the certified public accountants. These reports were required to all companies from the first year of the listing. The amendments allow the newly listed companies to elect to be exempt from the audit requirements during the first three years after its listing.

However, these exemptions are applicable only to the companies whose share capital is less then JPY 10 billion and whose debt is less than JPY 100 billion because large listed companies have potentially significant effects on markets, society and economy, and the necessity to verify whether the internal control over these companies is properly functioning is high.

3. Amendments on the Liability Provision Regarding the Material Misstatements or Omission to the Secondary Markets.

There are two amendments on Article 21-2 of the FIEA, which deals with the liability arising out of the material misstatements or omission to the secondary markets.

The first amendment is that the strict liability provision regarding the issuer was changed to the negligence-based rule. Before the amendment, Article 21-2 provided strict liability on the issuer. The amendment changed the provision to the liability based on the negligence, but imposed the burden of proof on the issuer, meaning that the issuer needs to prove its lack of intent or negligence in order to avoid liability.

The second amendment is to grant the investor who sold the securities at the secondary markets standing to sue under Article 21-2 of the FIEA. Before the amendment, only the investor who acquired the securities at the secondary market could have the standing.

6. Social Security Law

An Act on the Promotion of Comprehensive Development of Medical and Nursing Care Services in the Community
Law No. 83, June 25, 2014
(Effective partly on the same day, October 1, 2014 and April 1, 2015)

Background:

In recent years, the social security system in Japan has been affected by the rapid aging of the population in many kinds of fields. Furthermore, by the trend of the declining birthrate, there is also a concern about the lack of working population who may support the elderly generation in the future and thus of financial resources available to use for the elderly, so that the issue on the sustainability of the social security system would be in question. In the face of that situation, it is not only necessary to distribute limited resources appropriately and efficiently, but also important to develop the system to provide a service available for everyone in equality, especially in the field of medical and nursing care.

Under these circumstances, the ruling and opposition parties reached an agreement concerning "the Integrated Reform of the Social Security and Tax Systems" in 2013, aiming both at securing the resources for the social security system and at constructing a sustainable social security system. On August in 2014, the report written by the National Conference for Reform of the Social Security System was published and suggested "the reform to develop public medical and nursing care systems" toward "the new medical system which is connected without an interval to nursing care and other support systems, in order for every recipients to be more independent at their community." Then, based on the Report, "An Act on the Promotion of Reform for Development of a Sustainable Social Security System" was enacted on December in 2014 (referred to hereafter as the "Social Security Reform Act"), in which the government legislated the following measures: the construction of the system for offering efficient and high-quality medical services and establishing the "Community-based General Care System" (CGCS) regarded as a continuous and comprehensive network coordinating public medical services with nursing care services, prevention of risk of disease, nursing care, assistance for livelihood, and residence of their own among every community.

This Act put such a direction into a concrete shape, in accordance with both the Report and the Social Security Reform Act.

Main Provisions:

(1) The aim and whole picture of this Act.

The aim of this Act is "attempting the maintenance of health and the promotion of welfare for citizens, including the aged, and forming a regional community for citizens to be able to live a healthy and stable life worth living by taking measures to advance the securement of a comprehensive system for medical and nursing care services in each community…." [Art. 1] In light of such an aim, the Act sets the following new schemes to develop comprehensive medical and nursing care services in each community: that is (a) the basic policy to develop medical and nursing care services in each community (the Comprehensive Development Direction; CDD) [Art. 3 to 5], and (b) establishment of the new fund funded by the consumption tax. [Art. 6, 7].

In addition, based on this Act, the Medical Care Act (Act No. 205 of 1948), the Long-Term Care Insurance Act (Act No. 123 of 1997) and other related acts would be renewed in order to establish the new schemes shown above.The Medical Care Act (MCA) introduces (c) the "Medical Facility Report Scheme" reported by each hospitals [Art. 30-13 para.1] and (d) the "Community Medical Initiative" formulated in each prefecture [Art. 30-4 para.2 (7)]. The Long-Term Care Insurance Act (LTCIA) introduced the measures (e) to expand the existing "Community-Based Support Projects" (CBSPs), (f) transferring Visiting Care and Day Care services (Prevention Benefits) to the CBSPs [Art. 115-45], (g) limiting the elderly who are allowed to use the Intensive Care Home to only someone over level 3 for the need for long-term care (the Act sets the need levels ranged from 1 to 5) [Art. 8 para.21], (h) expanding special treatment concerning the reduction of the insurance premium for the poor in order to equalize payment for the nursing care [Art. 124-2] and raising payment of recipients who earn above certain earnings [Art. 49-2].

(2) The reform of the delivery system for medical and nursing care

The Act imposes upon the Minister of Health, Labor and Welfare the duty to formulate the CDD [Art. 3 of this Act] in which the basic directions for the comprehensive development of a medical and nursing care service will be set, as well as several matters to be considered for

ensuring consistency between the "Medical Care Plan" [Art. 30-4, para.1 of the MCA] and the "Insured Long-Term Care Service Plan" [Ch.7 of the of the LTCIA].

In addition, based on the CDD formulated by the state government, the governments of prefectures and municipalities have to formulate the "Prefectural Plan" and "Municipal Plan" in which they must set the goal concerning the comprehensive development of medical and nursing care services and measures necessary to achieve the goal. When formulating these plans, both governments have to reflect opinions from members of the local community, such as medical insurers, service users and providers and related groups, so as to be in conformity with the actual circumstances of the local community to the greatest extent possible [Art.4 and 5 of this Act].

(3) The establishment of the fund for cooperation between medical and nursing care.

This Act establishes the fund on a prefectural basis, which would be funded by the national Treasury, including consumption tax, in order to realize the "Prefectural Plan," and thus to develop the system cooperating medical services with nursing care. The fund will be utilized by: 1) the project necessary for the re-arrangement of the medical facility functions, 2) the project necessary to improve medical and nursing care services at home, and 3) the project for securing and training medical practitioners.

(4) Community-based General Care System (CGCS)

CGCS in this Act is defined as "the system securing not only medical services but also nursing care, preventive care services, …residence of their own and support for more independent lives, comprehensively, in order for elderly persons, as much as possible, to live as independent citizens in a local community where they have lived, utilizing their abilities." The Act adds the following measures to the CBSPs [Art. 115-45 of the LTCIA] in order to establish the system suitable for the actual circumstances of a local community: 1) the measure for promoting cooperation between the Home Medical Service and Home Nursing Care Service, 2) the measure concerning demented patients, 3) the arrangement of a Conference for Community Care, which is for assisting

in the care management for the elderly in need of nursing care by means of cooperation between experts in each field, and 4) the arrangement of the system for providing life support services.

In addition, Prevention Benefits for Visiting Care and Day Care Services, which are so far available uniformly throughout the country for a person requiring relatively light support, were transferred into CBSPs. CBSPs will be carried through the cooperation between diversified bodies, such as medical care providers, nursing care providers, local medical associations composed of medical practitioners, private companies, nonprofit organizations (NPOs) and volunteer associations.

Editorial Note:

The advancement of ageing has not only increased the number of the elderly persons quantitatively, but also varied their needs in terms of quality. As a result, the current debates on social security system have struggled to resolve the difficult task that it has to prepare a suitable environment for treating manifold needs under the constraints of financial resources. This Act is just an act designing several "schemes" or "plans," which bring into effect "ideas" for the reform of medical and nursing care that had been gradually solidified after the Report was published. Therefore, how such "schemes" or "plans" would function effectively, in order to promote those "ideas," is the most important.

As the formulation of "CDD", this Act prepare not only a scheme holding consistency *horizontally* between the "Medical Care Plan" and the "Insured Long-Term Care Service Plan," both of which have been formulated independently before this enactment, but also another scheme holding consistency *vertically* between the policy direction at the national level, the "Prefectural Plan" of the prefectural level and the "Municipal Plan" of the municipal level. Especially, it is noteworthy that the "Fund" funded by the national Treasury is established in order to implement surely the "Municipal Plan." While the method for achievement of each plan under both the MCA and the LTCIA had only relied upon the system of Medical Fees or Nursing Care Fees, the new fund would be separated from resources funded by social insurance contributions. So it could be expected the prefectural government would become available to use it for a strong policy inducement to carry out their "Plan" freely more than by Fee

systems. However, in light of consistency shown above, it will be important to establish the open method of coordination among related actors: for example, to make an opportunity arranging the interests of each provider or other related actors

With regard to medical care services, this Act orders prefectural governments to take several measures: establishment and management of the new fund, operation of the "Medical Facility Report Scheme," formulation of the "Community Medical Initiative" through consultation with related actors such as medical institutions, and so on. Indeed, we can understand that these measures confer a special responsibility upon prefectural governments. And this trend toward centralization in the prefecture parallels the policy direction under the Health Insurance System, in which insurer functions will be transferred to the prefectural level (Law No. 31, May 29. Effective on April 1, 2018).

On the Contrary, in the area of the nursing care services, the role carried by municipal governments has been growing more than before through transferring a part of the prevention benefit to CBSPs by this revision. Indeed, such a revision is important because each municipal government can make its own schemes reflecting their specialties, but there is a risk that the difference of the services will grow in each municipality. Even if the development of the system to provide medical services will improve as expected but there will remain a fatal difference between the nursing care services in each municipality, the goal of this Act, which intends comprehensive or universal development of a system providing medical and nursing care services, might end in failure. In order to avoid such a problem, the share of roles of municipalities and prefectures, the collaboration in medical and nursing care services, and then, the cooperation between related actors will be required. Therefore, it is desirable that, using the scheme sufficiently implemented by this Act, related actors take a positive attitude to cooperate and collaborate with other actors toward achieving the goal of securing medical and nursing care services appropriately.