

THE JAPAN-US ENTREPRENEURIAL FORUM  
PANEL DISCUSSION PAPER

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**Legal/regulatory and physical infrastructure**

1) The improvement of the legal/regulatory and physical infrastructure for start-ups and ventures has been rapidly advanced in 1990's.

(1) the revision of "the Small and Medium Sized Enterprise Basic Law", 1999  
support for SMEs with challenge spirit

(2) laws for the support for ventures

- Law for facilitating the Creation of New Business, 1989
- Temporary Law concerning Measures for the Promotion of the Creative Business Activities of Small and Medium Enterprises, 1995
- Law on Supporting Business Innovation of Small and Medium Enterprises, 1999

(3) supply of risk money by using public money

- indirect investment of public money through venture foundations
- direct investment of public money to venture funds

(4) the frequent revision of "the Commercial Law Act"

- it was revised in 1993, 94, 97, 99, 2000 and 2001

(5) the creation of new stock markets for emerging companies

- Mothers in Tokyo Stock Exchange, 1999
- Hercules (former Nasdaq Japan) in Osaka Stock Exchange, 2000

2) The issue left behind is the matter of taxation

- capital gain tax
- tax incentive for start-ups