

dents of French nationality (so-called *devises-titres*) may be sold at a free market rate to other residents of French nationality, who in turn may use the exchange only to purchase securities quoted in foreign markets.¹

The following operations and transactions related to nonresident investments may be made freely, provided that the investment is financed in accordance with the prescription of currency regulations applicable to the country of residence of the foreign investor: (1) spot and forward purchases on stock exchanges in France of specified French securities² officially quoted on those stock exchanges; (2) subscriptions to an increase in the capital of a French company, provided that its shares are officially quoted on a stock exchange in France; (3) subscriptions, at the time of issuance, to short-term or long-term securities and bonds issued by a French public service organization or by a private enterprise having its head office in France, provided that the securities issued by a private enterprise are officially quoted on a stock exchange in France; (4) acquisition on a spot basis through the intermediary of a notary public of immovable property or rights to such property located in France; and (5) loans to residents in accordance with certain prescribed conditions (the exchange of letters between a lender and a borrower must explicitly stipulate that repayment will be made directly by the borrower to the authorized bank whose services were used in financing the operation, in order that the transfer of funds may be made in accordance with the regulations). The liquidation of these investments and the transfer of proceeds accruing from their liquidation may be made freely.

The import of French and foreign securities on behalf of residents or nonresidents is free, provided that it is carried out through the intermediary of an authorized bank. The export of French securities held in France is permitted if they are at the free disposal of a resident of the area of convertibility. The export of foreign securities on behalf of residents of foreign nationality is permitted only when such securities were held by them prior to September 10, 1939, or were acquired with a permit after that date. Immovable property and French securities in France belonging to nonresidents may be transferred between residents of all countries in the area of convertibility or between residents of the same bilateral country. Foreign securities held in France by nonresidents may be transferred between nonresidents irrespective of their country of residence.

Japan

Foreign investments in Japan are generally subject to approval, mainly in accordance with the Foreign Investment Law (Law No. 163 of May 10, 1950). All acquisitions of stocks, debentures, beneficiary certificates, and claims in the form of loans by foreign investors are subject to individual license if a guarantee for remittance of income or principal is desired. However, acquisitions of stocks in the securities market are generally approved up to 15 percent of the stock of any corporation not classified as a restricted industry and up to 10 percent of the stock of any corporation classified as a restricted industry.³ All these acquisitions must be made against the yen proceeds from the sale of foreign exchange or its equivalent. Stocks in the form of stock dividends on earned surplus or revaluation of assets may be acquired freely, but application for remittance rights must be made within three months from the date of acquisition. The following are deemed to be the same as the yen proceeds from the sale of foreign exchange, if they are reinvested in Japan: proceeds from the redemption after maturity of debentures, beneficiary certificates, or claims in the form of loans; dividends on stocks; interest on debentures or on claims in the form of loans; distributed profits of beneficiary certificates; receipts from technological assistance contracts; and proceeds from sales of stocks, debentures, and beneficiary certificates.

In the event of expropriation or compulsory sale of a foreign investment, the amount paid on account of expropriation may be repatriated freely.

For the purpose of facilitating new foreign investment, the following two formulas have been established: (1) Since July 21, 1959, applicants have been able to obtain "conditional approval" under the Foreign Investment Law for a foreign investment in Japan. For investments so approved, the remittance of principal and earnings is guaranteed, subject to the condition that the Government can temporarily defer the remittance if Japan's balance-of-payments

¹ The system of *devises-titres* was abolished with effect from April 1, 1962.

² Securities expressed in foreign currencies and issued by French companies or organizations are considered as foreign securities.

³ Restricted industries include waterworks, railways and other transportation, electric and gas utilities, and banks.