises that intend to establish an affiliated company in Japan with the aim of newly engaging in research and development business or supervisory business.

Certification subjects

Specified multinational enterprises that intend to establish a domestic affiliated company with the aim of newly engaging in research and development business or supervisory business in Japan

Certification of business plans

The competent ministers have established and publicized the Basic Policy Concerning the Promotion of Research and Development Business and Supervisory Business by Specified Multinational Enterprises.

Specified multinational enterprises that intend to newly engage in research and development business or supervisory business in Japan may prepare a plan concerning said business in line with the Basic Policy and submit it to the relevant competent minister via the Investment Facilitation Division of the Ministry of Economy, Trade and Industry (METI).

When the competent minister finds that the business plan for which an application has been filed is appropriate in light of the Basic Policy and conforms to all of the requirements prescribed in an Ordinance of the competent ministry, he/she shall grant the certification with regard to the business plan.

Outline of the support measures

Research and development business operators or supervisory business operators who have received certification of their business plan (certified research and development business operators or certified supervisory business operators) may apply for the following support measures (examinations and confirmation by support organizations need to be undergone to receive each measure).

- (1) Special measures concerning the Foreign Exchange and Foreign Trade Act (shortening of the waiting period (examination period)): See p. 9
- (2) Special measures concerning the Act on Small and Medium Business Investment &

Consultation Co., Ltd. (assistance for fund raising): See p. 11

(3) Acceleration of examinations and proceedings for patent applications: See p. 15

*Operational measures according to the existing provisions of the Patent Act

(4) Acceleration of entry examinations (application for certificate of eligibility for status of residence): See p. 17

*Operational measures according to the existing provisions of the Immigration Control and Refugee Recognition Act

Inquiries:

Investment Facilitation Division, Trade and Economic Cooperation Bureau, METI

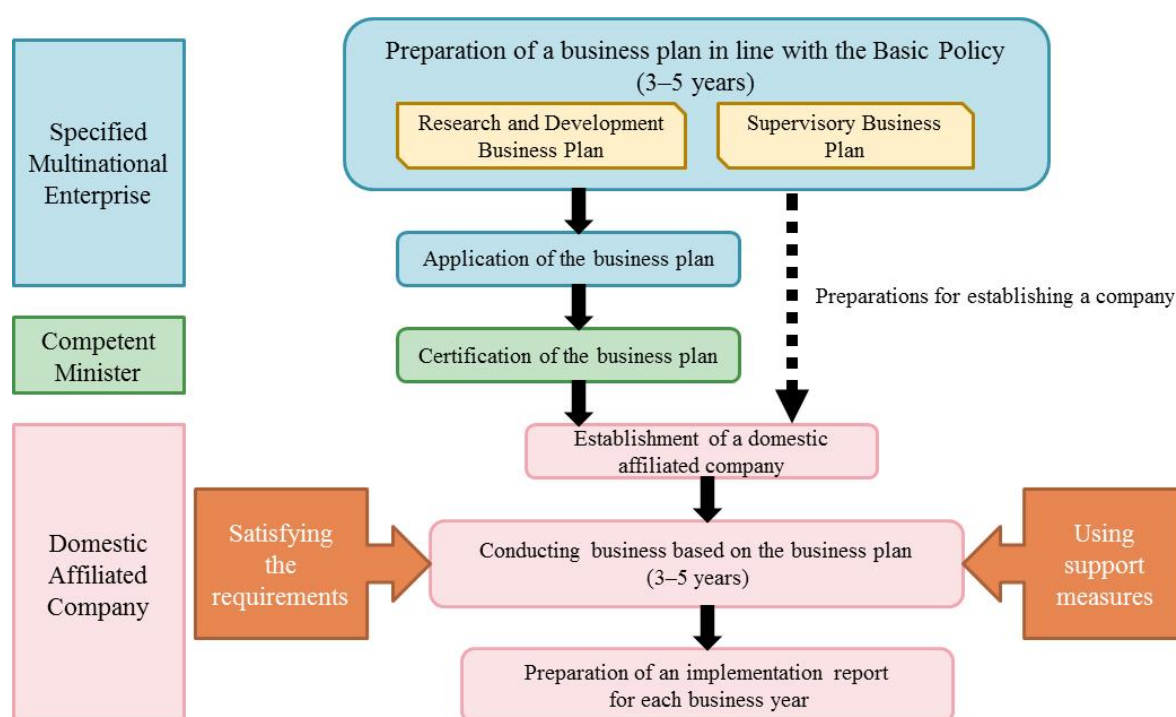
Tel: 03-3501-1662

URL: <http://www.meti.go.jp/policy/investment/>

III. Procedures for Certification of Business Plans

From the following page onward, (i) support measures for certified business operators (Part 2), (ii) requirements to qualify for certification of business plans (Part 3), and (iii) procedures for filing an application (Part 4) are explained.

<Structure of the Act for Promotion of Japan as an Asian Business Center>



Part 2 Support Measures

I. List of Support Measures

When an enterprise has received certification of its research and development business plan or supervisory business plan, its domestic affiliated company to be newly established may receive various support measures. Available support measures differ by type of certified business plan and business details to be conducted.

An outline of the support measures follows.

<List of Support Measures Available by Type of Certified Business Plans>

Certified business plan		R&D business plan	Supervisory business plan
p.	Support measures		
9	Special measures concerning the Foreign Exchange and Foreign Trade Act (shortening of the waiting period (examination period))	✓	✓
11	Special measures concerning the Act on Small and Medium Business Investment & Consultation Co., Ltd.	✓ (Note)	✓ (Note)
17	Acceleration of examinations and proceedings for patent applications	✓	
19	Acceleration of entry examinations (application for Certificate of Eligibility for Status of Residence)	✓	✓

(Note) Limited to small and medium-sized enterprise operators (see p. 13 for the definition)

If there is anything unclear concerning support measures, please contact the Trade and Economic Cooperation Bureau, METI, or respective support organizations.

Inquiries:

Investment Facilitation Division, Trade and Economic Cooperation Bureau, METI

Tel: 03-3501-1662

URL: <http://www.meti.go.jp/policy/investment/>

II. When Intending to Make Investments in a Newly Established Company Sooner

Special measures concerning the Foreign Exchange and Foreign Trade Act

The period from making a notification under the Foreign Exchange and Foreign Trade Act during which investment cannot be made is shortened.

Subjects

Foreign investors who intend to acquire shares or equity interests of a domestic affiliated company to be established in line with a certified research and development business plan or certified supervisory business plan.

Details of the support measures

Based on Article 27 of the Foreign Exchange and Foreign Trade Act, foreign investors are required to make a notification to the Minister of Finance and the competent minister prior to making inward direct investment in the following types of business, and those who have made a notification are not allowed to make said investment for 30 days from the day on which they made the notification.

However, with regard to foreign investors who intend to acquire shares or equity interests of domestic affiliated companies as mentioned above and have made a notification in advance, the period during which investment cannot be made shall be shortened from thirty days to two weeks after making the notification.

Business types requiring notification in advance

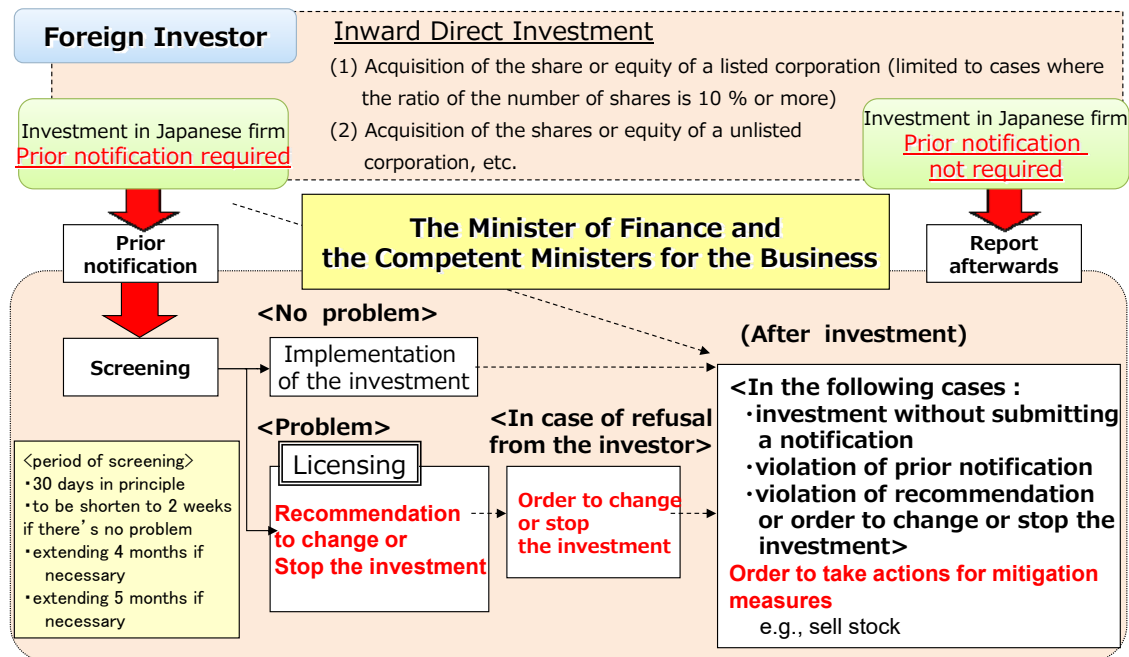
1. Business types having been under regulation in conformity with the international rules (OECD Code of Liberalisation of Capital Movements)

- (i) Business pertaining to national security: Manufacturing industry of general-purpose products that are highly likely to be diverted to military use, such as manufacturing relating to arms, aircraft, nuclear materials and industry related business, and outer space development
- (ii) Business pertaining to public order: Power supply, gas supply, heat supply, communications services, broadcasting, water supply, railroad services, and passenger transport
- (iii) Business pertaining to public safety: Manufacture of biological products, and security services

2. Business types for which Japan reserves liberalization of capital movements upon making reports to OECD based on circumstances unique to Japan

Agriculture, forestry and fisheries industry, oil industry, leather and leather products manufacturing, air transport, and maritime transport

Flowchart relating to business types requiring notification in advance



How to use the support measures

Please enter the intention to use the support measures (e.g., shortening of the statutory waiting period under Article 8 of the Act on Special Measures for Promotion of Research and Development Business, etc. by Specified Multinational Enterprises) in the column for other matters in a notification form concerning the acquisition of shares (equity interests) (Appended Form 1 of the Order on Inward Direct Investment, etc.), and submit the form to the Bank of Japan.

Inquiries:

[Concerning the system]

Investment Facilitation Division, Trade and Economic Cooperation Bureau, METI

Tel: 03-3501-1662

International Investment Control Office, Security Export Control Policy Division, Trade Control Department, Trade and Economic Cooperation Bureau, METI

Tel: 03-3501-1774

[Concerning procedures]

Office in Charge of Procedures for the Foreign Exchange and Foreign Trade Act, International Department, Bank of Japan

Tel: 0120-79-6656

URL: http://www.boj.or.jp/about/services/tame/t_seido.htm/

III. When Intending to Receive Support for Increasing Equity Capital

Support by the Small and Medium Business Investment & Consultation Co., Ltd.

A small and medium-sized enterprise operator who is a certified research and development business operator or a certified supervisory business operator and who conducts business in line with a certified business plan may receive investment from the Small and Medium Business Investment & Consultation Co., Ltd., even in the case where his/her stated capital exceeds 300 million yen.

Subjects

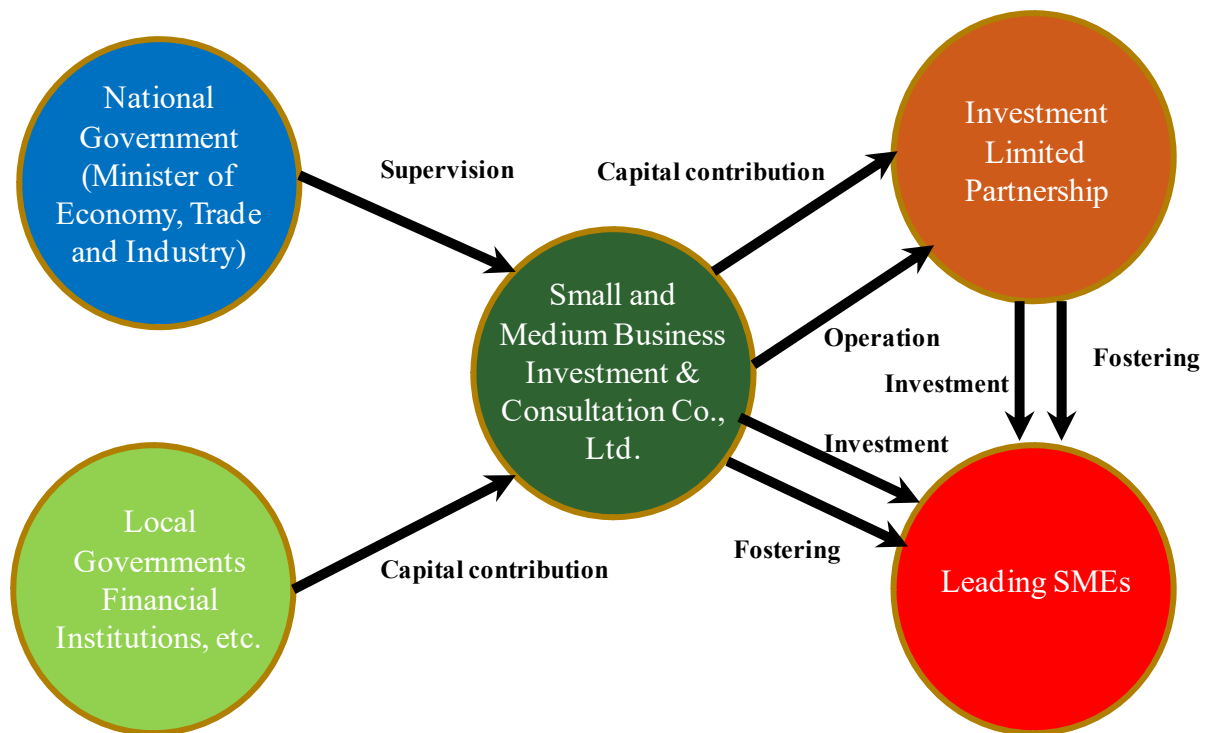
Small and medium-sized enterprise operators who are certified research and development business operators or certified supervisory business operators.

Details of the support measures

The relevant business operators may receive the following investment from the Small and Medium Business Investment & Consultation Co., Ltd. (when receiving investment, they need to undergo examinations by the Small and Medium Business Investment & Consultation Co., Ltd.).

- (1) Subscription for shares to be issued upon establishment of a stock company
- (2) Subscription for shares to be issued upon capital increase
- (3) Subscription for share options
- (4) Subscription for bonds with share options

Mechanism of the business-investment-development system



Targeted enterprises

- ◆ All industries
- ◆ Under special measures, SMEs with stated capital exceeding 300 million yen (certified business operators) are also covered.

Definition of small and medium-sized enterprise operators

Under this Act, small and medium-sized enterprise operators are defined as follows.
(Those satisfying either of the capital standards or employee standards are deemed to be small and medium-sized enterprise operators.)

Class	Business type	Amount of stated capital or total amount of capital contributions	Number of employees
a	Manufacturing, construction, transport, and others (excluding b to g)	300 million yen or less	300 employees or less
b	Wholesale	100 million yen or less	100 employees or less
c	Services	50 million yen or less	100 employees or less
d	Retailing	50 million yen or less	50 employees or less
e	Rubber product manufacturing industry (excluding automobile or aircraft tire and tube manufacturing industry and industrial belt manufacturing industry)	300 million yen or less	900 employees or less
f	Software services or information processing services	300 million yen or less	300 employees or less
g	Hotel business	50 million yen or less	200 employees or less

How to use the support measures

After you consult with and file an application with the Small and Medium Business Investment & Consultation Co., Ltd., the application is examined, and whether or not to provide investment is decided.

Inquiries:

[Concerning the system]

Finance Division, Business Environment Department, Small and Medium Enterprise Agency

Tel: 03-3501-5803

[Concerning procedures]

Tokyo Small and Medium Business Investment & Consultation Co., Ltd.

(Operating in 18 prefectures in eastern Japan, including Niigata, Nagano, and Shizuoka)

URL: <http://www.sbic.co.jp/>

Tel: Head office 03-5469-1811

Nagoya Small and Medium Business Investment & Consultation Co., Ltd.

(Operating in five prefectures (Aichi, Gifu, Mie, Ishikawa, and Toyama))

URL: <http://www.sbic-cj.co.jp/>

Tel: Head office 052-581-9541

Osaka Small and Medium Business Investment & Consultation Co., Ltd.

(Operating in 24 prefectures in western Japan, including Fukui, Shiga, Nara, and Wakayama)

URL: <http://www.sbic-wj.co.jp/>

Tel: Head office: 06-6459-1700

Kyushu branch: 092-724-0651

IV. When Intending to Obtain Patents Sooner

Acceleration of examinations and proceedings for patent applications relating to the outcome of research and development business

Inventions pertaining to the outcome of research and development business conducted by certified research and development business operators are added as subjects for acceleration of examinations and proceedings for patent applications.

Subjects

Certified research and development business operators.

Subject applications

Patent applications pertaining to the outcome of research and development business conducted in line with a certified research and development business plan based on the Act for Promotion of Japan as an Asian Business Center (limited to applications filed within two years from the final day of the term for conducting the research and development business under said research and development business plan)

Details of the support measures

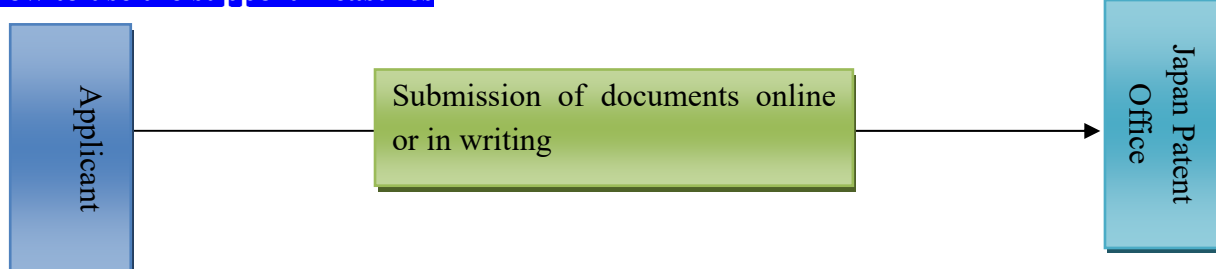
Acceleration of examinations and proceedings for patent applications

Waiting period for examinations

Ordinary applications: Approx. 22.2 months

→Acceleration of examinations: Approx. 1.9 months (performance in FY2011)

How to use the support measures



Make inquiries at the following for the details of applications for acceleration of examinations and proceedings for patent applications.

Inquiries:

[Concerning acceleration of examinations]

Planning and Research Section, Coordination Division, First Patent Examination Department, Japan Patent Office

Tel: 03-3581-1101 (extension) 3107

[Concerning acceleration of proceedings]

Appeals Examination Policy Planning Office, Appeals Division, Appeals Department, Japan Patent Office

Tel: 03-3581-1101 (extension) 5851

V. When Intending to Undergo Procedures for Entry of Foreign Employees Earlier

Special measures concerning immigration procedures

When a foreigner who is to work at a domestic affiliated company engaging in certified research and development business or certified supervisory business intends to enter Japan with any of the specified statuses of residence, the examination period for his/her application for the certificate of status of residence may be shortened.

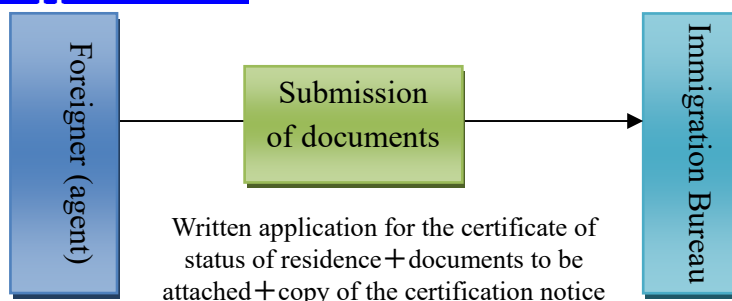
Subjects

Foreigners who are to work at domestic affiliated companies engaging in certified business (those with any of the statuses of residence categorized as “investors/business managers,” “legal/accounting services,” “researchers,” “specialists in humanities/international services,” or “intra-company transferees” (see p. 39)).

Details of the support measures

Examination period pertaining to applications for the certificate of status residence is shortened from one month (in ordinary cases) to around ten days.

How to use the support measures



* When the documents are prepared in a foreign language, please attach Japanese translations.

Inquiries:

[Concerning the system]

Investment Facilitation Division, Trade and Economic Cooperation Bureau, METI

Tel: 03-3501-1662

[Concerning procedures based on the Immigration Control and Refugee Recognition Act]

Employment Examination Section, Entry and Status Division, Immigration Bureau, Ministry of Justice

Tel: 03-3580-4111 (extension) 2766 and 2754

Part 3 Requirements to Qualify

I. List of Requirements to Qualify

In order to receive the support measures based on the Act for Promotion of Japan as an Asian Business Center, requirements pertaining to (1) specified multinational enterprises, (2) domestic affiliated companies, and (3) business plans as shown in the following table need to be satisfied, and the relevant business operator must have his/her business plan certified by the competent minister.

From the following page onward, (i) requirements pertaining to specified multinational enterprises, (ii) requirements pertaining to domestic affiliated companies, (iii) requirements unique to research and development business plans, and to supervisory business plans, and (iv) requirements common to both business plans are explained.

<Requirements to Qualify>

Item			Requirements	
◆Specified multinational enterprises (Certification subjects)			(1) The enterprise is a corporation that has established its subsidiary corporation or other similar entity at a location other than in the country or region in which its head office or principal office is located. (2) The enterprise has been engaged in business activities on a global scale. (3) The enterprise has advanced knowledge or technology in a country, etc. other than Japan.	
◆Domestic affiliated companies (Existing companies)			(4) No subsidiary corporations or other similar entities of a specified multinational enterprise have engaged in said R&D business or supervisory business in Japan.	
◆Domestic affiliated companies (Support measure subjects)			(5) The company has been newly established for the purpose of engaging in R&D business or supervisory business. (6) The company has decided to engage in said R&D business or supervisory business in Japan on or after the date on which the Act comes into effect (November 1, 2012). (7) The company has not been established through an acquisition, etc. of a domestic enterprise.	
			Research and development business plans	Supervisory business plans
Concerning business	Business details		(8) The business has novelty and contributes to the advancement of Japanese industry. (9) The total of the experiment and research expenses and the development expenses is not less than 100 million yen each business year.	(10) The business is conducted by establishing a new company with stated capital not less than 100 million yen. (11) Additional investment (capital increase) not less than 500 million yen in total is expected to be made by a specified multinational enterprise or its parent company or other similar entity to a domestic affiliated company or their subsidiaries in Japan (or not less 300 million yen in the case of business whose term is three years or longer but shorter than four years, or not less than 400 million yen in the case of business whose term is four years or longer but shorter than five years).
	Concerning employees	Number	(12) The number of employees regularly engaged in said business is not less than ten and is not less than 25 in the final business year of the business term (or not less than 15 in the case of business whose term is three years or longer but shorter than four years, or not less than 20 in the case of business whose term is four years or longer but shorter than five years).	(13) The number of employees regularly engaged in said business is not less than ten and is not less than 18 in the final business year of the business term (or not less than 14 in the case of business whose term is three years or longer but shorter than four years, or not less than 16 in the case of business whose term is four years or longer but shorter than five years).
		Others	(14) When the company employs foreigners, it has a sufficient residence management system for them. (15) When the company employs foreigners, they will all create high added value. (16) The company employs one or more employees from a specified multinational enterprise or its subsidiary corporation or other similar entity for half a year or longer.	(17) The estimated total of annual remuneration for employees regularly engaged in said business is not less than 70 million yen and is not less than 130 million yen in the final business year of the business term (or not less than 100 million yen in the case of business whose term is three years or longer but shorter than four years, or not less than 110 million yen in the case of business whose term is four years or longer but shorter than five years).
	Others		(18) All employees are residents of Japan (excluding (16) above). (19) The term for the plan is three to five years.	

II. Specified Multinational Enterprises

Definition of specified multinational enterprises

Under the Act for Promotion of Japan as an Asian Business Center, certification subjects are specified multinational enterprises that intend to establish a domestic affiliated company for the purpose of newly engaging in research and development business or supervisory business.

The following is an explanation of specified multinational enterprises as defined in the Act.

Specified multinational enterprises

All of the following requirements need to be satisfied.

Item	Requirements
◆ Specified multinational enterprises (Certification subjects)	<p>(1) The enterprise is a corporation that has established its subsidiary corporation or other similar entity at a location other than in the country or region in which its head office or principal office is located.</p> <p>(2) The enterprise has been engaged in business activities on a global scale.</p> <p>(3) The enterprise has advanced knowledge or technology in a country, etc. other than Japan.</p>

Requirements are explained one by one.

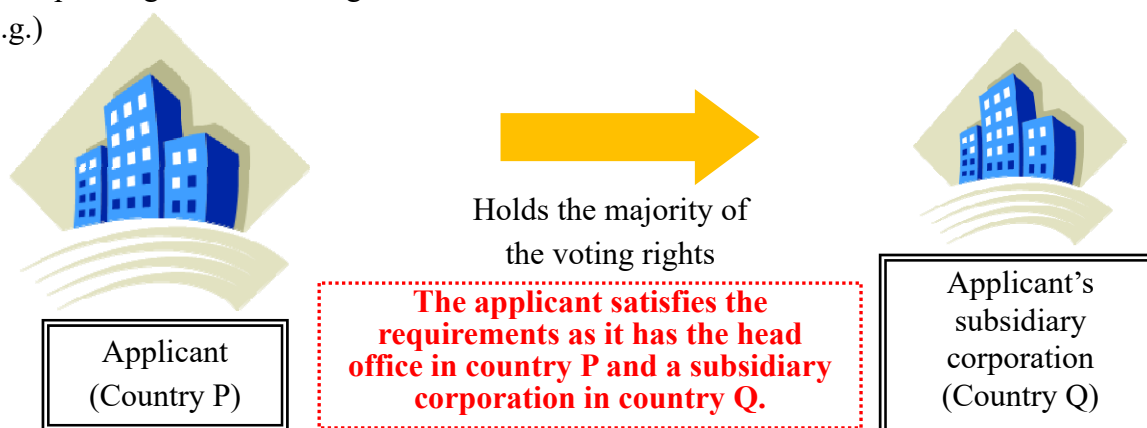
Requirement (1)

The enterprise is a corporation that has established its subsidiary corporation or other similar entity ^(*) at a location other than in the country or region in which its head office or principal office is located.

Explanation

This Act covers multinational enterprises that possess group companies, such as subsidiary corporations or other similar entities (see below), in multiple countries or regions and have been operating business on a global scale.

(E.g.)

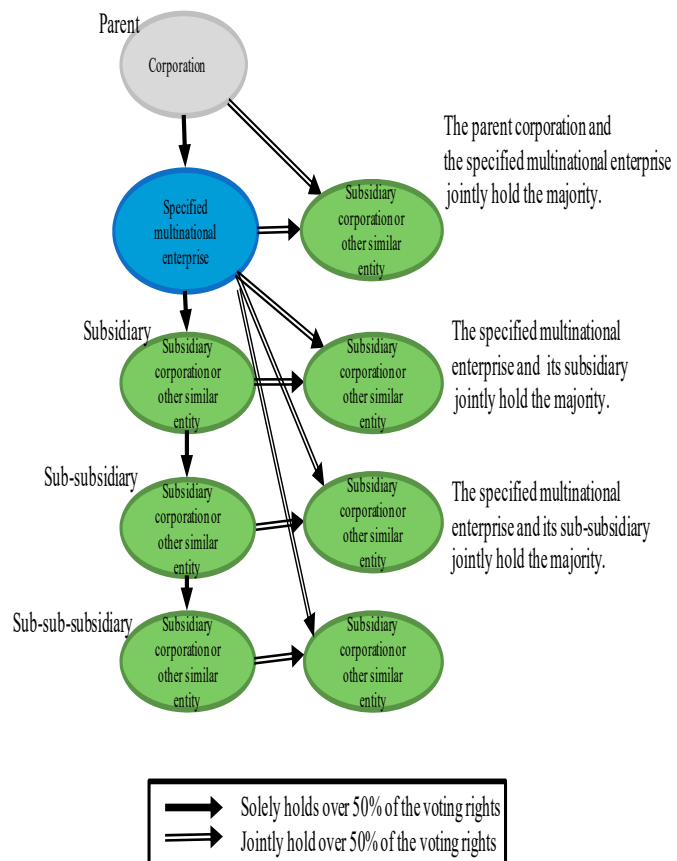


Subsidiary corporations and other similar entities

Meaning the following:

- (i) A corporation for which a specified multinational enterprise holds the majority of the voting rights of all shareholders (subsidiary corporation)
- (ii) A corporation for which such subsidiary corporation holds the majority of the voting rights of all shareholders (sub-subsidiary corporation)
- (iii) A corporation for which such sub-subsidiary corporation holds the majority of the voting rights of all shareholders (sub-sub-subsidiary corporation)
- (iv) A corporation for which a corporation that holds the majority of the voting rights of a specified multinational enterprise (parent corporation), the specified multinational enterprise, and its subsidiary corporation, sub-subsidiary corporation, and sub-sub-subsidiary corporation jointly hold the majority of the voting rights of all shareholders (excluding (i) to (iii) above and limited to a corporation for which the specified multinational enterprise holds part of the voting rights of all shareholders)

Scope



Requirement (2)

The enterprise has been engaged in business activities on a global scale.

Explanation

An applicant and its subsidiary corporations and other similar entities need to have facilities (an office, store, plant or other fixed facilities) and employees, and conduct substantial business in multiple countries (they must not be paper companies).

Requirement (3)

The enterprise has advanced knowledge or technology in a country, etc. other than Japan.

Explanation

The enterprise needs to have a considerable number of employees who have knowledge and experience concerning intellectual property rights and relevant duties in foreign countries, and have had a considerable record in the implementation of research and development business or supervisory business (including records of the applicant's subsidiary corporations and other similar entities).

III. Domestic Affiliated Companies to be Newly Established

Definition of domestic affiliated companies

The following is an explanation of domestic affiliated companies that are newly established for the purpose of newly engaging in research and development business or supervisory business in Japan.

Domestic affiliated companies^(*) to be newly established

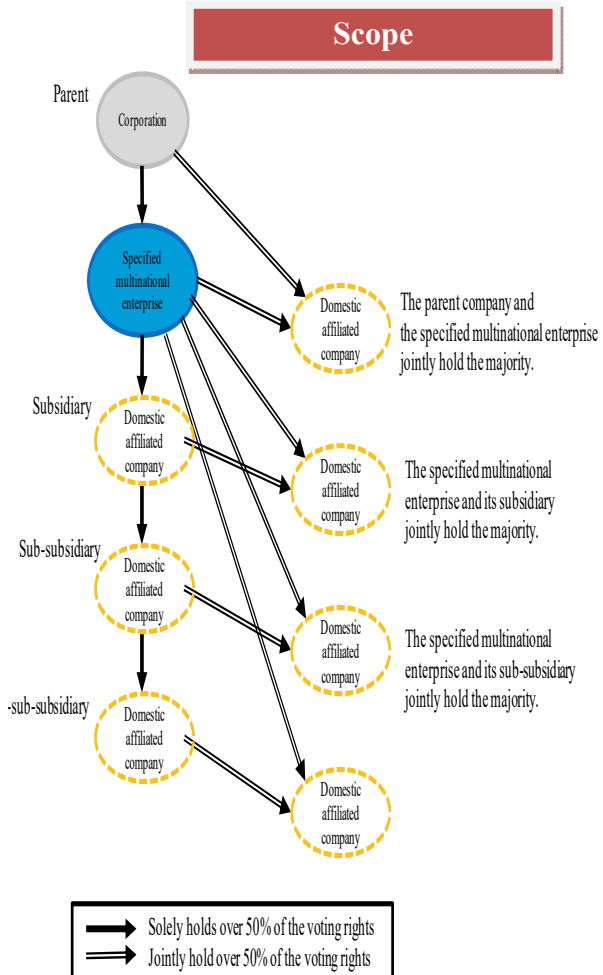
All of the following requirements need to be satisfied.

Item	Requirements
◆ Domestic affiliated companies (Existing companies)	(4) No subsidiary corporations or other similar entities of a specified multinational enterprise have engaged in said R&D business or supervisory business in Japan.
◆ Domestic affiliated companies (Support measure subjects)	(5) The company has been newly established for the purpose of engaging in R&D business or supervisory business. (6) The company has decided to engage in said R&D business or supervisory business in Japan on or after the date on which the Act comes into effect (November 1, 2012). (7) The company has not been established through an acquisition, etc. of a domestic enterprise.

Domestic affiliated companies

Meaning the following:

- (i) A company for which a specified multinational enterprise holds the majority of the voting rights of all shareholders (subsidiary company)
- (ii) A company for which such subsidiary company holds the majority of the voting rights of all shareholders (sub-subsidiary company)
- (iii) A company for which such sub-subsidiary company holds the majority of the voting rights of all shareholders (sub-sub-subsidiary company)
- (iv) A company for which a company that holds the majority of the voting rights of a specified multinational enterprise (parent company), the specified multinational enterprise, and its subsidiary company, sub-subsidiary company, and sub-sub-subsidiary company jointly hold the majority of the voting rights of all shareholders (excluding (i) to (iii) above and limited to a company for which the specified multinational enterprise holds part of the voting rights of all shareholders)



IV. Research and Development Business Plans and Requirements to Qualify

Definition of research and development business plans and requirements to qualify

The following is an explanation of research and development business and requirements to qualify as defined in the Act.

Outline of research and development business plans

Business plans under which specified multinational enterprises establish a domestic affiliated company in Japan and newly engage in research and development business

Research and development business

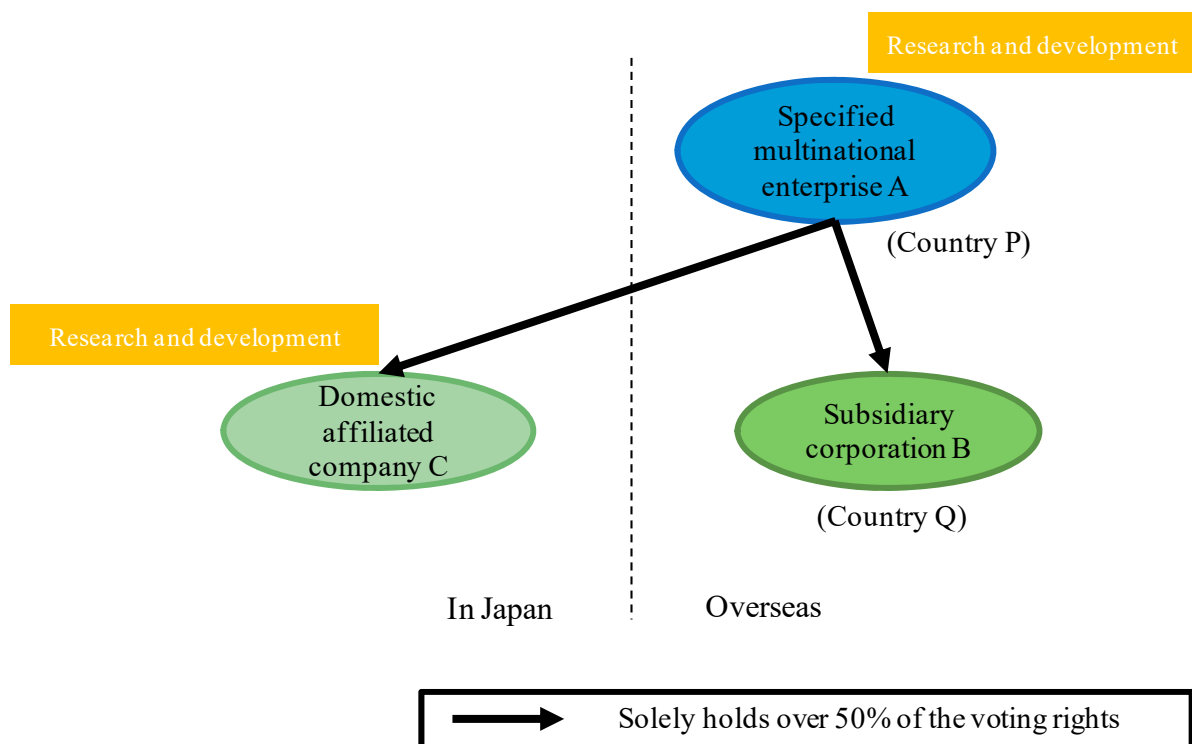
Research and development business is defined as follows in this Act.

<Article 2, paragraph (3) of the Act>

The business of conducting research and development of advanced industrial technology suitable for the advancement of technological innovation that is expected to create new business and expand work opportunities.

Example of an R&D business plan that may be certified

Specified multinational enterprise A, which has subsidiary corporation B in country Q and conducts research and development in country P, has established domestic affiliated company C in Japan and has prepared a plan to newly engage in research and development business.



Certification standards

A business plan needs to satisfy all of the following requirements to be certified.

Item		Requirements
Business details		(8) The business has novelty and contributes to the advancement of Japanese industry. (9) The total of the experiment and research expenses and the development expenses is not less than 100 million yen each business year.
Concerning employees	Number	(12) The number of employees regularly engaged in said business is not less than ten and is not less than 25 in the final business year of the business term (or not less than 15 in the case of business whose term is three years or longer but shorter than four years, or not less than 20 in the case of business whose term is four years or longer but shorter than five years).
	Others	(14) When the company employs foreigners, it has a sufficient residence management system for them. (15) When the company employs foreigners, they will all create high added value.
		(16) The company employs one or more employees from a specified multinational enterprise or its subsidiary corporation or other similar entity for half a year or longer.
Others		(18) All employees are residents of Japan (excluding (16) above). (19) The term of the plan is three to five years.

*Requirements (14), (15), (18), and (19) also apply to supervisory business plans.

Requirements unique to research and development business plans are explained one by one.

Requirement (8)

The business has novelty and contributes to the advancement of Japanese industry.

Explanation

All of the following requirements need to be satisfied. <No. 2, (2), a. 1. of the Basic Policy>

- (i) The technology newly developed or the development of products or services with the use of such technology has unprecedented features in terms of functions, use, or performance, etc.
- (ii) Quantitative changes can be found in the manufacturing method or the details of or means for providing products or services, such as a significant reduction in production cost or a notable improvement in quality or performance with the use of technology or know-how, etc. that has not been widely disseminated in Japan.

Requirement (9)

The total of the experiment and research expenses and the development expenses is not less than 100 million yen each business year.

Explanation

The total of the experiment and research expenses and the development expenses needs to exceed 100 million yen in each of the business years during the term of the certified business.

Requirement (12)

The number of employees regularly engaged in said business is not less than ten and is not less than 25 in the final business year of the business term (or not less than 15 in the case of business whose term is three years or longer but shorter than four years, or not less than 20 in the case of business whose term is four years or longer but shorter than five years).

Explanation

A newly established domestic affiliated company needs to have ten or more employees regularly engaged in the certified research and development business from the first year of the term for the certified business plan. When the business term is five years, the number of such employees that the company is required to employ is not less than 25 in the final business year (or not less than 15 in the case of business whose term is three years or longer but shorter than four years, or not less than 20 in the case of business whose term is four years or longer but shorter than five years). Company officers are not counted as employees.

Requirement (16)

The company employs one or more employees from a specified multinational enterprise or its subsidiary corporation or other similar entity for half a year or longer.

Explanation

A newly established domestic affiliated company needs to employ one or more employees from group companies, such as a specified multinational enterprise or its subsidiary corporation or other similar entity (see p. 29), for half a year or longer.

V. Supervisory Business Plans and Requirements to Qualify

Definition of supervisory business plans and requirements to qualify

The following is an explanation of supervisory business and requirements to qualify as defined in the Act.

Outline of supervisory business plans

Business plans under which specified multinational enterprises establish a domestic affiliated company in Japan and newly engage in supervisory business.

Supervisory business

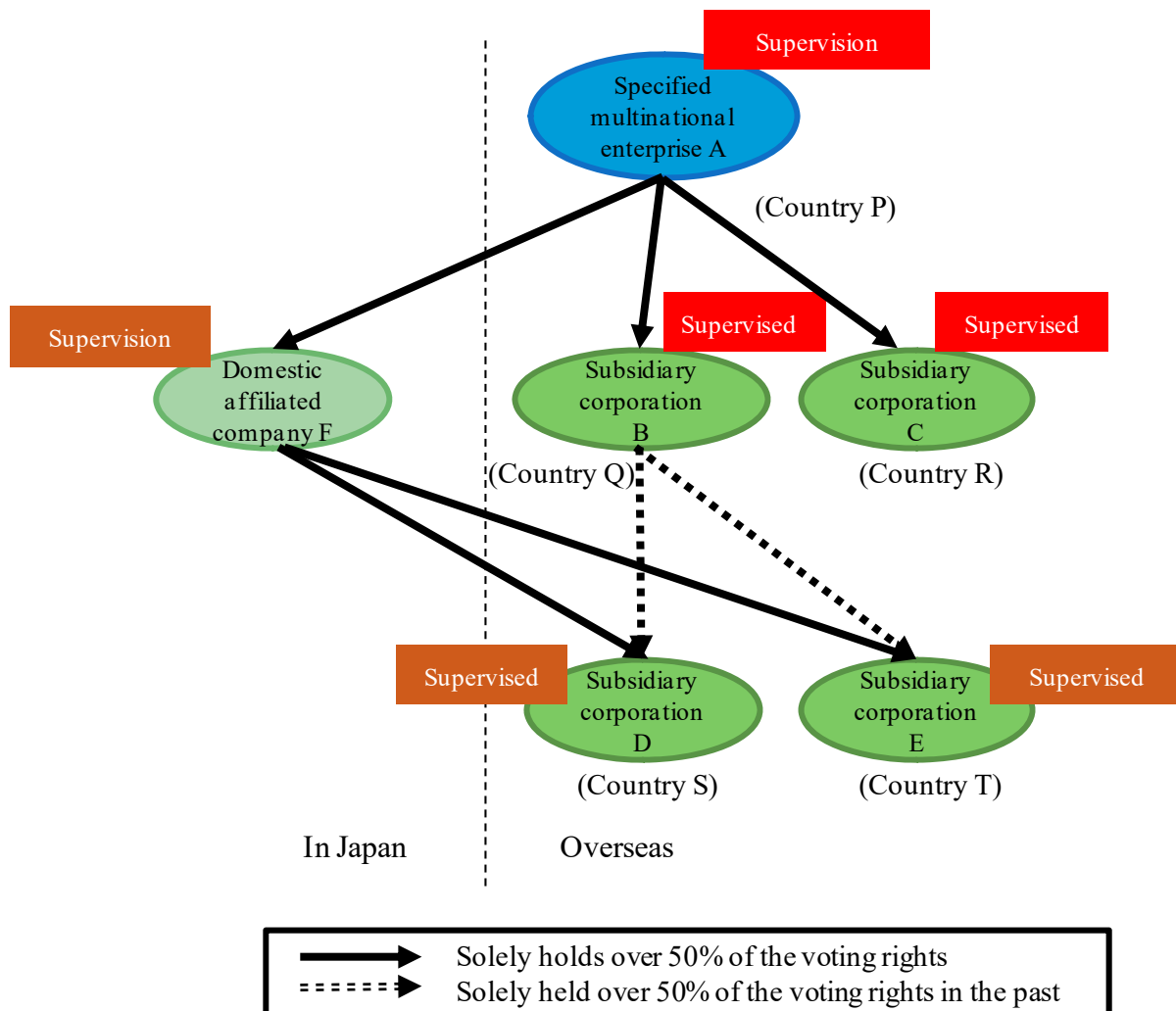
Supervisory business is defined as follows in this Act.

<Article 2, paragraph (4) of the Act>

The business of establishing policies of the business engaged in by two or more corporations (limited to the cases where these corporations' head offices or principal offices are located in two or more countries, etc.), while supervising the business of ensuring financing to said two or more corporations and the implementation of said policies and other business engaged in by said two or more corporations, by way of obtaining or retaining the majority of the voting rights of all shareholders or others of said two or more corporations, respectively, that is expected to create new business and expand work opportunities.

Example of a supervisory business plan that may be certified

Specified multinational enterprise A, which supervises subsidiary corporation B in country Q and subsidiary corporation C in country R, has established domestic affiliated company F in Japan and has it supervise subsidiary corporation D in country S and subsidiary corporation E in country T.



Certification standards

A business plan needs to satisfy all of the following requirements to be certified.

Item		Requirements
Business details		(10) The business is conducted by establishing a new company with stated capital not less than 100 million yen. (11) Additional investment (capital increase) not less than 500 million yen in total is expected to be made by a specified multinational enterprise or its parent company or other similar entity in a domestic affiliated company or their subsidiaries in Japan (or not less than 300 million yen in the case of business whose term is three years or longer but shorter than four years, or not less than 400 million yen in the case of business whose term is four years or longer but shorter than five years).
Concerning employees	Number	(13) The number of employees regularly engaged in said business is not less than ten and is not less than 18 in the final business year of the business term (or not less than 14 in the case of business whose term is three years or longer but shorter than four years, or not less than 16 in the case of business whose term is four years or longer but shorter than five years).
	Others	(14) When the company employs foreigners, it has a sufficient residence management system for them. (15) When the company employs foreigners, they will all create high added value.
		(17) The estimated total of annual remuneration for employees regularly engaged in said business is not less than 70 million yen and is not less than 130 million yen in the final business year of the business term (or not less than 100 million yen in the case of business whose term is three years or longer but shorter than four years, or not less than 110 million yen in the case of business whose term is four years or longer but shorter than five years).
Others		(18) All employees are residents of Japan (excluding (16) above). (19) The term for the plan is three to five years.

*Requirements (14), (15), (18), and (19) also apply to research and development business plans.

Requirements unique to supervisory business plans are explained one by one.

Requirement (10)

The business is conducted by establishing a new company with stated capital not less than 100 million yen.

Explanation

A domestic affiliated company that is newly established after receiving the certification of the business plan needs to possess stated capital not less than 100 million yen.

Requirement (11)

Additional investment (capital increase) not less than 500 million yen in total is expected to be made by a specified multinational enterprise or its parent company or other similar entity in a domestic affiliated company or their subsidiaries in Japan (or not less than 300 million yen in the case of business whose term is three years or longer but shorter than four years, or not less than 400 million yen in the case of business whose term is four years or longer but shorter than five years).

Explanation

A specified multinational enterprise, its parent corporation, its subsidiary corporations or other similar entities need to make additional investment not less than 500 million yen in a domestic affiliated company or their group companies in Japan during the term for implementing the certified business plan (in the case of business whose term is five years; the amount of additional investment shall be not less than 300 million yen in the case of business whose term is three years or longer but shorter than four years, or not less than 400 million yen in the case of business whose term is four years or longer but shorter than five years).

Specifically, corporations in which additional investment is to be made are as follows.

Corporations in which additional investment is to be made

1. Investors

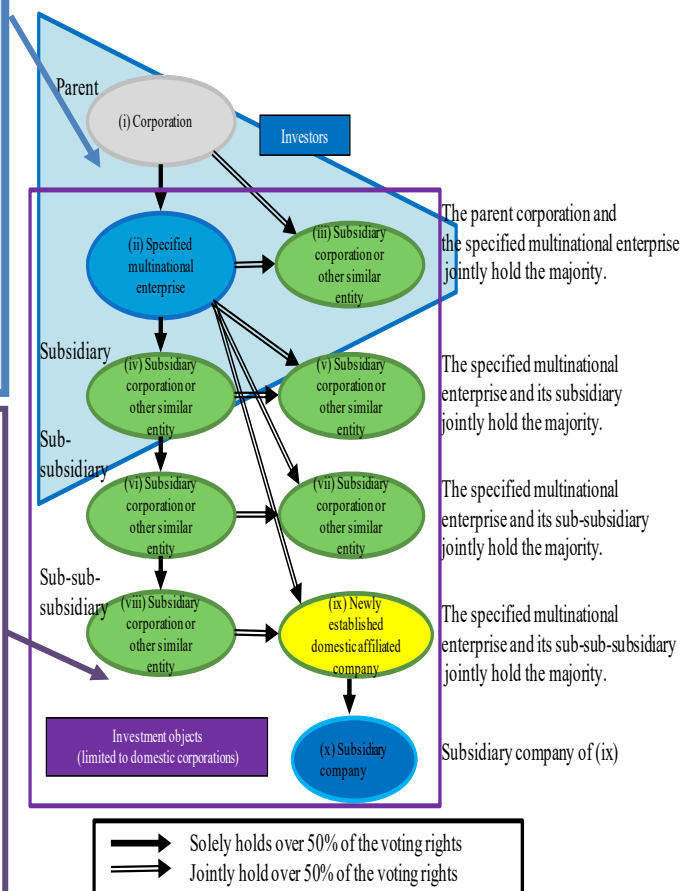
- (i) A corporation that holds the majority of the voting rights of a specified multinational enterprise (parent corporation)
- (ii) A specified multinational enterprise
- (iv) A corporation for which a specified multinational enterprise holds the majority of the voting rights of all shareholders (subsidiary corporation)
- (iii) A corporation for which a specified multinational enterprise and its parent corporation jointly hold the majority of the voting rights of all shareholders (excluding (ii) and (iv) above and limited to a corporation for which the specified multinational enterprise holds part of the voting rights of all shareholders)

2. Investment objects

The following corporations, but limited to domestic corporations

- (ii) A specified multinational enterprise
- (iv) A specified multinational enterprise's subsidiary corporation
- (vi) A corporation for which such subsidiary corporation holds the majority of the voting rights of all shareholders (sub-subsidiary corporation)
- (viii) A corporation for which such sub-subsidiary corporation holds the majority of the voting rights of all shareholders (sub-sub-subsidiary corporation)
- (iii), (v), (vii) Corporations for which a specified multinational enterprise, and its parent corporation, subsidiary corporation, sub-subsidiary corporation, and sub-sub-subsidiary corporation jointly hold the majority of the voting rights of all shareholders (excluding (ii), (iv), (vi), and (viii) above and limited to corporations for which (ii) holds part of the voting rights of all shareholders)
- (ix) A newly established domestic affiliated company
- (x) A company for which a newly established domestic affiliated company holds the majority of the voting rights of all shareholders

Scope of investors and investment objects



Requirement (13)

The number of employees regularly engaged in said business is not less than ten and is not less than 18 in the final business year of the business term (or not less than 14 in the case of business whose term is three years or longer but shorter than four years, or not less than 16 in the case of business whose term is four years or longer but shorter than five years).

Explanation

A newly established domestic affiliated company needs to have ten or more employees regularly engaged in the certified research and development business from the first year of the term for the certified business plan. When the business term is five years, the number of such employees that the company is required to employ is not less than 18 in the final business year (or not less than 14 in the case of business whose term is three years or longer but shorter than four years, or not less than 16 in the case of business whose term is four years or longer but shorter than five years). Company officers are not counted as employees.

Requirement (17)

The estimated total of annual remuneration for employees regularly engaged in said business is not less than 70 million yen and is not less than 130 million yen in the final business year of the business term (or not less than 100 million yen in the case of business whose term is three years or longer but shorter than four years, or not less than 110 million yen in the case of business whose term is four years or longer but shorter than five years).

Explanation

The total of annual remuneration for employees regularly engaged in said business at a newly established domestic affiliated company needs to be not less than 70 million yen. In the case of business whose term is five years, the total needs to be not less 130 million yen in the final business year (or not less than 100 million yen in the case of business whose term is three years or longer but shorter than four years, or not less than 110 million yen in the case of business whose term is four years or longer but shorter than five years). Remuneration for company officers is not included in the total of annual remuneration for employees.

VI. Requirements Common to Both Business Plans

Other requirements to qualify

The following is an explanation of requirements to qualify common to both business plans as defined in the Act.

Certification standards

A business plan to be prepared needs to satisfy all of the following requirements to be certified.

Item		Requirements
Concerning employees	Others	(14) When the company employs foreigners, it has a sufficient residence management system for them. (15) When the company employs foreigners, they will all create high added value.
Others		(18) All employees are residents of Japan (excluding (16) above). (19) The term for the plan is three to five years.

Requirements are explained one by one.

Requirement (14)

When the company employs foreigners, it has a sufficient residence management system for them.

Explanation

When the company employs foreigners, it needs to comply with the following and prepare a residence management system for them.

- (i) The applicant shall make a regular report once a year to the competent minister, with regard to the working status of the foreign employees, etc. (how contracts have been performed, including their workplaces and attendance, and business conditions of the domestic affiliated company (including a list of foreign employees, etc.)).
- (ii) When any changes have been made to the details of the contracts with foreign employees, etc. or any of the contracts have been terminated (including dismissal), the applicant shall report such facts to the competent minister promptly.
- (iii) When it is found that any of the foreign employees, etc. has violated the Immigration Control and Refugee Recognition Act or other criminal laws and regulations, the applicant shall report such facts to the competent minister promptly.
- (iv) When a contract with a foreign employee, etc. has been terminated (including dismissal), the applicant shall have said foreign employee, etc. depart from Japan promptly

- (excluding the case where said foreign employee, etc. has filed an application for a change of his/her status of residence on such grounds as job change).
- (v) The applicant shall guide and supervise foreign employees, etc. so that they observe Japanese laws and regulations.

Requirement (15)

When the company employs foreigners, they will all create high added value.

Explanation

When the company employs foreigners, those to be employed need to have any of the following statuses of residence (including the case where a relevant person has received permission for a change of his/her status of residence to that of a “permanent resident”).

Under the Act for Promotion of Japan as an Asian Business Center, foreigners with the status of residence categorized as “researchers” need to be (i) PhDs, (ii) university graduates (excluding junior college graduates) with research experience not shorter than five years after graduation, or (iii) those with research experience not shorter than ten years.

Those with the status of residence categorized as “specialists in humanities/international services” need to be (i) PhDs, (ii) university graduates (excluding junior college graduates) with business experience not shorter than five years after graduation, or (iii) those with business experience not shorter than ten years.

When a foreigner to be employed at a certified domestic affiliated company has received issuance of the certificate of status of residence or permission for a change of his/her status of residence, the company needs to submit documents proving that the relevant foreigner has an academic background or career required under this Act to the Minister of Economy, Trade and Industry. (Please note that when a domestic affiliated company has employed any foreigner who does not satisfy the requirements for highly-advanced personnel or has failed to submit said documents, the certification shall be rescinded.)

Status of residence	Authorized activities
Investor/Business Manager	<p>(i) Activities to commence the operation of business by making investment in Japan and to operate or manage said business.</p> <p>(ii) Activities to invest in business in Japan and to operate or manage said business.</p> <p>(iii) Activities to operate and manage business on behalf of foreign nationals (including foreign corporations) who have commenced the operation of said business by making investment in Japan.</p> <p>(iv) Activities to operate and manage business on behalf of foreign nationals (including foreign corporations) who have invested in existing business.</p>
Legal/Accounting Services	Activities to engage in a legal or accounting business which may lawfully only be carried out by registered foreign lawyers (gaikokuhojimbengoshi), certified public accountants (gaikokukoninkaikeishi) or those with other legal qualifications.
Researcher	Activities to engage in research based on a contract with a public or private organization in Japan.
Specialist in Humanities/International Services	Activities to engage in services which require knowledge pertinent to jurisprudence, economics, sociology or other human science fields or to engage in services which require specific ways of thinking or sensitivity acquired through experience with foreign culture, based on a contract with a public or private organization in Japan.
Intra-company Transferee	Activities on the part of a personnel who is transferred to a business office in Japan for a limited period of time from a business office established in a foreign country by a public or private organization which has a head office, branch office or other business office in Japan, and who engages in the activities of the “engineers” and “specialists in humanities/international services” at this business office.

Requirement (18)

All employees are residents of Japan (excluding (16) above).

Explanation

Except for a case where a certified research and development business operator employs one or more employees from a specified multinational enterprise or other group companies for half a year or longer, all employees of the certified business operator need to have an address or residence in Japan.

Requirement (19)

The term for the plan is three to five years.

Explanation

The term for a business plan is to be three to five years.

Part 4 Application Procedures

I. Procedures for Receiving the Certification

Submission of application documents and issuance of certification notice

In order to use any of the support measures under the Act for Promotion of Japan as an Asian Business Center, a business operator needs to receive the certification under the same Act before establishing a domestic affiliated company. The following is an explanation of the procedures from the submission of application documents to the issuance of a certification notice.

1. Consultation before filing an application

Those intending to file an application may prepare materials showing the outline of their drafted business plans and consult with the staff of the Investment Facilitation Division, METI, about whether their plans meet the objectives and requirements under the Act for Promotion of Japan as an Asian Business Center. Please seek consultations prior to filing an application.

2. Preparation of application documents

Please prepare an application form (Form 1) and documents to be attached. Prepared documents are to be addressed to the Minister of Economy, Trade and Industry and the following competent minister.

When engaging in research and development business:

Ministers who have jurisdiction over the business in which the outcome of the research and development business is directly utilized.

When engaging in supervisory business:

Ministers who have jurisdiction over the business pertaining to the supervisory business.

Major business under the jurisdiction of each minister

Major business under the jurisdiction of each minister is as follows. In some cases, multiple ministries and agencies jointly exercise jurisdiction over certain business. If you are not sure, please inquire at the Investment Facilitation Division, METI.

Ministries and agencies	Major business under jurisdiction
Ministry of Economy, Trade and Industry	Manufacturing, distribution and retailing, mining industry, etc.
Financial Services Agency	Financial institutions, etc.
National Police Agency	Security services, etc.
Ministry of Internal Affairs and Communications	Communications and broadcasting services, etc.
Ministry of Finance	Alcoholic drinks, tobacco, and salt industry, etc.
Ministry of Health, Labour and Welfare	Manufacture of medicinal chemicals, etc.
Ministry of Agriculture, Forestry and Fisheries	Food industry, etc.
Ministry of Land, Infrastructure, Transport and Tourism	Construction, real estate, and transportation industry, etc.
Ministry of the Environment	Waste processing industry, etc.

3. Submission of application form

Applicants shall submit the original and a copy (needs to have a seal affixed) of the prepared application form to the Minister of Economy, Trade and Industry (Investment Facilitation Division, METI). The Investment Facilitation Division, METI, preserves submitted copies jointly with the relevant competent ministries and agencies.

Application forms should be addressed to:

Investment Facilitation Division, Trade and Economic Cooperation Bureau, METI

Address: 1-3-1, Kasumigaseki, Chiyoda-ku, Tokyo

Tel: 03-3501-1662

Fax: 03-3501-2082

4. Issuance of certification notice

When a submitted application form satisfies the requirements to qualify under the Act for Promotion of Japan as an Asian Business Center, the Minister of Economy, Trade and Industry and the competent minister(s) shall issue a certification notice to the applicant (within two months after receiving the application form). The fact that the certification has been granted is publicized on METI's website.

5. Implementation of certified business plan

An applicant who has received a certification notice shall register its domestic affiliated company and commence the business based on the certified business plan.

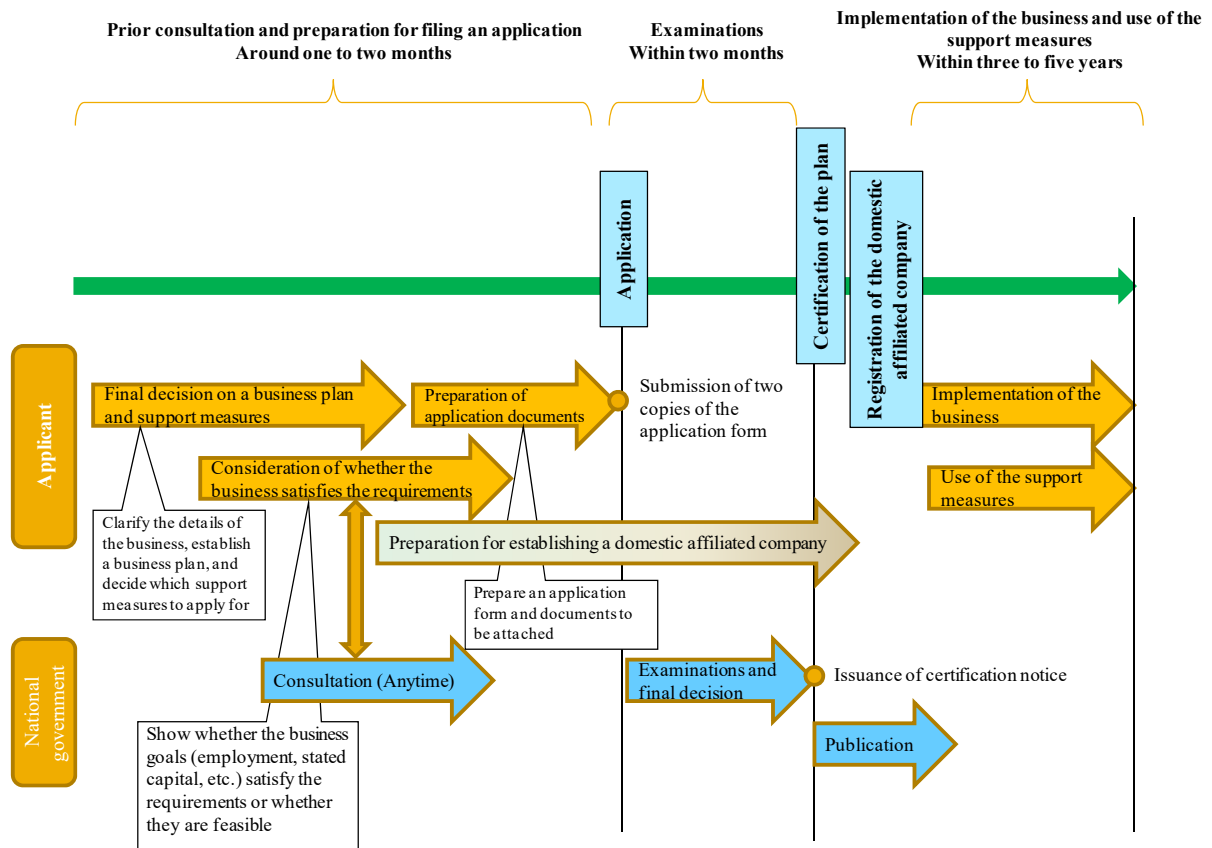
Changes to business plan

When a business operator intends to change its business plan while engaging in the business, he/she needs to file an application for the change and receive the certification thereof.

Certification standards for changes to business plans are the same as those for the certification of initial plans. The fact that the certification has been granted for changes to a business plan is also publicized in the same manner.

*In some cases, examinations are separately conducted by the relevant competent ministries and agencies for the approval of the commencement of new business in Japan.

＜Schedule for filing an application＞



If there is anything unclear concerning the schedule for filing an application, please make inquiries at the Trade and Economic Cooperation Bureau, METI.

Inquiries:

Investment Facilitation Division, Trade and Economic Cooperation Bureau, METI

Tel: 03-3501-1662

URL: <http://www.meti.go.jp/policy/investment/>

II. Documents Necessary for Filing an Application

Submission of an application form and documents to be attached

Documents necessary for filing an application for the certification under the Act for Promotion of Japan as an Asian Business Center are as follows.

1. Research and development business plans

- (i) The original and a copy (also needs to have a seal affixed) of an application form for certification of the research and development business plan.
- (ii) The applicant's articles of incorporation or any alternative document.
- (iii) Business reports, balance sheets, and profit and loss statements for the latest two business terms of the applicant and its major subsidiary corporations or other similar entities (two or more corporations and all of the domestic affiliated corporations) (in the case where these documents are not available, a document stating the outline of the business contents for the latest one year).
- (iv) A document stating the status or forecast of subscription for shares or capital contributions of the applicant and its major subsidiary corporations or other similar entities.
- (v) Materials proving that the applicant has had a considerable record in the implementation of business of conducting research and development of advanced industrial technology suitable for the advancement of technological innovation in a country, etc. other than Japan (including records of the applicant's subsidiary corporations and other similar entities).
- (vi) A document proving that none of the domestic affiliated corporations has engaged in said research and development business in Japan.
- (vii) Submission of materials other than those listed above may be requested as necessary.

2. Supervisory business plans

- (i) The original and a copy (also needs to have a seal affixed) of an application form for certification of the supervisory business plan.
- (ii) The applicant's articles of incorporation or any alternative document.
- (iii) Business reports, balance sheets, and profit and loss statements for the latest two business terms of the applicant and its major subsidiary corporations or other similar entities (two or more corporations and all of the domestic affiliated corporations) (in the case where these documents are not available, a document stating the outline of the business contents for the latest one year).
- (iv) A document stating the status or forecast of subscription for shares or capital contributions of the applicant and its major subsidiary corporations or other similar

entities.

- (v) A document proving that the applicant has a considerable record with regard to the business of establishing policies of the business engaged in by two or more corporations (limited to the cases where these corporations' head offices or principal offices are located in two or more countries, etc.), while supervising the business of ensuring financing to said two or more corporations and the implementation of said policies and other business engaged in by said two or more corporations, by way of obtaining or retaining the majority of the voting rights of all shareholders or others of said two or more corporations, respectively (including records of the applicant's subsidiary corporations and other similar entities).
- (vi) A document proving that none of the domestic affiliated corporations has engaged in said research and development business in Japan.
- (vii) Submission of materials other than those listed above may be requested as necessary.

* These documents may be prepared either in Japanese or in English (when they are not in Japanese or English, please attach Japanese or English translations thereof).

IV. Inquiries

If you have any trouble in filing an application for the certification under the Act for Promotion of Japan as an Asian Business Center, please consult with the Investment Facilitation Division, METI.

Inquiries:

Investment Facilitation Division, Trade and Economic Cooperation Bureau, METI

Address: 1-3-1, Kasumigaseki, Chiyoda-ku, Tokyo

Tel: 03-3501-1662

URL: <http://www.meti.go.jp/policy/investment/>