

Business Creation and IT Field

(Objectives and Perspectives of Regulatory Reform)

1. Creating and expanding enterprises and new businesses

- Promoting the fundraising mechanism secured with movables and credit obligations
- Fostering venture businesses
- Easing regulations associated with high-pressure gas

2. Use of IT for streamlining business management

- Electronically storing tax-related records
- Introducing electronic and online procedures

3. Regenerating industries

- Reviewing the Guidelines concerning Distribution Systems and Business Practices, etc.
- Reviewing general merger restrictions

4. Expanding options for general public

- Reviewing the Amusement Business Control Act concerning dance-related businesses
- Providing an environment with better access to groceries

5. Regulatory reform in the energy / ecology field

- Accelerating the processing of waste electrical appliances containing a minute amount of PCB
- Streamlining the operation of electric utilities

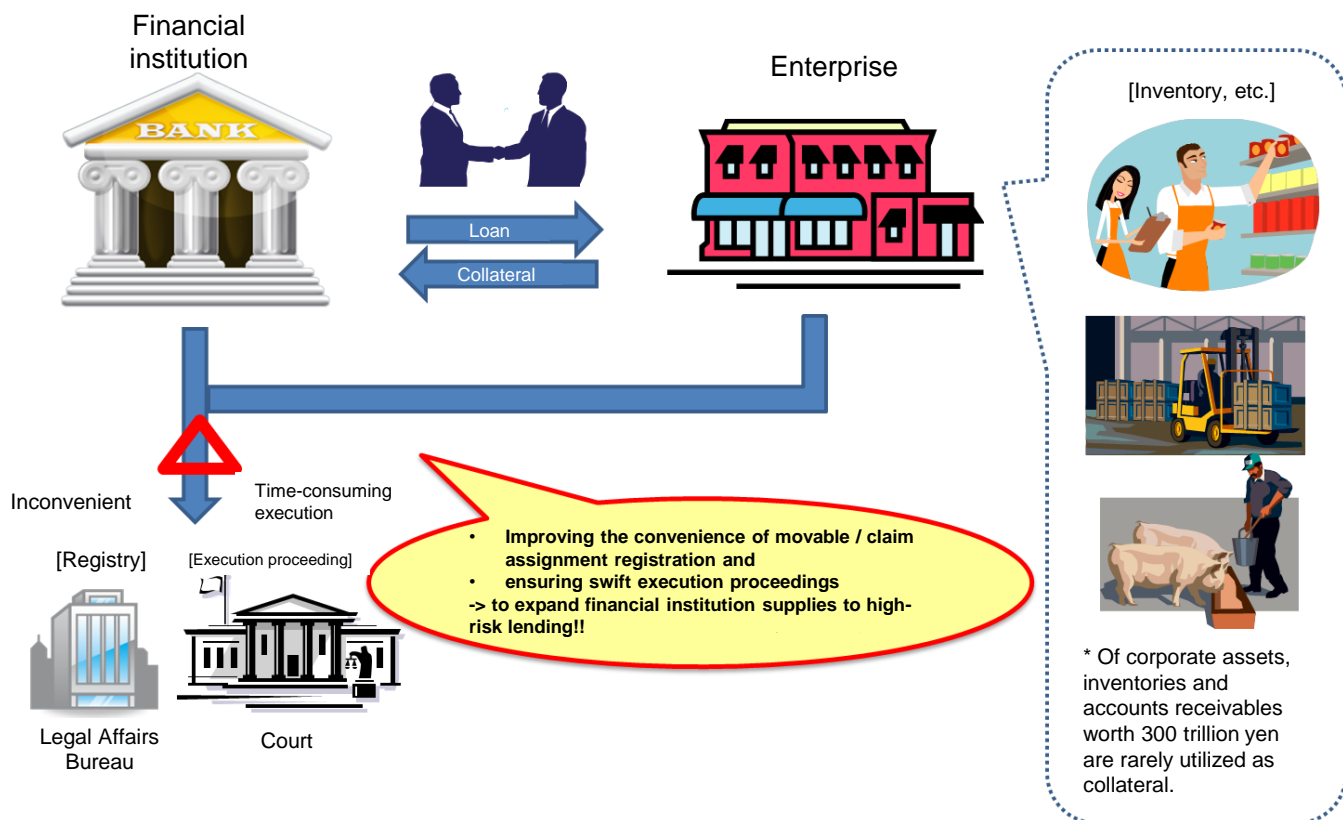
6. Regulatory reform in response to requests from other private enterprises

- Rationalizing the system for transaction queries with financial institutions
- Streamlining the operations of financial institutions
- Easing the regulations concerning construction
- Relaxing requirements for various "chief manager" positions
- Streamlining logistics

Improving the Credit Mechanism Secured with Movables and Credit Obligations

Current status

- Getting credit secured with movables and credit obligations (so-called Asset-Based Lending or ABL) is often arranged through the systems for registering the assignment of movables / claims. There has been a call to improve the usability of these systems due to the inability to change or correct information once registered.
- In the meantime, the use of ABL is being promoted as an alternative to personal guarantee in SME's getting credit and as a means of supplying funds to high-risk lending.



Regulatory reform content

- Considering improvements in the handling of changes to registered particulars, and method of filing registration applications
- Exploring ways of ensuring swift security enforcement

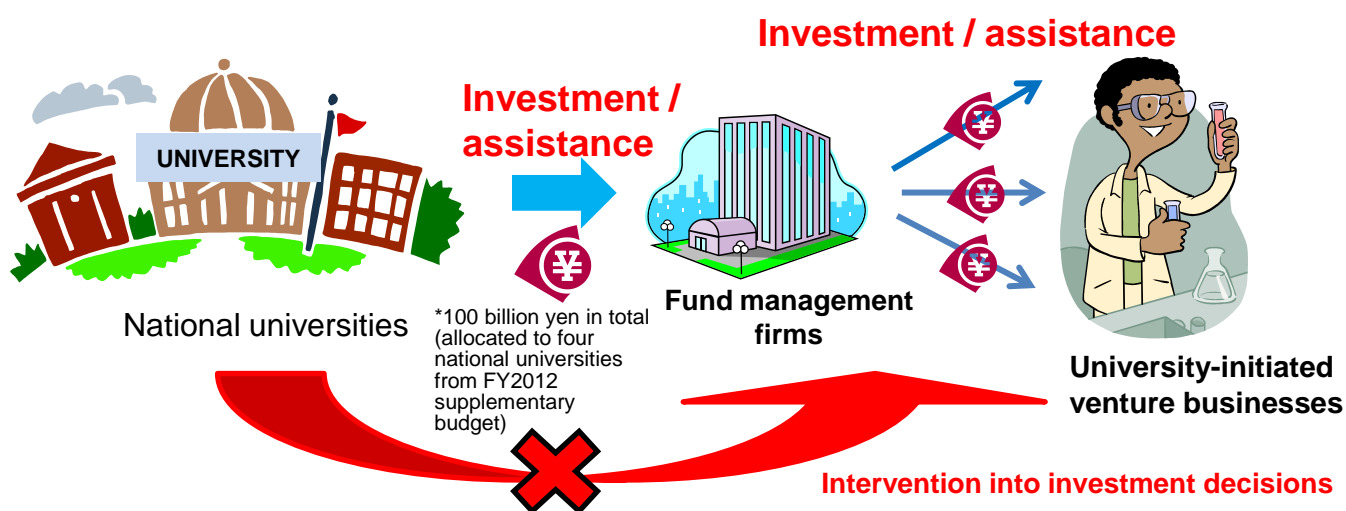
Anticipated effect

- Smooth getting credit for SMEs
- Expanded financial institution supplies to high-risk lending
- Establishment of a getting credit method alternative to personal guarantee

Developing the Environment for Fostering Venture Businesses at National Universities

Current status

- The Industrial Competitiveness Enhancement Act has allowed national universities to invest in university-initiated venture businesses through venture capitals. The system is expected to promote the business application of cutting-edge research results.
- At the same time, the current system design has some issues, including the autonomy of fund management firms and the selection of businesses with advanced expertise that determines the success or otherwise of investments.



Regulatory reform content

- Ensuring the full-time operation, neutrality, and autonomy of fund management firms as well as their advanced expertise in investment, as requirements in authorizing investment projects (Specified Utilizing Research Result Support program)
- Implementing necessary measures to enable ex-post facto verification and system review

Anticipated effect

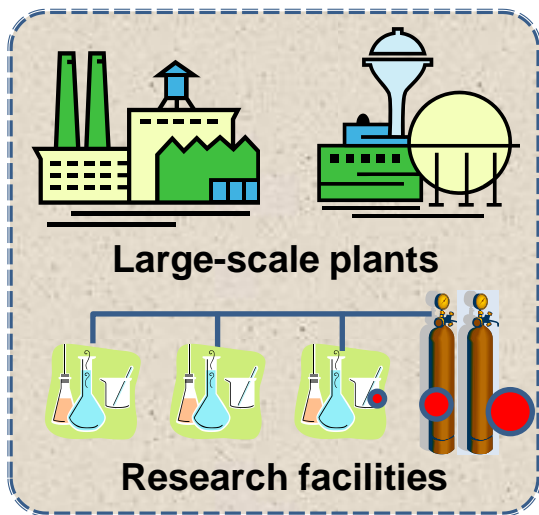
- The reform facilitates appropriate investment decisions on university-initiated ventures, independent from the intentions of national universities.
- The reform will promote the practical application of universities' cutting-edge technologies, thereby promoting the creation of new businesses.

Easing Regulations of High-pressure Gas at Research Facilities

Current status

- Any installation and change of high-pressure gas facilities in a business site classified as Class 1 Producer* under the High Pressure Gas Safety Act require permission from a local prefectural governor, even if the facilities are for research using a minimal amount of high-pressure gas.
- In some countries, research facilities are exempt from regulations concerning high-pressure gas. Some say that Japan's regulatory system is a factor in compromising the nation's international competitiveness in terms of R&D speed.

Business sites



*High pressure gas: Compressed gas with the pressure of 1MPa or above

*A business site that uses **100m³ or more of high-pressure gas a day in total** is classified as **Class 1 Producer**, which is required to obtain a **permit** for installing or changing gas facilities.

Research facilities must go through the permit procedure despite their minimal gas use. It is time consuming, hampering research progress.



Regulatory reform content

- Exploring and determining a specific way of streamlining the regulation, e.g. expanding the scope of business sites that only require simplified procedures for installing / changing gas facilities, targeting research facilities that use less than 100m³ of high-pressure gas a day and pose minimal accident risk

Anticipated effect

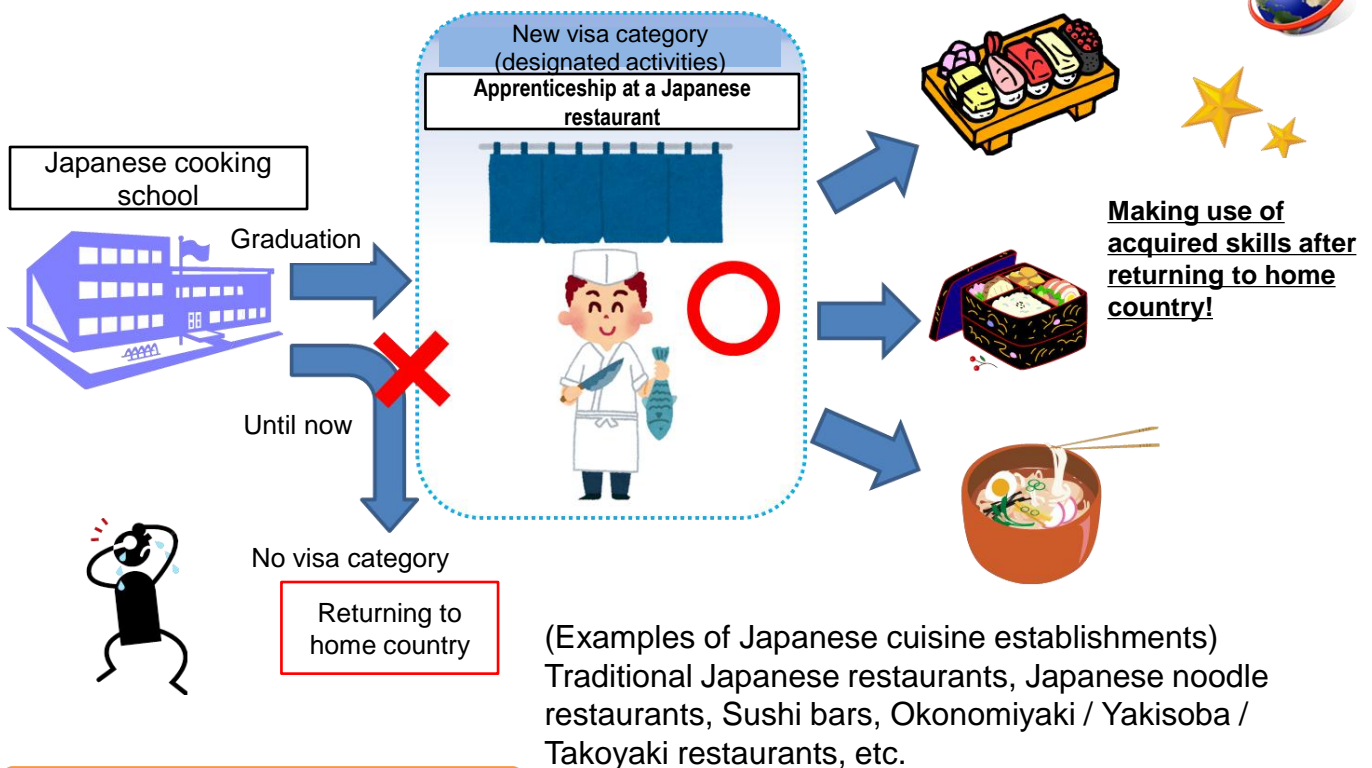
- The reform will reduce lost time associated with permit procedures, accelerating R&D pace and maintaining / improving Japan's international competitiveness.

Easing Visa Requirements for Foreign Nationals to do Paid Apprenticeships of Japanese Cuisine

Current status

- There is no visa category for foreign nationals wishing to engage in commercial cooking in Japanese cuisine. It is not possible for them to do paid apprenticeships at Japanese cuisine establishments.
- Overseas, there is a growing attention to Japanese cuisine amidst a boom of Japanese foods, and the UNESCO recognition of traditional Japanese cuisine as "intangible cultural heritage".

Promoting international proliferation of Japanese cuisine



Regulatory reform content

- Allowing international students (culinary) to do paid apprenticeships at Japanese restaurants

Anticipated effect

- The reform will cater to the needs of international students who wish to improve their cooking skills in Japanese cuisine.
- Having foreign Japanese cuisine chefs trained in Japan working internationally will help promote Japanese foods throughout the world.