

tests to determine if competition has been reduced; each case is analyzed independently.

Inter-corporate shareholdings are limited by Section 9.2, as amended in 1977. Large non-financial companies -- with capital in excess of ten billion yen or net assets in excess of thirty billion yen -- are prohibited from acquiring or holding stock of other companies in excess of their capital or their net assets, whichever is larger. Section 11 limits inter-corporate shareholdings of a given financial company to 5% of the outstanding shares of the target company. An insurance company is allowed to hold 10% of other companies. There is no limit to the equity of a non-financial company that several financial companies might hold collectively.

- Directorate Offenses²⁰

In order to prevent an anticompetitive concentration of economic power through the interchange of directors, the AML prohibits officers or employees from one company from holding an officer position in another company at the same time. However, the FTC has determined that a reduction in competition can occur only if the two companies are involved in the same type of business.

In order to determine whether directorate offenses have taken place, and there is a reduction in competition, the FTC looks at the market share held by the company involved in the alleged violation.

- Unfair Business Practices²¹

Although companies are free to contractually engage with other companies in any way they see fit, the arrangements must be consistent with the AML provisions related to unfair business practices. To be covered by the provisions, the actions must be consistent with the AML's legal definition of unfair business practices, be an impediment to "fair competition" and be designated by the FTC as unfair.²²

²⁰ This section is drawn from E. Razin, *op. cit.*, pp. 385-6.

²¹ This section is drawn from E. Razin, *op. cit.*, pp. 386-97.

²² Section 19 of the AML prohibits unfair business practices. Article 2(9) broadly defines acts that may constitute unfair business practices, and determines the coverage of Section 19.