

this system should be preserved, but others assert that it should be amended or abolished, since it confers upon judges wide discretionary powers and may restrict the freedom of divorce.

Some other problems mentioned concerning the proceedings of judicial divorce are, for example, whether the jurisdiction which the district courts have in judicial divorce cases should be transferred to the family courts, and whether district court judges can manage the investigators assigned to the family court in divorce cases.

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3. Commercial Law

Amendments to the Securities Exchange Act and Foreign Securities Firms Act.

[Background of the Amendments]

Recently, among the many laws belonging to corporate law, the Securities Exchange Act has become very important. As is generally known, the securities market in Japan has witnessed unprecedented expansion in recent decades and has established itself as one of the leading markets in the world. Consequently, internationalization (globalization) and liberalization of securities regulation were demanded from all over the world. Also important to the background of the amendments, we must remember, were the continual scandals involving mainly the four major securities firms for loss compensation to certain investors.

[Contents of the Amendments and Comment]

(1) Act Amending the Securities Exchange Act and Foreign Securities Firms Act (Ch. 96, 1991).

Enacted on October 3, 1991. Promulgated on October 5, 1991. Effective as of January 1, 1992.

This Act prohibits loss compensation, certain types of discretionary accounts, and so on.

(2) Act Amending the Securities Exchange Act and other Acts to Ensure Fairness in Securities and other Transactions (Ch. 73, 1992). Enacted on May 29, 1992. Promulgated on June 5, 1992. Effective as of July 20, 1992.

This Act establishes the Securities Exchange Monitoring Committee.

(3) Act concerning Adjustment of Concerned Laws to Reform the Financial Institution and Securities Exchanges Systems (Ch. 87, 1992).

Enacted on June 19, 1992. Promulgated on June 26, 1992. To be effective in the near future.

This Act is to enlarge the definition of securities, to reform the concept of public and private offerings, and to recognize mutual entry into different business sectors by certain types of financial institutions.

As can be seen from the above, very substantial amendments were made to the Securities Exchange Law during 1991 and 1992. These amendments were intended to deal with a variety of issues including the responsibility of accountants for false or misleading disclosures, loss compensation in connection with securities transactions, private offerings of foreign and domestic securities to qualified institutional investors, and expansion of the scope of instruments treated as securities under Japanese securities laws.

More significant are wide-ranging financial reforms concerning the authorization of mutual entry by banks and securities firms into each others' business sectors through subsidiaries. Traditionally, Article 65 of the Securities Exchange Law banned banks and other financial institutions from participating in the domestic securities business (similar to the United States Glass-Steagall Act of 1933, although different in substance). However, the reform does not completely remove the Article 65 barrier, and new obstacles will be raised to keep banking and securities activities more or less separate. Furthermore, the impact of the reforms will take place over several years, with staggered entries for different types of financial market par-

ticipants and with queues to be established by the Ministry of Finance to prevent market “confusion.” Thus, the reforms will not trigger a “Big Bang” in liberalizing Japan’s financial system.

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4 Labor Law

Temporary Act for Promotion of a Reduction in Working Hours.

Promulgated on July 2, 1992. Ch. 90. Effective as of September 1, 1992.

[Outline of the Act]

The purpose of this Act is the smooth promotion of a reduction in working hours by means of measures which promote voluntary action by owners of enterprises for reducing working hours and also by establishing a government program known as the “Working Hours Reduction Promotion Program” (Article 1).

The Act is, as its name implies, temporary and, accordingly, will be in force only for five years from the day of enforcement.

The principal content of the Act is implementation of the three measures described below by the three main actors, that is, the Government, individual owners of enterprises, and multiple owners with in the same industry, respectively.

First is the Working Hours Reduction Program planned by the Government. The Minister of Labor shall draw up a draft of the Program, which should cover such matters as the working hours reduction target, guidance and aid to the parties concerned, and so on (Article 4). The Minister shall seek Cabinet approval of the draft. When approval is given, the Minister shall publish it without delay. The Minister may make requests necessary for carrying out the Pro-