

Electronically Recorded Monetary Claims Act

(Act No. 102 of June 27, 2007)

Chapter I General Provisions

(Purpose)

Article 1 This Act provides for the accrual and assignment, etc. of Electronically Recorded Monetary Claims, as well as the necessary matters regarding the business and supervision, etc. of Electronic Monetary Claim Recording Institutions that are engaged in the Electronic Recording of said Monetary Claims.

(Definitions)

Article 2 (1) The term "Electronically Recorded Monetary Claims" as used in this Act means monetary claims for which electronic recording under this Act (hereinafter referred to simply as "Electronic Recording") is required for accrual or assignment.

(2) The term "Electronic Monetary Claim Recording Institution" as used in this Act means a stock company designated by the competent minister in accordance with the provision of Article 51 (1)

(3) The term "Registry" in this Act means a book in which a Monetary Claims Record is recorded, and which is prepared by the Electronic Monetary Claim Recording Institution using a magnetic disk (which includes media specified by the ordinance of the competent ministry as being capable of unfailingly recording certain matters by means equivalent to those of magnetic disks).

(4) The term "Monetary Claims Record" in this Act means the electromagnetic record (a record which is produced by electronic, magnetic, or any other means unrecognizable by natural perceptive function, and is used for information processing by a computer; the same shall apply hereinafter) that is prepared for each Electronically Recorded Monetary Claim that accrues through the recording of its accrual, and for each Electronically Recorded Monetary Claim that is divided from Electronically Recorded Monetary Claims as prescribed in Article 43 (1).

(5) The term "Matters Recorded" in this Act means the matters that are required to be recorded in the Monetary Claims Record pursuant to the provisions of this Act.

(6) The term "Electronically Recorded Person" in this Act means the person recorded in the Monetary Claims Record as the obligee or pledgee of the Electronically Recorded Monetary Claims.

- (7) The term "Electronically Recorded Claim Holder" in this Act means any person in the Electronic Recording who directly benefits from the making of the Electronic Recording, and excludes any person who receives indirect benefits.
- (8) The term "Electronically Recorded Claim Obligor" in this Act means any person in the Electronic Recording who suffers direct disadvantages from the making of the Electronic Recording, and excludes any person who suffers indirect disadvantages.
- (9) The term "Electronically Recorded Guarantee" in this Act means a guarantee recorded in a record of guarantee, whose principal obligation is connected with an Electronically Recorded Monetary Claim.

Chapter II Accrual, Assignment, etc. of Electronically Recorded Monetary Claims

Section 1 General Rules

Subsection 1 Electronic Recording

(Method of Electronic Recording)

Article 3 An Electronic Recording shall be made by the Electronic Monetary Claim Recording Institution by recording of the Matters Recorded into the Registry.

(Electronic Recording by a Party's Request or Public Agency's Commission)

- Article 4 (1) An Electronic Recording may not be made, unless otherwise prescribed by laws and regulations, if there is no request from a party or if there is no commission from a government agency or a public office.
- (2) The provisions of this Act on the procedures for Electronic Recording by request shall, unless otherwise prescribed by laws and regulations, be applied mutatis mutandis to the procedure for Electronic Recording by commission from a government agency or a public office.

(Requesting Party)

- Article 5 (1) The request for an Electronic Recording to be made shall, unless otherwise prescribed by laws and regulations, be made by both the Electronically Recorded Claim Holder and the Electronically Recorded Claim Obligor. (In case of general succession such as inheritance regarding said holder, meaning his/her heir or other general successor; the same shall apply to paragraph (3).)
- (2) An Electronic Recording based on a final and binding judgment ordering the Electronically Recorded Claim Holder or Electronically Recorded Claim Obligor (in case of general succession such as inheritance regarding said holder, meaning his/her heir or other general successor; the same shall apply to this

paragraph) to file a request for the Electronic Recording to be made, may be requested by other Electronically Recorded Claim Holders or Electronically Recorded Claim Obligors that are required to file said request.

- (3) In the case where the Electronically Recorded Claim Holder and the Electronically Recorded Claim Obligor do not file a joint request for an Electronic Recording to be made, the request for the Electronic Recording to be made shall be put into effect when all such persons have filed requests for the Electronic Recording to be made.

(Method of Request)

Article 6 A request for an Electronic Recording to be made shall be filed by submitting to the Electronic Monetary Claim Recording Institution, the name and address and other information of the person filing the request, specified by the Cabinet Order as necessary for requesting an Electronic Recording to be made.

(Electronic Recording by an Electronic Monetary Claim Recording Institution)

Article 7 (1) The Electronic Monetary Claim Recording Institution shall, when a request for an Electronic Recording to be made is filed pursuant to the provision of this Act or an order based on this Act, make the Electronic Recording pertaining to said request without delay.

- (2) Pursuant to the provisions of the rules of operation prescribed in Article 51 (1) (i) (hereinafter referred to simply as "Rules of Operation" in this chapter), the Electronic Monetary Claim Recording Institution may decide not to make a record of a guarantee, a record of a pledge's creation, or a record of a division, or may impose restrictions on the number of times for making Electronic Recordings or records of assignment or other restrictions. In this case, if the Electronic Monetary Claim Recording Institution has not recorded the Matters listed in Article 16 (2) (xv) in the Monetary Claims Record, no person may claim the validity of the provisions of said Rules of Operation.

(Order of Electronic Recordings)

Article 8 (1) If two or more requests for Electronic Recordings to be made are filed for the same Electronically Recorded Monetary Claim, the Electronic Monetary Claim Recording Institution shall make the Electronic Recordings in the chronological order of said requests.

- (2) In the case where two or more requests are made simultaneously for the same Electronically Recorded Monetary Claim, if the contents of the Electronic Recordings pertaining to these requests contradict each other, notwithstanding the provision of Article 7 (1), the Electronic Monetary Claim Recording Institution shall not make Electronic Recordings based on either request.

- (3) In the case where two or more requests are made for the same Electronically Recorded Monetary Claims, if the chronological order of said requests is not clear, these requests shall be deemed as having been made simultaneously.

(Validity of an Electronic Recording)

Article 9 (1) The contents of the Electronically Recorded Monetary Claims shall be determined by the records contained in the Monetary Claims Records.

- (2) The Electronically Recorded Person shall be presumed to legitimately hold the right to the Electronically Recorded Monetary Claim pertaining to the Electronic Recording in question.

(Correction, etc. to Electronic Recordings)

Article 10 (1) The Electronic Monetary Claim Recording Institution shall make corrections to Electronic Recordings in the following cases, provided, however, that in a case where a third party with an interest in the Electronic Recordings exists, the correction shall be made only with the consent of that third party.

- (i) In a case where the information provided to the Electronic Monetary Claim Recording Institution in a request for an Electronic Recording to be made differs from that which has been recorded.
- (ii) In a case where an Electronic Recording that cannot be made without a request has been made without a request.
- (iii) In a case where as regards the Matters Recorded that the Electronic Monetary Claim Recording Institution is required to record by its own authority, contents that differ from the contents to be recorded have been recorded.
- (iv) In a case where the Matters Recorded which the Electronic Monetary Claim Recording Institution is required to record by its own authority have not been recorded (excluding cases where all the Matters Recorded in one Electronic Recording have not been recorded).
- (2) Electronic Monetary Claim Recording Institution shall, if an Electronic Recording has been deleted before one of respective periods listed in items of Article 86 expires, restore said Electronic Recording. In this case, the provision of the proviso of the preceding paragraph shall apply mutatis mutandis.
- (3) If the Electronic Monetary Claim Recording Institution is to make a correction or restoration pursuant to the provision of the preceding two paragraphs, it shall correct any Electronic Recording that contradicts the content of the corrected or restored Electronic Recording.
- (4) If the electronic Monetary Claim Recording Institution corrects or restores an Electronic Recording pursuant to the provisions of paragraph (1) or (2), said Institution shall notify the Electronically Recorded Claim Holder and Electronically Recorded Claim Obligor (if neither the Electronically Recorded

Claim Holder or the Electronically Recorded Claim Obligor exist, Electronically Recorded Person), of the contents of the correction or restoration.

- (5) The notice pursuant to the provision of the preceding paragraph shall also be made to the person who filed the request for the Electronic Recording to be made in lieu of another person pursuant to the provision of Article 423 of the Civil Code (Act no.89 of 1896) or other laws and regulations. However, if there are two or more persons who have made the request for the Electronic Recording to be made in lieu of another person, it will be sufficient to notify one of them.

(Responsibility of the Electronic Monetary Claim Recording Institution Regarding a False Electronic Recording, etc.)

Article 11 In the cases listed in the respective items of paragraph (1) of the preceding Article, or in the cases prescribed in paragraph (2) of the preceding Article, the Electronic Monetary Claim Recording Institution shall be responsible for compensating for the damage suffered by the person requesting that the Electronic Recording be made and other third parties, from the cause prescribed in these provisions; provided, however, that this shall not apply to the cases where the representative person and employees and other workers at the Electronic Monetary Claim Recording Institution has proved that they did not neglect to exercise care in conducting their duty.

Subsection 2 Manifestation of Intention, etc. Pertaining to Electronically Recorded Monetary Claims

(Special Provision for Nullity or Rescission of Manifestation of Intention)

- Article 12 (1) The nullity by virtue of the provisions of the proviso of Article 93, or provisions of Article 95 of the Civil Code and the rescission by virtue of Article 96 (1) or (2) of the Civil Code, of the manifestation of intention made to the counterparty in the request for an Electronic Recording to be made, may not be asserted against a third party in good faith (limited to the third party after rescission regarding to the rescission based on the provision of Article 96 (1) and (2) of the Civil Code) that has not been grossly negligent.
- (2) The provision in the preceding paragraph shall not be applied in the following cases.
- (i) In a case where the third party prescribed in the preceding paragraph is a person who is the assignee or pledgee or attaching creditor or provisional attaching creditor or bankruptcy trustee of an Electronically Recorded Monetary Claim, when the assignment or pledge or attachment or provisional attachment or a ruling for the commencement of bankruptcy proceedings with regard to the Electronically Recorded Monetary Claims

(regarding Electronically Recorded Monetary Claims to be paid in installment, these are limited to the part of the Claims whose payment date had arrived) was made after the payment date.

- (ii) In a case where a person who attempts to assert the nullity or rescission of manifestation of intention under the preceding paragraph is an individual (excluding those who are recorded as individual business operator (This refers to an individual who is also a business operator as provided in Article 2 (2) of the Consumer Contract Act (Act No. 61 of 2000). The same shall apply hereinafter.) in the relevant Electronic Recording).

(Special Provision Regarding the Responsibility of Unauthorized Agent)

Article 13 In applying the provision of Article 117 (2) of the Civil Code regarding the manifestation of intention towards the other party in filing a request for an Electronic Recording to be made, the term "negligence" in said paragraph shall be read as "gross negligence".

(Responsibility of the Electronic Monetary Claim Recording Institution

Regarding a Request for an Electronic Recording to Be Made Which Is Filed by Person without Authority)

Article 14 The Electronic Monetary Claim Recording Institution shall be responsible for compensating damage suffered by a third party in a case where it has made an Electronic Recording based on the request of the following persons; provided, however, that this shall not apply to cases where the representative person and employee, and other worker of the Electronic Monetary Claim Recording Institution, can prove that he/she did not neglect to exercise care in conducting his/her duty:

- (i) Person without authority of representation; or
- (ii) Person who impersonates another person.

Section 2 Accrual

(Accrual of Electronically Recorded Monetary Claims)

Article 15 An Electronically Recorded Monetary Claim (excluding an Electronically Recorded Monetary Claim connected with a record of guarantee and an Electronically Recorded Monetary Claim acquired by a person that has provided an Electronically Recorded Guarantee (hereinafter referred to as "Electronically Recorded Guarantor") pursuant to the provision of paragraph (1) of Article 35 (including cases where the provision is applied mutatis mutandis to paragraphs (2) and (3) of the same Article) (such an Electronically Recorded Monetary Claim is hereinafter referred to as "Special Right to Reimbursement"). The same shall apply to the following Article) accrues as a

result of a record being made of its accrual.

(Record of Accrual)

Article 16 (1) In the record of an accrual, the following matters shall be recorded:

- (i) A statement that the obligor pays a fixed amount of money;
- (ii) The payment date (limited to a fixed date. In a case where the obligation is paid in installments, each of the payment dates);
- (iii) Name and address of the obligee;
- (iv) In a case where there are two or more obligees, and if the claim is an indivisible claim, a statement to this effect. If the claim is divisible, an amount of the claims for each respective obligees;
- (v) Name and address of the obligor;
- (vi) In a case where there are two or more obligors, and if the obligation is an indivisible or joint and several obligation, a statement to this effect. If the obligation is divisible, an amount of the obligation for each respective obligors;
- (vii) The record number (this refers to a number attached to the respective Monetary Claims Record, which is given when a record of accrual or record of a division is made; the same shall apply hereinafter); and
- (viii) The date that the Electronic Recording was made.

(2) In the record of an accrual, the following matters may be recorded:

- (i) In a case where making a payment pertaining to a contract regarding settlement of remittance between accounts provided in Article 62 (1), records to this effect and the obligor's account of deposits or postal savings (hereinafter referred to as "Obligor's Account") and the obligee's account of deposits or postal savings (hereinafter referred to as "Obligee's Account");
- (ii) In a case where making a payment pertaining to the contract provided in Article 64, a statement to this effect;
- (iii) In addition to the cases prescribed in the preceding two items, in a case where there are other provisions stipulating the payment method, those provisions (In a case where an obligation is paid in installments, the amount payable on each of the payment dates shall be included.);
- (iv) In a case where there are provisions stipulating interest, delinquency charges or penalties, those provisions;
- (v) In a case where there are provisions stipulating acceleration (or forfeiture of benefit of time), those provisions;
- (vi) In a case where there are provisions stipulating set-off or substitute performance, those provisions;
- (vii) In a case where there are provisions stipulating the appropriation of payments, those provisions;

- (viii) In a case where there are provisions stipulating that the provision of paragraph 1, Article 19 (including cases in which the provision is applied mutatis mutandis to Article 38 by replacing the terms of the provision as prescribed in Article 38) does not apply, those provisions;
 - (ix) In a case where the obligee or the obligor is an individual business operator, a statement to this effect;
 - (x) In a case where the obligor is a corporation or an individual business operator (limited to those who are recorded to that effect) and when there are provisions stipulating that the provision of paragraph (1) of Article 20 (including cases where the provision is applied mutatis mutandis to Article 38 by replacing the terms of the provision as prescribed in Article 38) does not apply, those provisions;
 - (xi) In a case where the obligor is a corporation or an individual business operator (limited to those who are recorded to that effect), and when the provisions listed in the preceding item have not been recorded, if there are provisions stipulating a defense that the obligor can assert against the obligee (including the assignee in the record of assignment; hereinafter the same shall apply in this paragraph), those provisions;
 - (xii) In a case where there are provisions stipulating that a record of an assignment, record of a guarantee, record of a pledge's creation or record of a division may not be made, or in a case where there are provisions stipulating a restriction on the number of times for making Electronic Recordings or other restrictions, those provisions;
 - (xiii) In a case where there are provisions stipulating the method of notice between obligee and obligor, those provisions;
 - (xiv) In a case where there are provisions stipulating the method of the settlement of disputes between obligee and obligor, those provisions;
 - (xv) In a case where there are provisions stipulating that the Electronic Monetary Claim Recording Institution will not make a record of guarantee, record of pledge creation, or record of division pursuant to the provision of Article 7 (2), or in a case where there are provisions stipulating a restriction on the number of times for making Electronic Recordings or records of assignment or other restrictions, those provisions; or
 - (xvi) In addition to the matters listed in the respective preceding items, matters that are specified by the Cabinet Order that may be the contents of the Electronically Recorded Monetary Claims.
- (3) If any matter listed in items (i) to (vi) of paragraph (1) is lacking, relevant Electronically Recorded Monetary Claims do not accrue.
- (4) As regard to records made on the matters listed in Article 2 (2) (ix) of the Consumer Contract Act pertaining to the consumer defined by Article 2 (1) of the same Act (hereinafter simply referred to as "Consumer"), these records

shall not be effective.

- (5) Despite the provisions in paragraphs (1) and (2), Electronic Monetary Claim Recording Institutions may decide, pursuant to the provision of its Rules of Operation, not to record the matters listed in item (ii) of paragraph (1)(in a case where the obligation is paid in installments, limited to the installment pertaining to each payment date) and respective items in paragraph (2) (excluding items (i), (ii), and (ix)), or to restrict the recording of said matters.

Section 3 Assignment

(Assignment of Electronically Recorded Monetary Claims)

Article 17 The assignment of Electronically Recorded Monetary Claims shall not be effective unless a record has been made of that assignment.

(Record of Assignment)

Article 18 (1) In the record of an assignment, the following matters shall be recorded:

- (i) A statement to the effect that the Electronically Recorded Monetary Claims are being assigned;
- (ii) In a case where the assignor is the heir to the Electronically Recorded Claim Obligor, the name and address of the assignor;
- (iii) Name and address of the assignee; and
- (iv) The date that the Electronic Recording was made.

(2) In the record of an assignment, the following matters may be recorded:

- (i) In a case where provisions have been recorded in the record of accrual stipulating that payment of the obligation shall be made to the Obligee's Account (if the record of an alteration has been made with regard to a Matter Recorded in the recording of the accrual, the record of this alteration is included; the same shall apply hereinafter), and when, in the recording of the assignment, the assignee intends to receive the payment by payment to his/her deposit account or postal savings account, said account (limited to those that do not conflict with the record of accrual if provisions regarding a change in the deposit or postal savings account used for payments have been recorded in the record of accrual);
- (ii) In a case where the assignor is an individual business operator, a statement to this effect;
- (iii) In a case where there are provisions stipulating the method of notice between assignor and assignee (including those who are recorded as assignee after the recording of the assignment; the same shall apply in the following item), those provisions;
- (iv) In a case where there are provisions stipulating the method for settling

- disputes between assignor and assignee, those provisions; or
- (v) In addition to those listed in the respective preceding items, matters specified by the Cabinet Order.
- (3) Records on matters listed in item (ii) of the preceding paragraph regarding Consumer shall not be effective.
- (4) In a case where matters listed in item (xii) or (xv) of Article 16 (2) have been recorded in the record of accrual (limited to the part involving the record of assignment) the Electronic Monetary Claim Recording Institution shall not make a record of assignment that conflicts with the contents of the record of accrual.

(Acquisition by a Bona Fide Third Party)

Article 19 (1) The person recorded as the assignee of the Electronically Recorded Monetary Claims due to a request for the recording of an assignment shall acquire said Electronically Recorded Monetary Claims; provided, however that this does not apply to cases in which the person has acted in bad faith or with gross negligence.

(2) The provision of the preceding paragraph shall not apply in the following cases:

(i) In a case where matters listed in item (viii) of Article 16 (2) are recorded;

(ii) In a case where the person prescribed in the preceding paragraph has been recorded as the assignee of the Electronically Recorded Monetary Claims (in cases where payments are made in installments, being limited to the portion whose payment date has arrived) by a request for the recording of an assignment which was filed after the payment date; or

(iii) In a case where the manifestation of intention that the individual who is the assignor of the Electronically Recorded Monetary Claim (excluding those recorded as individual business operators) makes to the assignee in the request for the recording of an assignment, is not valid; and when the person prescribed in the preceding paragraph has been recorded due to a request for the recording of an assignment which was filed after the recording of the relevant assignment.

(Restriction on Assertion of Defense)

Article 20 (1) The obligor in the record of accrual or an Electronically Recorded Guarantor (hereinafter referred to as "Electronically Recorded Obligor") may not assert a defense arising from an in personal relationship with the person who assigned said Electronically Recorded Monetary Claims to the obligee of those claims, against the obligee of the Electronically Recorded Monetary Claims using; provided, however, that this shall not apply in a case where said obligee acquired those Electronically Recorded Monetary Claims knowing that

said obligor would be harmed.

- (2) The provision in the preceding paragraph shall not apply in the following cases:
- (i) In a case where the matters listed in item (x) of Article 16 (2) or item (vi) of Article 32 (2) are recorded;
 - (ii) In a case where the obligee in the preceding paragraph is recorded as an assignee of the Electronically Recorded Monetary Claims (in cases where payments are made in installments, being limited to the part whose payment date has arrived) due to a request for the recording of an assignment which was filed after the payment date; or
 - (iii) In a case where the Electronically Recorded Obligor in the preceding paragraph is an individual (excluding those recorded as an individual business operator).

Section 4 Extinguishment

(Payment Discharge)

Article 21 Payments of Electronically Recorded Monetary Claims made to the Electronically Recorded Person are effective even in a case where said Electronically Recorded Person does not have the right to receive the payment; provided, however, that this shall not apply to cases in which the person who made the payment has acted in bad faith or with gross negligence.

(Merger, etc.)

- Article 22 (1) In a case where the Electronically Recorded Obligor (including his/her heir and other general successors; hereinafter the same shall apply in this paragraph) has acquired the Electronically Recorded Monetary Claims, notwithstanding the provision of the main clause in Article 520 of the Civil Code, said Claims shall not be extinguished, provided, however, that this shall not apply in a case where a record of a Payment, etc. has been made due to the merger accompanying the acquisition of said Electronically Recorded Monetary Claims based on a request by said Electronically Recorded Obligor or by another Electronically Recorded Obligor with the approval of the former.
- (2) Persons listed in the following respective items may not request the performance of obligations that arises from the Electronically Recorded Guarantee (hereinafter referred to as "Electronically Recorded Guarantee Obligation") against the persons prescribed in said respective items, even if they acquire the Electronically Recorded Monetary Claims:
- (i) Obligor in the record of accrual: Electronically Recorded Guarantor; and
 - (ii) Electronically Recorded Guarantor: Other Electronically Recorded Guarantors (limited to those who could exercise a Special Right to

Reimbursement against the Electronically Recorded Guarantor listed in this item if payment or other act to extinguish the obligation recorded as principal obligation in exchange for his/her property had been conducted).

(Extinctive Prescription)

Article 23 Electronically Recorded Monetary Claims shall be extinguished in a case where said Claims have not been exercised for three years for reason of prescription.

(Matters Recorded in the Record of a Payment, etc.)

Article 24 In the record of a Payment, etc. , the following matters shall be recorded:

- (i) Matters that are needed to identify such obligation to the Electronically Recorded Person that has been or is to be extinguished by an act that extinguishes all or a part of an obligation, such as payment, set-off or merger (hereinafter referred to as "Payment, etc.");
- (ii) The amount in which the Payment, etc. was made and other information regarding said Payment, etc. (including the amount of principal that has been extinguished in a case where there are interest payments, delinquency charges, penalties or expenses);
- (iii) The date the Payment, etc. was made;
- (iv) Name and address of the person who made the Payment, etc. (in a case where the Payment, etc. is made in the form of extinguishment of obligation by setting-off, the obligee to the Electronically Recorded Person's obligation thus extinguished; the same shall apply hereinafter);
- (v) In a case where the person who has made the Payment, etc. has a legitimate interest prescribed in Article 500 of the Civil Code in regard to making said Payment, etc. , its reason;
- (vi) The date that the Electronic Recording was made; and
- (vii) In addition to what is listed in the respective preceding items, matters that are specified by the Cabinet Order.

(Request for the Recording of a Payment, etc.)

Article 25 (1) Requests for the recording of a Payment, etc. may be made only by the persons listed in the following items:

- (i) Electronically Recorded Claim Obligor for the recording of said Payment, etc. ;
- (ii) Heirs or other general successors to the person listed in the preceding item;
or
- (iii) Any persons listed in the following sub-items who have obtained an approval from all the persons listed in the two preceding items, and those

who are:

- (a) Electronically Recorded Obligors;
 - (b) Persons who have made the Payment, etc. (excluding those who are listed in the preceding two items and (a)); or
 - (c) Heirs or other general successors to the person listed in (a) or (b).
- (2) In a case where Payments, etc. have been made for Electronically Recorded Monetary Claims or secured claims of pledges on Electronically Recorded Monetary Claims (referred to as "Electronically Recorded Monetary Claims, etc." in the next paragraph), persons listed in (a) to (c) of item (iii) of the preceding paragraph may request persons listed in item (i) or item (ii) of the same paragraph to give approval regarding item (iii) of the same paragraph.
- (3) A person who makes the payment for Electronically Recorded Monetary Claims, etc. may request approval under item (iii) of paragraph (1), in exchange for said payment to the person listed in item (i) or item (ii) of the same paragraph.
- (4) A request for the recording of a Payment, etc. because of a Payment, etc. that was made for claims secured by revolving pledge, may not be filed unless said Payment, etc. was made after the determination of the principal secured by said revolving pledge and unless an Electronic Recording has been made of the determination.

Section 5 Alteration of a Matter Recorded

(Alteration of the Contents, etc. of the Electronically Recorded Monetary Claims by means of the Manifestation of Intention, etc.)

Article 26 Alteration of the contents of Electronically Recorded Monetary Claims or pledges on the Electronically Recorded Monetary Claims by manifestation of intention shall not be effective unless a record is made of the alteration, unless otherwise prescribed by this Act.

(Matters Recorded in a Record of Alteration)

Article 27 In the record of an alteration, the following matters shall be recorded:

- (i) The Matter Recorded which is being altered;
- (ii) A statement to the effect that an alteration is being made to the Matter Recorded prescribed in the preceding item and the cause of the alteration;
- (iii) Contents of the Matter Recorded prescribed in item (i) after the alteration (in a case where said Matter Recorded will no longer be recorded, a statement to the effect that said Matter Recorded is being deleted); and
- (iv) The date that the Electronic Recording was made.

(Record of Alteration to Be Made when an Electronically Recorded Monetary

Claim Is Transferred with the Assignment of the Right to Reimbursement)
Article 28 A record of alteration for a case where Electronically Recorded Monetary Claims have been transferred as the result of an assignment of the right to reimbursement (excluding a Special Right to Reimbursement) by the person who is recorded to have made a Payment, etc. in the Monetary Claims Record and who has become the obligee of the claims by subrogation for reason of said Payment, etc. , shall be made through a recording that alters the name and address of the person to those of the assignee of said right to reimbursement.

(Request for the Recording of an Alteration)

- Article 29 (1) Requests for the recording of an alteration shall be filed by all persons that have interests (in case of inheritance or other general succession regarding these persons, meaning his/her heir or other general successors) in the Electronic Recording with regard to the recording of the alteration.
- (2) Notwithstanding the provision of the preceding paragraph, the recording of an alteration to alter the Electronically Recorded Persons or Electronically Recorded Obligors due to inheritance or merger of corporations may be requested solely by the heir, or the corporation that will continue to exist after the merger, or the corporation established by the merger. However, if there are two or more heirs, all of them shall file requests for the recording of the alteration.
- (3) The provision of Article 5 (2) and (3) shall be applied mutatis mutandis to cases prescribed in paragraph (1) and proviso of the preceding paragraph.
- (4) Notwithstanding the provision of paragraph (1), requests for the recording of an alteration involving the name or address of the Electronically Recorded Person or Electronically Recorded Obligor may be filed independently by such person. The same shall apply to the record of an alteration that it is clear will not have any influence upon other persons' rights and obligations and which is prescribed in the Rules of Operation.

(Responsibility of the Electronically Recorded Obligor when a Record of Alteration Is Invalid)

Article 30 (1) In a case where a record of alteration is not in effect due to the invalidity or rescission of the request or for other reasons, the Electronically Recorded Obligor who owed the obligation before the recording of the alteration shall have the obligation in accordance with the contents of the Monetary Claims Record before the recording of the alteration. However, between a person who made a legitimate manifestation of intention in the request for the recording of said alteration and the counterparty, the Electronically Recorded Obligor who manifested his/her intention shall be responsible in accordance

with the contents of the Monetary Claims Record after the recording of said alteration.

- (2) In case provided for in the main clause of the preceding paragraph, the Electronically Recorded Obligor who came to owe the obligation after the recording of the alteration shall have the obligation in accordance with the contents of the Monetary Claims Record after the recording of said alteration.

Section 6 Electronically Recorded Guarantee

(Accrual of Electronically Recorded Monetary Claims through the Recording of a Guarantee)

Article 31 An Electronically Recorded Monetary Claims connected with an Electronically Recorded Guarantee accrues through the recording of the guarantee.

(Recording of a Guarantee)

Article 32 (1) The following matters shall be recorded in the record of a guarantee:

- (i) A statement to the effect that a guarantee is being provided;
- (ii) Name and address of the guarantor;
- (iii) Name and address of the principal obligor and other matters that are required to identify the principal obligation; and
- (iv) The date that the Electronic Recording was made.

(2) The following matters may be recorded in the record of a guarantee:

- (i) In a case where there are provisions limiting the scope of guarantee, those provisions;
- (ii) In a case where there are provisions stipulating delinquency charges or penalties, those provisions;
- (iii) In a case where there are provisions stipulating set-off or substitute performance, those provisions;
- (iv) In a case where there are provisions stipulating the appropriation of payments, those provisions;
- (v) In a case where the guarantor is an individual business operator, a statement to this effect;
- (vi) In a case where the guarantor is a corporation or an individual business operator (limited to those who are recorded as such) and there are provisions stipulating that the provision of paragraph (1) of Article 20 (including cases where the provision is applied mutatis mutandis to Article 38 by replacing the terms of the provision as prescribed in Article 38) does not apply regarding matters which the guarantor may assert against the obligee as at the time of the recording of the guarantee, those provisions;

- (vii) In a case where the guarantor is a corporation or an individual business operator (limited to those who are recorded as such) and when the provisions provided for in the preceding item have not been recorded, if there are provisions stipulating a defense that the guarantor may assert against the obligee (including assignee under the record of assignment; hereinafter the same shall apply in this paragraph), those provisions;
 - (viii) In a case where there are provisions stipulating the method of notice between obligee and guarantor, those provisions;
 - (ix) In a case where there are provisions stipulating the method for settling disputes between obligee and guarantor, those provisions; or
 - (x) In addition to the matters listed in the respective preceding items, matters specified by the Cabinet Order.
- (3) In a case where there is no record of a matter listed in items (i) to (iii) in paragraph (1), Electronically Recorded Monetary Claims pertaining to the Electronically Recorded Guarantee shall not accrue.
 - (4) Records on matters listed in item (v) of paragraph (2) regarding Consumer shall not be effective.
 - (5) In cases where a matter listed in item (xii) or item (xv) of Article 16 (2) (limited to those pertaining to the record of a guarantee) has been recorded in the record of accrual, the Electronic Monetary Claim Recording Institution shall not make a record of guarantee that conflicts with the contents of the record of accrual.

(Independence of Electronically Recorded Guarantees)

- Article 33 (1) The validity of the Electronically Recorded Guarantee Obligation shall not be impaired, even in a case where the person who is recorded as the principal obligor does not owe his/her principal obligation (excluding cases where the record of matters listed in items (i) to (vi) of Article 16 (1) or items (i) to (iii), paragraph (1) of the preceding Article is not made).
- (2) The provision in the preceding paragraph shall not apply in a case where the Electronically Recorded Guarantor is an individual (excluding those who are recorded as individual business operators).

(Exclusion from Application of the Civil Code, etc.)

- Article 34 (1) Provisions for Articles 452, 453 and 456 to 458 of the Civil Code and Article 511 (2) of the Commercial Code (Act No. 48 of 1899) shall not apply to Electronically Recorded Guarantees.
- (2) Notwithstanding the provision of the preceding paragraph, in a case where the Electronically Recorded Guarantor is an individual (excluding those who are recorded as individual business operators), said Electronically Recorded Guarantor may assert against the obligee set-off with any claim which the

principal obligor may have against the obligee.

(Special Right to Reimbursement)

Article 35 (1) In the case where an Electronically Recorded Guarantor whose principal obligation accrued through the recording of the accrual, makes a disbursement (meaning payment or other acts purporting to extinguish an obligation recorded as the principal obligation with his/her property; the same shall apply hereinafter in this Article), and a record of a Payment, etc. is made to that effect, notwithstanding the provisions of Articles 459, 462, 463 and 465 of the Civil Code, said guarantor shall acquire the Electronically Recorded Monetary Claims of the amount equal to the aggregate of the amount jointly discharged with the disbursement, the amount of delinquency charges accrued after the date of the disbursement, and the amount of unavoidable expenses, against the persons listed in the following sub-items, provided, however, that as against the person listed in item (iii), the Electronically Recorded Monetary Claim so acquired shall be limited to the share to be borne by such person out of the amount of the disbursement that an Electronically Recorded Guarantor made over his/her share:

(i) Principal obligor;

(ii) Other Electronically Recorded Guarantors who have extended

Electronically Recorded Guaranties for the same principal obligation whose creditor is the person who made said disbursement, before the person became an Electronically Recorded Guarantor of the obligation; and

(iii) Other Electronically Recorded Guarantors whose principal obligation is the same as said principal obligation (excluding persons listed in the preceding item and the person who was the obligee under the Electronically Recorded Guarantee of the person who made said disbursement before the person became the Electronically Recorded Guarantor).

(2) The provision of the preceding paragraph shall be applied mutatis mutandis to case where an Electronically Recorded Guarantor whose principal obligation is the obligation accrued pursuant to the provision of the preceding paragraph, makes a disbursement.

(3) The provision of the first paragraph shall apply mutatis mutandis to case where an Electronically Recorded Guarantor whose principal obligation is an Electronically Recorded Guarantee Obligation, makes a disbursement. In this case, the term "persons listed in the following sub-items" shall be deemed to have been replaced with the term "persons listed in the following sub-items and the persons who would fall under the category of those listed in the following sub-items if the disbursement were made by the Electronically Recorded Guarantor who is recorded as the principal obligor."

Section 7 Pledges

(Pledging of Electronically Recorded Monetary Claims)

- Article 36 (1) The creation of a pledge on Electronically Recorded Monetary Claims shall not be effective unless a record is made of the pledge's creation.
- (2) Provision of Article 362 (2) of the Civil Code shall not apply to pledges in the preceding paragraph.
- (3) Provisions of Articles 296 to 300, Articles 304, 342, 343, 346, 348, 349, 351, 373, 374, 378, 390, 391, Articles 398-2 to 398-10, 398-19, 398-20 (excluding item (iii) of paragraph (1)), and 398-22 of the Civil Code, shall apply mutatis mutandis to pledges in paragraph (1).

(Matters Recorded in a Record of Pledge Creation)

- Article 37 (1) In a record of pledge creation (excluding the record of a revolving pledge's creation; the same shall apply in the following paragraph), the following matters shall be recorded:
- (i) A statement creating the pledge;
 - (ii) Name and address of pledgee;
 - (iii) Name and address of the obligor of the secured claim, the amount of secured claim (regarding claims for an unfixed amount of money, their values; the same shall apply hereinafter), and other matters necessary in order to identify the secured claim;
 - (iv) Number showing the order of the recording of the pledge's creation and the Electronic Recording of the sub-pledge, in one Monetary Claim Record (hereinafter referred to as "Pledge Number"); and
 - (v) The date that the Electronic Recording was made.
- (2) In the record of a pledge's creation, the following matters may be recorded:
- (i) In a case where there are provisions regarding the interest on secured claims, delinquency charges or penalty, those provisions;
 - (ii) If a condition is attached to secured claims, the condition;
 - (iii) In a case where the special provisions referred to in the proviso of Article 346 of the Civil Code as applied mutatis mutandis to paragraph (3) of preceding Article are stipulated, those provisions;
 - (iv) In a case where there are provisions stipulating the method, conditions and other matters regarding the execution of pledge, those provisions;
 - (v) In a case where provisions that the payment of the obligation pertaining to Electronically Recorded Monetary Claims shall be made to the Obligee's Account have been recorded in the record of accrual, and when, in the recording of the pledge's creation, the pledgee intends to receive the payment by payment to his/her deposit account or postal savings account, said account (limited to those that do not conflict with the record of accrual if there are

- provisions regarding a change in the deposit or postal savings account used for payments is recorded in the record of accrual);
- (vi) In a case where there are provisions stipulating the method of notice between the pledgor and the pledgee (including those who are recorded as pledgee for said pledge after the recording of the pledge's creation; the same shall apply in the following item), those provisions;
 - (vii) In a case where there are provisions stipulating the method for settling disputes between the pledgor and the pledgee, those provisions; or
 - (viii) In addition to what is listed in the respective preceding items, matters specified by the Cabinet Order.
- (3) In the record of a revolving pledge's creation, the following matters shall be recorded:
- (i) A statement creating the revolving pledge;
 - (ii) Name and address of the revolving pledgee;
 - (iii) Name and address of the obligor of secured claims;
 - (iv) Scope and maximum amount of secured claims;
 - (v) Pledge Number; and
 - (vi) The date that the Electronic Recording was made.
- (4) In the record of a revolving pledge's creation, the following matters may be recorded:
- (i) In a case where there are provisions stipulating the date on which the principal of the secured claim is to be determined, those provisions;
 - (ii) In a case where there are provisions stipulating the method, condition and other matters regarding the execution of revolving pledge, those provisions;
 - (iii) In a case where provisions that the payment of the obligation pertaining to Electronically Recorded Monetary Claims shall be made to the Obligee's Account have been recorded in the record of accrual, and when, in the recording of a revolving pledge's creation, the revolving pledgee intends to receive the payment by payment to his/her deposit account or postal savings account, said account (limited to those that do not conflict with the record of accrual if provisions regarding a change in the deposit or postal savings account for payments have been recorded in the record of accrual);
 - (iv) In a case where there are provisions stipulating the method of notice between revolving pledgor and revolving pledgee (including those who are recorded as revolving pledgee with regard to said revolving pledge after the recording of the revolving pledge's creation; the same shall apply in regards to the following item), those provisions;
 - (v) In a case where there are provisions stipulating the method for settlement of disputes between revolving pledgor and revolving pledgee, those provisions; or
 - (vi) In addition to what is listed in the respective preceding items, matters

specified by the Cabinet Order.

- (5) In a case where matters listed in item (xii) or item (xv) of Article 16 (2) (limited to the part pertaining to a record of pledge creation) have been recorded in the record of accrual, the Electronic Monetary Claim Recording Institution shall not make a record of pledge creation that conflicts with the contents of said record of accrual.

(Acquisition by bone fide third party and Restriction on Assertion of Defense)
Article 38 The provision of Articles 19 and 20 shall apply mutatis mutandis to records of pledge creation. In this case, the term "assignee" shall be deemed as having been replaced with "pledgee", and the term "said Electronically Recorded Monetary Claims" shall be deemed to have been replaced with "said pledge" in Article 19 (1), the term "assignee" shall be deemed to have been replaced with "pledgee" in item (ii), paragraph (2) of the same Article, the term "the recording of the assignment" shall be deemed to have been replaced with "the recording of the pledge's creation" in item (iii), paragraph (2) of the same Article, the term "against the obligee...assigned said Electronically Recorded Monetary Claims to said obligee" shall be deemed to have been replaced with "against the pledgee...created the pledge for said pledgee" in Article 20 (1), the term "said obligee" shall be deemed to have been replaced with "said pledgee" and the term "acquired said Electronically Recorded Monetary Claims" shall be deemed to have been replaced with "acquired said pledge" in the proviso of Article 20 (1), and the term "obligee" and the term "assignee" shall be deemed to have been replaced with "pledgee" in item (ii), paragraph (2) of the same Article.

(Electronic Recording of a Change in the Order of Pledges)
Article 39 (1) In the Electronic Recording of a change in the order of pledges pursuant to the provision of Article 374 (1) of the Civil Code as applied mutatis mutandis to Article 36 (3), the following matters shall be recorded:
(i) A statement to the effect that the order of pledges is being changed;
(ii) Pledge Number of the pledges whose order is being changed;
(iii) Order of pledges after the change; and
(iv) The date that the Electronic Recording was made.
(2) The request for an Electronic Recording to be made as referred to in the preceding paragraph shall be filled by all Electronically Recorded Persons for which the order of pledges is to be changed. In this case, the provision of Article 5 (2) and (3) shall apply mutatis mutandis.

(Sub-Pledges)
Article 40 (1) A sub-pledge pursuant to the provision of Article 348 of the Civil

Code applied mutatis mutandis to Article 36 (3) shall not be effective unless an Electronic Recording is made of the sub-pledge.

- (2) Provisions in paragraphs (1) to (4) of Article 37 shall apply mutatis mutandis to the Electronic Recording of a sub-pledge.
- (3) The Pledge Number of the pledge that is the subject matter of a sub-pledge shall also be recorded in the Electronic Recording of the sub-pledge.
- (4) In cases where a pledgee creates a sub-pledge for two or more persons, the order of priority of these sub-pledges shall follow the chronological order of their Electronic Recording.

(Special Provisions on the Recording of an Alteration Due to the Transfer of a Pledge, etc. Accompanying the Assignment of a Secured Claim)

Article 41 (1) In the recording of an alteration due the transfer of pledges or sub-pledges in a case of partial assignment of secured claims, the amount of secured claim that is the subject of said assignment shall also be recorded in addition to the matters listed in respective items of Article 27.

- (2) When a claim to be secured by a revolving pledge has been assigned, a request for the recording of an alteration due to the transfer of the revolving pledge may not be made unless said assignment has been made after the determination of the principal amount secured by said revolving pledge, and an Electronic Recording has been made of said determination.

(Electronic Recording of the Determination of the Principal Secured by Revolving Pledge)

Article 42 (1) In the Electronic Recording of the determination of the principal secured by revolving pledge (hereinafter simply referred to as "Principal" in this Article), the following matters shall be recorded:

- (i) A statement to the effect that the Principal has been determined;
 - (ii) The Pledge Number of the revolving pledge whose Principal has been determined;
 - (iii) Date of determination of Principal; and
 - (iv) The date that the Electronic Recording was made.
- (2) Electronic Recording for the Principal that has been determined pursuant to the provision of Article 398-19(2) or item (iv) of Article 398-20 (1) of the Civil Code, applied mutatis mutandis to Article 36 (3) may be requested solely by the Electronically Recorded Person of said revolving pledge. However, when a request is made after the Principal is determined pursuant to the provision of item (iv) of Article 398-20 of the Civil Code, the request shall be made jointly with the request for an Electronic Recording to be made of the acquisition of said revolving pledge or the right whose subject is said revolving pledge.

Section 8 Division

(Recording of a Division)

- Article 43 (1) Electronically Recorded Monetary Claims may be divided (including cases where a separation is made with respect to specific obligees or obligors when there are two or more recorded obligees or obligors).
- (2) Electronically Recorded Monetary Claims shall be divided pursuant to the provision of the next Article to Article 47, by a record of the division being made in the Monetary Claims Record in which the Electronically Recorded Monetary Claims being divided have been recorded (hereinafter referred to as "Original Monetary Claims Record"), and in the Monetary Claims Record which is being newly created (hereinafter referred to as "Divided Monetary Claims Record"), and by a part of the matters recorded in the Original Monetary Claims Record being recorded in the Divided Monetary Claims Record simultaneously with the recording of the division.
- (3) Requests for the recording of a division may be filed independently by the person that will be recorded as the obligee in the Divided Monetary Claims Record.

(Matters Recorded in the Recording of a Division)

- Article 44 (1) In the recording of a division, the following matters shall be recorded in the Divided Monetary Claims Record:
- (i) A statement that the claim has been divided from the Original Monetary Claims Record;
 - (ii) Record numbers of the Original Monetary Claims Record and the Divided Monetary Claims Record;
 - (iii) A statement that the person recorded in the Divided Monetary Claims Record, who is the obligor in the record of accrual, pays a fixed amount of money;
 - (iv) Name and address of the obligee; and
 - (v) The date that the Electronic Recording was made.
- (2) In the recording of a division, the following matters shall be recorded in the Original Monetary Claims Record:
- (i) A statement that the claim has been divided;
 - (ii) The record number of the Divided Monetary Claims Record; and
 - (iii) The date that the Electronic Recording was made.
- (3) In a case where matters listed in item (xii) or item (xv) of Article 16 (2) (limited to the part pertaining to the record of a division) have been recorded in the record of accrual, the Electronic Monetary Claim Recording Institution shall not make a record of a division that conflicts with the contents of said record of accrual.

(Recording in Divided Monetary Claims Records Accompanying the Recording of a Division)

Article 45 (1) Electronic Monetary Claim Recording Institutions shall record the following matters in the Divided Monetary Claims Record simultaneously with the recording of a division:

- (i) Matters recorded in the currently valid Electronic Recordings made in the Original Monetary Claims Record with regard to the Electronically Recorded Monetary Claims being recorded in the Divided Monetary Claims Record (excluding the following matters):
 - (a) A statement that the obligor pays a fixed amount of money;
 - (b) In a case where the obligation pertaining to said Electronically Recorded Monetary Claim is to be paid in installments, the payment dates and the amount payable on each of said payment dates;
 - (c) In cases where a ceiling for the number of times it is permitted to make a record of assignments, a record of guarantees, a record of pledge creation, or a record of division has been recorded (hereinafter referred to as "Recording Ceiling Number"), the Recording Ceiling Number;
 - (d) The record number of Original Monetary Claims Record; or
 - (e) Matters recorded in the recording of the division, if a record of the division has been made in the Original Monetary Claims Record (excluding those listed in (a)).
 - (ii) In cases where the Electronically Recorded Monetary Claim being recorded in the Divided Monetary Claims Record has been recorded in the Original Monetary Claims Record as an obligation to be paid in installments, the payment dates for said Electronically Recorded Monetary Claim (limited to those that are recorded in Original Monetary Claims Record as payment dates);
 - (iii) In the case prescribed in the preceding item, when the Electronically Recorded Monetary Claims recorded in the Divided Monetary Claims Record, are to be paid in installments, the amount payable on each payment date for said Electronically Recorded Monetary Claims (limited to those that are within the amount payable on corresponding payment dates recorded in the Original Monetary Claims Record); and
 - (iv) In cases where a Recording Ceiling Number has been recorded in the Original Monetary Claims Record, the portion of said Recording Ceiling Number (or the portion of the Recording Ceiling Number that remains for the recording of divisions after deducting one from the Recording Ceiling Number for the recording of divisions) that constitutes the Recording Ceiling Number for the Divided Monetary Claims Record.
- (2) In cases when the Electronic Monetary Claim Recording Institution has

recorded matters listed in item (i) of preceding paragraph in the Divided Monetary Claims Record, a statement that said matter has been transferred from the Original Monetary Claims Record and the date of the transfer shall be recorded in said Divided Monetary Claims Record; and in cases when the Electronic Monetary Claim Recording Institution has recorded matters listed in item (ii) to item (iv) of the same paragraph, the date of the records shall be recorded in said Divided Monetary Claims Record.

(Recording in the Original Monetary Claims Record Accompanying the Recording of a Division)

Article 46 (1) Electronic Monetary Claim Recording Institutions shall record the following matters in the Original Monetary Claims Record simultaneously with the recording of a division:

- (i) A statement that, among the matters recorded in the Original Monetary Claims Record with regard to the Electronically Recorded Monetary Claims being recorded in the Divided Monetary Claims Record, the record of matters listed in (a) to (c), item (i), paragraph (1) of the preceding Article are being deleted;
- (ii) A statement that the obligor in the record of accrual pays an amount calculated by deducting the fixed amount of money provided for in item (iii) of Article 44 (1) which is being recorded in the Divided Monetary Claims Record, from the fixed amount of money provided for in item (i) of Article 16 (1) (or in item (iii) of Article 44 (1), in the case where said Original Monetary Claims Record is a Divided Monetary Claims Record arising from other division of monetary claims) which was recorded in the Original Monetary Claims Record just before the recording of the division;
- (iii) In a case where the Electronically Recorded Monetary Claims being recorded in the Divided Monetary Claims Records have been recorded in the Original Monetary Claims Record as obligations to be paid in installments, the payment dates that will continue to be recorded in the Original Monetary Claims Record even after the recording of the division;
- (iv) In the case prescribed in the preceding item, when Electronically Recorded Monetary Claims that will continue to be recorded in the Original Monetary Claims Record even after the recording of the division, are to be paid in installments, the amounts payable for said Electronically Recorded Monetary Claims on each payment date; and
- (v) In cases where a Recording Ceiling Number has been recorded in the Original Monetary Claims Record, the portion of said Recording Ceiling Number that remains after deducting the Recording Ceiling Number in the Divided Monetary Claims Record from the Recording Ceiling Number in the Original Monetary Claims Record (or after deducting it from the Recording

Ceiling Number for the recording of divisions, after deducting one from the Recording Ceiling Number for the recording of divisions).

- (2) When an Electronic Monetary Claim Recording Institution records matters listed in the respective items of the preceding paragraphs in the Original Monetary Claims Record, it shall record the date of the record in said Original Monetary Claims Record.

(Delegation to the Ordinance of the Competent Ministry)

Article 47 Notwithstanding the provision of Article 43 (3) and the preceding three Articles, necessary matters regarding a request for the recording of a division, the Matters Recorded in the record of the division, and recording in Divided Monetary Claims Records and in Original Monetary Claims Records accompanying the recording of the division in the following cases shall be specified by the ordinance of the competent ministry, in accordance with the examples of these provision:

- (i) In cases where the amount of claim of respective obligee or the amount of obligation owed by respective obligor is recorded in the Original Monetary Claims Record;
- (ii) In a case where the record of a guarantee in which matters listed in item (i) of Article 32 (2) have been recorded, is included in the Original Monetary Claims Record;
- (iii) In a case where a Special Right to Reimbursement has been recorded in the Original Monetary Claims Record; or
- (iv) In case specified by the ordinance of the competent ministry in addition to what is listed in the preceding three items.

Section 9 Miscellaneous Provisions

(Electronic Recording for a Trust)

Article 48 (1) As for Electronically Recorded Monetary Claims or pledges on these Electronically Recorded Monetary Claims (hereinafter, referred to as "Electronically Recorded Monetary Claims, etc." in this paragraph), it may not be asserted against a third party that the Electronically Recorded Monetary Claims, etc. are a part of the trust property unless an Electronic Recording has been made for the trust.

- (2) In addition to what is provided for in this Act, matters necessary for Electronic Recording for a trust shall be provided for by the Cabinet Order.

(Execution, etc. on Electronically Recorded Monetary Claims)

Article 49 (1) In a case where compulsory execution, disposition for tax delinquency or other restriction on the disposition regarding Electronically

Recorded Monetary Claims is made, and when documents pertaining to these restrictions of dispositions have been delivered, the Electronic Monetary Claim Recording Institution shall make an Electronic Recording of the execution, etc. without delay.

- (2) Necessary matters in connection with the Electronic Recording of execution, etc. shall be specified by the Cabinet Order.
- (3) Necessary matters concerning the procedures on execution, provisional attachment and provisional disposition, auction and injunction in anticipation of confiscation of Electronically Recorded Monetary Claims shall be provided by way of rules of the Supreme Court.

(Delegation to Cabinet Order)

Article 50 In addition to what is provided for in this Act, the procedures for the Electronic Recording of Electronically Recorded Monetary Claims and other matters necessary for Electronic Recording shall be specified by Cabinet Order.

Chapter III Electronic Monetary Claim Recording Institution

Section 1 General Rules

(Designation of those performing Electronic Monetary Claims Recording Business)

Article 51 (1) A competent minister may designate those who meet the following requirements as those performing business prescribed in Article 56 (hereinafter referred to as "Electronic Monetary Claims Recording Business") upon its application:

- (i) The person shall be a stock company with bodies listed as follows:
 - (a) Board of directors;
 - (b) Board of company auditors or Committees (referring to "Committees" prescribed in item (xii) of Article 2, Companies Act (Act No. 86 of 2005)>);
 - or
 - (c) Accounting auditor.
- (ii) The person shall not be the one whose designation was rescinded pursuant to the provision of Article 75 (1), within the last five years;
- (iii) The person shall not be the one who violated a provision of this Act or the foreign laws and regulations equivalent to this Act, was punished by a fine (including punishment by foreign laws and regulations equivalent to this) and five years has not elapsed from the completion of the execution of the punishment or from the date on which it became clear that no more would be executed; or
- (iv) None of its director, accounting advisor, company auditor or executive officer shall fall under any of the following categories:

- (a) Adult ward or person under curatorship, or person equivalent to these in foreign laws and regulations;
- (b) A person who has not had their rights restored after receiving an order for commencement of bankruptcy, or a person equivalent to under foreign laws and regulations;
- (c) Those who was punished with that heavier than imprisonment without work (including equivalent punishment under foreign laws and regulations), and five years have not passed from the completion of the execution of the punishment or from the date when it became clear that that no more punishment would be executed;
- (d) In cases where the designation under this paragraph has been rescinded by provision of Article 75 (1) or the administrative disposition in a foreign state, similar to the designation under this paragraph has been rescinded by provision of foreign laws and regulations equivalent to this Act, those who had been company's director, accounting advisor, company auditor or executive officer (including those of equivalent to these persons in foreign companies under foreign laws and regulations. The same shall apply in (e)) within thirty days prior to the date of rescission, and for whom five years have not passed from the rescission;
- (e) Director, accounting advisor, company auditor, or executive officer who has been dismissed under the provisions of paragraph (1) of Article 75 or provisions of foreign laws and regulations equivalent to this Act and those for whom five years have not passed since the day said dismissal; or
- (f) Any persons who have violated this Act, Companies Act or provision of foreign laws and regulations equivalent to those Acts or who have committed a crime under Article 204, 206, 208, 208-3, 222, or 247 of Penal Code (Act No.45 of 1907), or a crime under Act on Punishment of Violent Act, etc. (Act No. 60 of 1926), or a crime under Article 46, 47, 49 or 50 of Act on the Prevention of Wrongful Acts by a Member of Organized Crime (Act No. 77 of 1991), and who have been punished by a penalty of fine (including equivalent punishment by foreign laws and regulations) and for whom five years have not passed since completion of the punishment or the day when it became clear that no more punishment will be executed.
- (v) Its Articles of incorporation and rules relating to the performance of the Electronic Monetary Claims Recording Business (hereinafter referred to as "Rules of Operation") are recognized as being in accordance with laws and regulations and sufficient for the performance of the Electronic Monetary Claims Recording Business in an appropriate and reliable manner, pursuant to the provision of this Act;
- (vi) It is recognized as having a sufficient financial basis for the healthy performance of Electronic Monetary Claims Recording Business, and having

- good prospects of balance of payments pertaining to the Electronic Monetary Claims Recording Business; and
- (vii) It is recognized as having, knowledge and experience necessary for appropriate and reliable performance of the Electronic Monetary Claims Recording Business and having sufficient social credibility.
- (2) In the case the competent minister has made a designation provided for in the preceding paragraph, he/she shall make public notice regarding the trade name and address of the head office of the designated Electronic Monetary Claim Recording Institution on the Official Gazette.

(Application for Designation)

- Article 52 (1) An applicant intending to receive a designation provided for in paragraph (1) of the preceding Article shall submit to the competent minister a written application for designation that prescribes the following matters:
- (i) Trade name;
 - (ii) Amount of stated capital and net assets;
 - (iii) Names and addresses of head office and other business offices;
 - (iv) Names of directors and company auditors (as for company with committees, directors and executive officers); and
 - (v) As for companies with accounting advisors, the names of the accounting advisors.
- (2) The following documents shall be attached to the written application for designation:
- (i) Documents pledging the compliance with the requirements listed in item (iii) and (iv), paragraph (1) of the preceding Article;
 - (ii) Articles of incorporation;
 - (iii) A certificate of registered matters of the company;
 - (iv) Rules of Operation;
 - (v) A balance sheet and a profit and loss statement;
 - (vi) Documents stating prospects for income and expenditures; and
 - (vii) In addition to the matters listed in respective preceding items, the documents specified by the ordinance of the competent ministry.
- (3) In the case referred to in the preceding paragraph, when articles of incorporation, a balance sheet or a profit and loss statement is prepared in the form of electromagnetic records, the electromagnetic records (limited to those specified by the ordinance of the competent ministry) may be attached in lieu of documents.

(Amount of Stated Capital, etc.)

- Article 53 (1) The amount of stated capital of Electronic Monetary Claim Recording Institutions shall not be less than the amount specified by the

Cabinet Order.

(2) The amount specified by the Cabinet Order in the preceding paragraph shall not be under 500,000,000 yen.

(3) The amount of net assets of Electronic Monetary Claim Recording Institutions shall not be less than the amount specified by the Cabinet Order referred to in paragraph (1).

(Exclusion from Application)

Article 54 The provision of proviso of paragraph (2) of, Article 331(including cases in which it is applied mutatis mutandis to Article 335 (1) of Companies Act), paragraph (2) of Article 332 (including cases in which it is applied mutatis mutandis to Article 334 (1) of the Companies Act), Article 336 (2), and the proviso of Article 402 (5) of the Companies Act, shall not be applied to Electronic Monetary Claim Recording Institutions.

(Confidentiality Obligations)

Article 55 Directors, accounting advisors (when an accounting advisor is a corporation, its members who are to perform the duty), company auditors, executive officers or employees of the Electronic Monetary Claim Recording Institution, and those who were formerly at those positions, shall not disclose or misuse any secrets obtained in the course of his/her duties relating to the Electronic Monetary Claims Recording Business.

Section 2 Business

(Business of Electronic Monetary Claim Recording Institution)

Article 56 Electronic Monetary Claim Recording Institutions shall conduct business for the Electronic Recording of Electronically Recorded Monetary Claims, in accordance with the provision of this Act and Rules of Operation.

(Prohibition of Subsidiary Business)

Article 57 Electronic Monetary Claim Recording Institutions may not engage in business other than Electronic Monetary Claims Recording Business and ancillary business.

(Partial Entrustment of Electronic Monetary Claims Recording Business)

Article 58 (1) Pursuant to provisions of the ordinance of the competent ministry, Electronic Monetary Claim Recording Institutions may entrust a part of their Electronic Monetary Claims Recording Business to banks, etc. (banks (referring to banks prescribed in Article 2 (1) of Banking Act (Act No. 59 of 1981)), cooperative financial institutions (referring to the cooperative financial

institution prescribed in Article 2 (1) of Act on Preferred Equity investment by Cooperative Financial Institutions (Act No. 44 of 1993)) and other financial institutions specified by the Cabinet Order; the same shall apply hereinafter) and other organizations, with the approval of the competent minister.

(2) Notwithstanding the provisions of other laws, banks, etc. may be entrusted, pursuant to the provision of the preceding paragraph, to perform said entrusted business.

(Rules of Operation)

Article 59 Electronic Monetary Claim Recording Institutions shall prescribe procedures, in its Rules of Operation, for Electronic Recording, contracts regarding settlement of remittance between accounts provided in Article 62 (1), or matters pertaining to the contract provided in Article 64 and other matters specified by the ordinances of the competent ministry.

(Protection of those who use Electronic Monetary Claim Recording Institutions)

Article 60 Electronic Monetary Claim Recording Institutions shall perform their business so as not to provide insufficient protection for those who use said Electronic Monetary Claim Recording Institutions.

(Prohibition of Discriminatory Treatment)

Article 61 Electronic Monetary Claim Recording Institutions shall not unreasonably discriminate against specific persons.

Section 3 Measures for Settlement of Remittance between Accounts, etc.

(Concluding Contract Regarding Settlement of Remittance between Accounts)

Article 62 (1) The Electronic Monetary Claim Recording Institution may conclude a contract regarding the settlement of remittances between accounts with the obligor and banks, etc.

(2) The phrase "Settlement of remittances between accounts" prescribed in the preceding paragraph and paragraph (2) of the next Article means a form of payment, used with regard to the obligation under an Electronically Recorded Monetary Claim (excluding one involving a record of guarantee and a Special Right to Reimbursement; hereinafter the same shall apply in this section), in which, based on an agreement between the Electronic Monetary Claim Recording Institution, the obligor, and the bank, etc. , the institution provides said bank, etc. with information, in advance, regarding the payment date that is recorded in the Monetary Claims Records, the amount payable, and the obligor's and Obligee's Accounts; and on the payment date, the bank, etc. transfers a payment from said Obligor's Account to said Obligee's Account.

(Recording of a Payment, etc. for the Settlement of Remittance between Accounts)

Article 63 (1) In the case where an Electronic Monetary Claim Recording Institution concludes a contract regarding settlements of remittance between accounts provided in paragraph (1) of the preceding Article, when the matters listed in item (i) of Article 16 (2) are recorded in the Monetary Claims Record, the Electronic Monetary Claim Recording Institution shall provide the bank, etc. pertaining to said contract with the information prescribed in paragraph (2) of the preceding Article.

(2) In the case referred to in the preceding paragraph, when Electronic Monetary Claim Recording Institutions receive a notice from the banks, etc. prescribed in the same paragraph, that there has been a settlement of remittance between accounts for the full amount of the obligation pertaining to the Electronically Recorded Monetary Claims to be paid on the payment date, the Electronic Monetary Claim Recording Institutions shall make a record of the Payment, etc. regarding said settlement of remittance between accounts without delay.

(Concluding other Contracts Pertaining to Payment)

Article 64 In addition to the contract regarding a settlement of remittance between accounts provided in Article 62 (1), an Electronic Monetary Claim Recording Institution may conclude a contract regarding payment of obligations pertaining to Electronically Recorded Monetary Claims to the Obligee's Account, with the obligor or obligee, and the bank, etc.

(Record of a Payment, etc. Record for Payment pertaining to Other Contracts)

Article 65 In cases where Electronic Monetary Claim Recording Institutions conclude a contract provided by the preceding Article and when the matters listed in item (ii) of Article 16 (2) have been recorded in the Monetary Claims Record, if the Electronic Monetary Claim Recording Institutions receive a notice regarding the transfer payment of obligations pertaining to Electronically Recorded Monetary Claims to the Obligee's Account from the bank, etc. pertaining to said contract (limited to cases specified by the ordinance of the competent ministry as cases in which it is possible for the Electronic Monetary Claim Recording Institution to be certain that the obligation pertaining to an Electronically Recorded Monetary Claims has been paid), the Electronic Monetary Claim Recording Institution shall make a record of Payment, etc. for said payment without delay.

(Application of Article 8 pertaining to Notice of Settlement of Remittance between Accounts, etc.)

Article 66 The notice prescribed in Article 63 (2) and the preceding Article shall be deemed to be a request for an Electronic Recording to be made and the provision of Article 8 shall apply.

Section 4 Supervision

(Preparation and keeping of Books and Documents, etc.)

Article 67 Electronic Monetary Claim Recording Institutions shall prepare books and documents, etc. and other records on its business and keep these documents, pursuant to the ordinance of the competent ministry.

(Submission of report on business and assets)

Article 68 (1) Electronic Monetary Claim Recording Institutions shall prepare a report on business and assets every business year and submit it to the competent minister.

(2) Matters that are stated in the report of the preceding paragraph, submission date and other matters necessary regarding the report of the same paragraph shall be specified by the ordinance of the competent ministry.

(Alteration in the Amount of Stated Capital)

Article 69 (1) In cases in which Electronic Monetary Claim Recording Institutions intend to reduce the amount of their stated capital, they shall obtain an approval of the competent minister, pursuant to the ordinance of the competent ministry.

(2) In cases in which Electronic Monetary Claim Recording Institutions intend to increase the amount of their stated capital, they shall give notice to the competent minister, pursuant to the ordinance of the competent ministry.

(Alteration of Articles of Incorporation or Rules of Operation)

Article 70 The alteration of the articles of incorporation or Rules of Operation of Electronic Monetary Claim Recording Institutions shall not be effective unless the competent minister approves such alteration.

(Approval for discontinuation of Electronic Monetary Claims Recording Business)

Article 71 In cases in which Electronic Monetary Claim Recording Institutions intend to discontinue Electronic Monetary Claims Recording Business, it shall obtain an approval of the competent minister, pursuant to the ordinance of the competent ministry.

(Notification regarding a Change of Trade Name, etc.)

Article 72 (1) In cases in which a matter listed in item (i) or item (iii) to (v) of Article 52 (1) has changed, the Electronic Monetary Claim Recording Institutions shall give notification to this effect and submit the documents listed in item (i) or (iii) of Article 52 (2) to the competent minister, pursuant to the ordinance of the competent ministry.

(2) In case in which a notification of changes to the Electronic Monetary Claim Recording Institution's trade name or the address of its head office has been given pursuant to the provisions of the preceding paragraph, the competent minister shall make a public notice to this effect in the Official Gazette.

(Report and Inspection)

Article 73 (1) When the competent minister finds it necessary for the appropriate and reliable performance of Electronic Monetary Claims Recording Business, the competent minister may issue an order the Electronic Monetary Claim Recording Institution or the person that has been entrusted with the business by said Institution, to submit reports or materials regarding the Electronic Monetary Claim Recording Institution's business or assets, or may have the employees [of the competent ministry] conduct on-site inspections of said Institution or the business office or office of the person who has been entrusted with the business from said Institution regarding its business operation or financial conditions or books and documents, and other materials (as to those who have been entrusted with the business from said Institution, limited to articles necessary for the inspection of the business of said Institution or its financial conditions) or [the competent minister may have the employees] ask the relevant persons questions (as to the relevant person of those who have been entrusted with the business from said Institution, limited to matters pertinent to the questioning regarding the business of said Institution or its financial conditions).

(2) The employees making on-site inspections, pursuant to the provision of the preceding paragraph, shall carry identification cards certifying their status and show it to the relevant persons.

(3) The authority to conduct on-site inspection prescribed in the provision of paragraph (1) shall not be construed as being accorded for the purposes of carrying out criminal investigations.

(Order for Business Improvement)

Article 74 When the competent minister finds it necessary for the appropriate and reliable performance of Electronic Monetary Claims Recording Business, he/she may, to the extent necessary, order Electronic Monetary Claim Recording Institutions to take necessary measures for the improvement of business operation or conditions of assets.

(Rescission, etc. of Designation)

Article 75 (1) When an Electronic Monetary Claim Recording Institution fall under any of the following respective items, the competent minister may rescind the designation of Article 51 (1), order the suspension of the whole or a part of its business for a period not exceeding six months or order the dismissal of the director, the accounting advisor, the company auditor or executive officers:

- (i) When it no longer falls under any of the requirements listed in item (iii) or item (iv) of Article 51 (1);
 - (ii) In a case where it is found that it did not fall under any of the items of Article 51 (1) at the time of designation under Article 51 (1);
 - (iii) In a case where it has been found that it obtained the designation as described in Article 51(1) by wrongful means; or
 - (iv) In a case where it violated this Act or orders based on this Act or dispositions based on the aforementioned edicts.
- (2) In a case where the competent minister rescinds the designation under Article 51 (1) pursuant to the provision of the preceding paragraph, he/she shall make a public notice to this effect in the Official Gazette.

(Business Transfer Order)

Article 76 (1) In cases where an Electronic Monetary Claim Recording Institution falls under any of following items, the competent minister may order it to transfer its Electronic Monetary Claims Recording Business to another stock company within a period fixed by him/her:

- (i) In a case where the designation of Article 51 (1) has been rescinded pursuant to the provision of paragraph (1) of the preceding Article;
 - (ii) In case it terminates Electronic Monetary Claims Recording Business;
 - (iii) In case it dissolves (including cases when a judgment confirming the nullity of establishment, consolidation-type merger or incorporation-type company split has become final); or
 - (iv) In the case where it is likely that it is unable to pay its debts when due without materially impeding the continuity of Electronic Monetary Claims Recording Business, or that a fact constituting a cause of bankruptcy is going to happen.
- (2) A resolution of the shareholders meeting of an Electronic Monetary Claim Recording Institution that has received an order under the provisions of the preceding paragraph, pursuant to the provision of Article 322 (1), Article 466, Article 467 (1), Article 783 (1) or Article 795 (1) of the Companies Act (excluding a resolution by shareholders meeting provided for in item (ii) of Article 309 (3) of the Companies Act with regard to the resolution made

pursuant to the provision of Article 783 (1) of the Companies Act), may be made provisionally with a two-thirds majority of the voting rights of the shareholders present, notwithstanding the provisions of Article 309 (2) and Article 324 (2) of the Companies Act.

- (3) A resolution of the shareholders meeting of an Electronic Monetary Claim Recording Institution that has received an order under the provisions of the paragraph (1), in accordance with item (ii) of Article 309 (3) of the Companies Act, may be made provisionally with the majority of the shareholders present and a two-thirds majority of the voting rights of the shareholders present, notwithstanding the provisions of Article 309 (3) of the Companies Act.
- (4) In a case where resolution was made provisionally pursuant to the provisions of paragraph (2) (hereinafter referred to as "Provisional Resolution" in this paragraph and the following paragraph), a notice regarding the purpose of said Provisional Resolution shall be given to respective shareholders, and another shareholders meeting shall be convened within one month from the day of said Provisional Resolution.
- (5) In cases where a Provisional Resolution was approved by the majority prescribed in paragraph (2) in the shareholders meeting referred to in the preceding paragraph, it shall be deemed that the resolution pertaining to the matter which was provisionally resolved was made at the time when said Provisional Resolution was approved.
- (6) The preceding two paragraphs shall apply mutatis mutandis to cases where a resolution is provisionally made pursuant to the provision of paragraph (3). In this case, the term "paragraph (2)" in the preceding paragraph shall be deemed as having been replaced with the term "paragraph (3)".

(Lapse of Monetary Claims Record)

Article 77 (1) In cases where the Electronic Monetary Claim Recording Institution receives an order pursuant to the provision of paragraph (1) of the preceding Article, and when it does not transfer the Electronic Monetary Claims Recording Business within the period provided by the aforementioned order and allows the due date to pass, the Monetary Claims Record in the Registry of the Electronic Monetary Claim Recording Institution shall cease to be effective as of the day after the last date of said period.

- (2) After the day the Monetary Claims Record ceases to be effective pursuant to the provision of the preceding paragraph (hereinafter referred to as "Validity Lapse Day" in this Article), Electronically Recorded Monetary Claims and pledges created on it shall continue to exist as nominative claims and pledges on it with the contents of the Electronically Recorded Monetary Claims which were recorded in said Record.
- (3) In cases where a person who was an Electronically Recorded Guarantor on

the Validity Lapse Day, performed an action to extinguish the obligation recorded as the principal obligation with regard to the nominative claim in the preceding paragraph such as payment in exchange for his/her own property, he/she shall acquire the right to reimbursement, with the same contents as a Special Right to Reimbursement.

- (4) The competent minister shall, after the Validity Lapse Day, promptly, make a public notice to the effect that the Monetary Claims Record referred to in paragraph (1) ceases to be effective, in the Official Gazette.
- (5) The person who was an Electronic Monetary Claims Recording Institution or a general successor (limited to the person who has succeeded to the rights and obligations of the Electronic Monetary Claims Recording Institution that ceases to exist after the merger, and does not perform Electronic Monetary Claims Recording Business. Hereinafter the same shall apply in this chapter.) shall, after the Validity Lapse Day, immediately send documents evidencing all the matters provided for in the following respective items (excluding Obligor's Account) to persons listed in the following respective items.
 - (i) The person who was an Electronically Recorded Person on the Validity Lapse Day: All the matters recorded in the Monetary Claims Record on the Validity Lapse Day (when the person listed this item is a person that was recorded in a Divided Monetary Claims Record, these include matters recorded in the Original Monetary Claims Records as of the creation of the relevant Divided Monetary Claims Record, before the record of the division at the creation of said Divided Monetary Claims Record was made in the Original Monetary Claims Records), except matters recorded in the record of assignment, or record of pledge creation or the Electronic Recording of a sub-pledge (when a record of alteration has been made regarding a Matter Recorded in these Electronic Recordings, the record of said alteration is included; hereinafter referred to as the "Record of Assignment, etc.") in which assignee or pledgee (excluding those who are listed in the following) who is not the Electronically Recorded Person is recorded.
 - (a) The Record of Assignment, etc. in which the matters listed in item (iii) or item (iv) of Article 18 (2) or item (vi) or item (vii) of Article 37 (2), or item (iv) or item (v) of Article 37 (4) were recorded.
 - (b) The record of assignment in which an individual was recorded as an assignor or an assignee.
 - (c) The Record of Assignment, etc. in connection with the relevant record of alteration in cases where a person who was the Electronically Recorded Person on the Validity Lapse Day was recorded in said record of alteration.
 - (ii) The person who was recorded as the Electronically Recorded Obligor on the Validity Lapse Day: Matters recorded in the Monetary Claims Record as of the Validity Lapse Day (when the person listed in this item is a person that

was recorded in a Divided Monetary Claims Record, these include matters recorded in the Original Monetary Claims Records as of the creation of the relevant Divided Monetary Claims Record, before the record of the division at the creation of said Divided Monetary Claims Record was made in the Original Monetary Claims Records).

Section 5 Merger, Company Split, and Transfer of Business

(Approval to Specified Merger)

- Article 78 (1) A merger (limited to case where a stock company that continues to exist after the merger or a stock company that is established by the merger performs Electronic Monetary Claims Recording Business; hereinafter referred to as "Specified Merger" in this Article) where Electronic Monetary Claim Recording Institution(s) are the only parties or is one of the parties shall not be effective without the approval of the competent minister.
- (2) An Electronic Monetary Claim Recording Institution that intends to receive the approval under the preceding paragraph shall submit to the competent minister a written application for merger approval that states matters listed in respective items of Article 52 (1) regarding a stock company that will continue to exist after the Specified Merger or a stock company that will be established by the Specified Merger (hereinafter referred to as "Electronic Monetary Claim Recording Institution after the Specified Merger" in this Article).
- (3) Documents or electromagnetic records in which the contents of the merger agreement are stated or recorded (limited to those specified by the ordinance of the competent ministry; hereinafter the same shall apply in this paragraph) and other documents or electromagnetic records specified by the ordinance of the competent ministry shall be attached to the written application for merger approval.
- (4) In cases where an application for approval under paragraph (1) is made, the competent minister shall examine whether the application meets the following standards:
- (i) The Electronic Monetary Claim Recording Institution after the Specified Merger satisfies with the requirements listed in respective items of Article 51 (1); and
 - (ii) A smooth and appropriate succession of Electronic Monetary Claims Recording Business is expected.
- (5) The Electronic Monetary Claim Recording Institution after the Specified Merger (excluding cases where the Electronic Monetary Claim Recording Institution is a stock company that continues to exist after the Specified Merger) shall be deemed to have obtained the designation under Article 51 (1) at the time of the Specified Merger.

(6) The Electronic Monetary Claim Recording Institution after the Specified Merger shall succeed to the rights and obligations arising out of the administrative authority's approval and other dispositions regarding the business of the Electronic Monetary Claim Recording Institution extinguished after the Specified Merger.

(Approval of Incorporation-type Company Split)

Article 79 (1) An incorporation-type company split conducted by an Electronic Monetary Claim Recording Institution where a newly formed stock company succeeds to whole or a part of its Electronic Monetary Claims Recording Business (hereinafter simply referred to as "Incorporation-type Company Split" in this Article) shall not be effective without a competent minister's approval.

(2) The Electronic Monetary Claim Recording Institution that intends to receive an approval under the preceding paragraph shall submit to the competent minister a written application for Incorporation-type Company Split approval that states the following matters regarding the stock company to be established by the Incorporation-type Company Split (hereinafter referred to as "Formed Company" in this Article):

(i) Matters provided for in the items of Article 52 (1); and

(ii) The Electronic Monetary Claims Recording Business to be taken over by the Formed Company.

(3) Documents or electromagnetic records in which the contents of the Incorporation-type Company Split plan are stated or recorded (limited to those specified by the ordinance of the competent ministry; hereinafter the same shall apply in this paragraph) and other documents or electromagnetic records specified by the ordinance of the competent ministry shall be attached to the written application for Incorporation-type Company Split approval.

(4) In cases where an application for approval under paragraph (1) is made, the competent minister shall examine whether the application meets the following standards:

(i) The Formed Company falls under the requirements listed in item (i) and items (iv) to (vii) of Article 51 (1); and

(ii) A smooth and appropriate succession of Electronic Monetary Claims Recording Business is expected.

(5) The Formed Company shall be deemed to have obtained the designation under Article 51 (1) at the time of the Incorporation-type Company Split.

(6) The Formed Company shall succeed to the rights and obligations arising out of the administrative authority's approval and other dispositions regarding the business that constitute the subject matter of succession from the Electronic Monetary Claim Recording Institution that conducted the Incorporation-type Company Split.

(Approval for Absorption-type Company Split)

Article 80 (1) An absorption-type company split conducted by Electronic Monetary Claim Recording Institutions for the purpose of having another stock company succeeds to whole or a part of its Electronic Monetary Claims Recording Business (hereinafter simply referred to as "Absorption-type Company Split" in this Article) shall not be effective without a competent minister's approval.

(2) The Electronic Monetary Claim Recording Institution that intends to obtain an approval under the preceding paragraph shall submit to the competent minister a written application for Absorption-type Company Split approval that states the following matters regarding a stock company that is taking over whole or a part of its Electronic Monetary Claims Recording Business by the Absorption-type Company Split (hereinafter referred to as the "Succeeding Company" in this Article):

(1) Matters provided for in the items of Article 52 (1); and

(2) Electronic Monetary Claims Recording Business succeeded by the Succeeding Company.

(3) Documents or electromagnetic records in which the contents of the Absorption-type Company Split agreement are stated or recorded (limited to those specified by the ordinance of the competent ministry; hereinafter the same shall apply in this paragraph) and other documents or electromagnetic records specified by the ordinance of the competent ministry shall be attached to the written application for an Absorption-type Company Split approval.

(4) In cases where an application for approval under paragraph (1) is made, the competent minister shall examine whether the application meets the following standards:

(i) The Succeeding Company satisfies the requirements provided for in the respective items of Article 51 (1); and

(ii) A smooth and appropriate succession of Electronic Monetary Claims Recording Business is expected.

(5) The Succeeding Company (excluding cases where an Electronic Monetary Claim Recording Institution is the Succeeding Company) shall be deemed to have obtained the designation under Article 51 (1) at the time of the Absorption-type Company Split.

(6) The Succeeding Company shall succeed to the rights and obligations arising out of the administrative authority's approval and other dispositions regarding the business activities that constitute the subject matter of succession from the Electronic Monetary Claim Recording Institution that conducted the Absorption-type Company Split.

(Approval for Business Transfer)

Article 81 (1) The transfer of the whole or a part of Electronic Monetary Claims Recording Business conducted by an Electronic Monetary Claim Recording Institution to other stock company (hereinafter referred to as "Business Transfer" in this Article) shall not be effective without the competent minister's approval.

(2) The Electronic Monetary Claim Recording Institution that intends to obtain an approval under the preceding paragraph shall submit to the competent minister a written application for Business Transfer approval that states the following matters regarding the stock company to be transferred the whole or a part of its Electronic Monetary Claims Recording Business by the Business Transfer (hereinafter referred to as "Transferee Company" in this Article):

(i) Matters provided for in the respective items of Article 52 (1); and

(ii) Electronic Monetary Claims Recording Business succeeded by the Transferee Company.

(3) Documents or electromagnetic records in which the contents of the transfer contract are stated or recorded (limited to those specified by the ordinance of the competent ministry; hereinafter the same shall apply in this paragraph) and other documents or electromagnetic records specified by the ordinance of the competent ministry shall be attached to the written application for Business Transfer approval.

(4) In a case where an application for approval under paragraph (1) is made, the competent minister shall examine whether the application meets the following standards:

(i) The Transferee Company satisfies the requirements listed in the items of Article 51 (1); and

(ii) A smooth and appropriate succession of Electronic Monetary Claims Recording Business is expected.

(5) The Transferee Company (excluding cases where the Electronic Monetary Claim Recording Institution is an Transferee Company) shall be deemed to have obtained the designation under Article 51 (1) at the time of Business Transfer.

(6) The Transferee Company shall succeed to the rights and obligations arising out of the administrative authority's approval and other dispositions regarding the business activities that constitute the subject matter of the transfer of the Electronic Monetary Claim Recording Institution that made the Business Transfer.

Section VI Dissolution, etc.

(Approval for Dissolution, etc.)

Article 82 The following matters shall not be effective without the competent minister's approval:

- (i) A resolution at shareholders meeting for the dissolution of the Electronic Monetary Claim Recording Institution; or
- (ii) A merger (limited to cases where a stock company that continues to exist after the merger or a stock company that is established by the merger does not perform Electronic Monetary Claims Recording Business) where the Electronic Monetary Claim Recording Institution(s) are the only parties or one of the parties involved.

(Lapse of Designation)

Article 83 (1) In a case where an Electronic Monetary Claim Recording Institution falls under any of the following items, their designation under Article 51 (1) shall cease to be effective.

- (i) In a case where it has terminated the Electronic Monetary Claims Recording Business;
 - (ii) In a case where it dissolves (including case where a judgment confirming the nullity of establishment, of consolidation-type merger or of Incorporation-type Company Split has become final and binding); or
 - (iii) In a case where an Electronic Monetary Claim Recording Institution has received an order under the provision of Article 76 (1) (limited to cases that fall under item (iv) of the same paragraph) and it failed to transfer the Electronic Monetary Claims Recording Business within the period stated in said order.
- (2) In a case where the designation under Article 51 (1) ceased to be effective pursuant to the provision of the preceding paragraph, a person who was an Electronic Monetary Claim Recording Institution or a general successor shall notify the competent minister to that effect, as specified by the ordinance of the competent ministry.
- (3) In a case where the notification has been made under the provision of the preceding paragraph, the competent minister shall publicly notify to this effect in the Official Gazette.

(A deemed Electronic Monetary Claim Recording Institution in case of Rescission of Designation, etc.)

Article 84 In a case where the designation under Article 51 (1) is rescinded pursuant to the provision of Article 75 (1) or where said designation ceases to be effective pursuant to the provision of paragraph (1) of the preceding Article (excluding case that fall under item (iii) of the same paragraph), the person who was an Electronic Monetary Claim Recording Institution or a general successor shall promptly finish the Electronic Monetary Claims Recording

Business performed by said Institution. In this case, the person who was said Institution or a general successor shall still be deemed an Electronic Monetary Claim Recording Institution for the purpose of finishing the Electronic Monetary Claims Recording Business.

(Competent Minister's Opinion, etc. in Liquidation Procedures, etc.)

Article 85 (1) In liquidation procedures, bankruptcy procedures, rehabilitation proceedings, reorganization proceedings, or procedures for the recognition and assistance of an Electronic Monetary Claim Recording Institution, the court may ask for an opinion or may request to conduct inspection or investigation, to the competent minister.

(2) In the procedures prescribed in the preceding paragraph, the competent minister may, if he/she finds it necessary, state his/her opinion to the court.

(3) The provision of Article 73 shall apply mutatis mutandis to case where the competent minister has been requested by the court to conduct inspection or investigation, pursuant to the provision of paragraph (1).

Chapter IV Miscellaneous Provisions

(Preservation of Monetary Claims Record, etc.)

Article 86 Electronic Monetary Claim Recording Institutions shall preserve documents or electromagnetic records in which information provided to the Electronic Monetary Claim Recording Institutions have been stated or recorded in connection with a Monetary Claims Record or in connection with a request for an Electronic Recording recorded in said Monetary Claims Record to be made, until the expiration of any of the following periods:

(i) Five years from the day of the recording of the Payment, etc. of the entire amount of the debts pertaining to all the Electronically Recorded Monetary Claims recorded in said Monetary Claims Record or the day that the deletion of all Matters Recorded in said Monetary Claims was recorded through the recording of an alteration; or

(ii) Ten years from the latest of the following days: the payment date recorded in said Monetary Claims Record (in a case where debts are paid in installments, the final payment date) or the day on which the last Electronic Recording was made.

(Disclosure of Matters Recorded)

Article 87 (1) A Person listed in the following items and his/her heir and other general successor, and a person entitled to manage and dispose of the assets of the person may, after having paid expenses prescribed by the Electronic Monetary Claim Recording Institution's Rules of Operation, request said

Institution for inspection of the matters prescribed in said items (excluding the Obligor's Account) that are displayed in the methods specified by the ordinance of the competent ministry, or request said Institution for the provision of documents or electromagnetic records that certify all or a part of said Matters (hereinafter referred to as "Request for Disclosure" in this Article) at any time during the business hours of said Institution.

- (i) The Electronically Recorded Person: All matters recorded in a Monetary Claims Record (if said Electronically Recorded Person is a person that has been recorded in a Divided Monetary Claims Record, these include matters recorded in the Original Monetary Claims Records as of the creation of the relevant Divided Monetary Claims Record, before the record of the division at the creation of said Divided Monetary Claims Record was made in Original Monetary Claims Records), other than those recorded in a Record of Assignment, etc. in which a person who is not the Electronically Recorded Person is recorded as an assignee or a pledgee (excluding the matters listed as follows).
 - (a) The Record of Assignment, etc. in which the matters listed in item (iii) or (iv), Article 18 (2), item (vi) or (vii) of Article 37 (2), or item (iv) or (v) of Article 37 (4) have been recorded.
 - (b) The record of assignment in which an individual is recorded as an assignor or an assignee.
 - (c) The Record of Assignment, etc. connected with the record of the alteration in a case where an Electronically Recorded Person has been recorded in the record of an alteration.
- (ii) A person recorded as an Electronically Recorded Obligor: All matters recorded in a Monetary Claims Record (when the person recorded as the Electronically Recorded Obligor is a person that has been recorded in a Divided Monetary Claims Record, these include matters recorded in the Original Monetary Claims Records as of the creation of the relevant Divided Monetary Claims Record, before the record of the division at the creation of said Divided Monetary Claims Record was made in the Original Monetary Claims Records), other than those recorded in a Record of Assignment, etc. in which a person who is not the Electronically Recorded Person is recorded as an assignee or a pledgee (excluding the matters listed as follows).
 - (a) Matters recorded in the Record of Assignment, etc. connected with the record of the alteration in a case where an Electronically Recorded Person has been recorded in the record of the alteration.
 - (b) In a case where the person who is recorded as the Electronically Recorded Obligor has a defense based on a personal relationship with a person recorded as an obligee, an assignee or a pledgee or an heir or other general successors in the record of accrual or a Record of Assignment, etc.

- (hereinafter referred to as "Obligee, etc." in this item), the name and address of persons recorded as assignees or a pledgees (excluding an Electronically Recorded Person) in the series of Records of Assignment, etc. leading from the Obligee, etc. to the Electronically Recorded Person.
- (iii) A person who is recorded in the Monetary Claims Record other than the one listed in the preceding two items: The following matters among the matters recorded in the Monetary Claims Record (including the matters recorded in the Divided Monetary Claims Record that will be made later, if the person listed in this item is the person recorded in the Original Monetary Claims Record).
- (a) Matters recorded in record of accrual within the Monetary Claims Record and in the Electronic Recording (including the record of the alteration, if a record of an alteration has been made with regard to a Matter Recorded in said Electronic Recording) in which a person who makes a request for a disclosure (being referred to as "Disclosure Requester" in (b)) is the person who filed the request for the Electronic Recording to be made.
- (b) The names and addresses of those who are recorded as an assignee or a pledgee in the series of Records of Assignment, etc. leading from said Disclosure Requester to the Electronically Recorded Person, in cases where a Record of Assignment, etc. has been made in which the Disclosure Requester is the Electronically Recorded Claim Obligor and said Electronic Recording was made by the request of a person without the authority of representation of the Disclosure Requester or by the request of the one who falsely represented as the Disclosure Requester.
- (2) Regarding Matters Recorded which, at the time of the request, the person who requested that the Electronic Recording be made agrees to disclose, an Electronic Monetary Claim Recording Institution may allow a certain people within the scope of said agreement, to make a Request for Disclosure pursuant to the ordinance of the competent ministry, in addition to those provided for in the preceding paragraph,

(Disclosure of Information provided in the Requesting of an Electronic Recording to Be Made)

Article 88 A person whose name has been provided to an Electronic Monetary Claim Recording Institution as a person requesting that an Electronic Recording be made may, having paid expenses prescribed in said Institution's Rules of Operation, make a request provided for as follows to said Institution for the information provided to said Institution, at the time it was requested that said Electronic Recording be made, at any time during the business hours of said Institution. Regarding those who have an interest regarding the legitimacy of the request for the Electronic Recording to be made, if there are

justifiable grounds, the same shall apply to the extent that the person has an interest.

- (i) When said information is stated in a document, a request for inspection of the document.
- (ii) A request for issuance of a transcript or an extract of said document referred to in the preceding item.
- (iii) When said information is recorded in an electromagnetic record, a request for inspection of the matters recorded in said electromagnetic record in a manner specified by the ordinance of the competent ministry.
- (iv) A request for the provision of matters recorded in the electromagnetic record under the preceding item by an electromagnetic method (the method which specified by the ordinance of the competent ministry which uses information and communications technology including, but not limited to, the method which uses electronic data processing system) that are prescribed by Rules of Operation, or a request for delivery of a document that contains such matters.

(Submission of Materials, etc. to the Minister of Finance)

Article 89 The Minister of Finance may request the Prime Minister to submit the necessary materials and explain, if he/she finds it necessary for the projection or planning of system pertaining to Electronically Recorded Monetary Claims for the management of financial failures and financial crisis under the jurisdiction of the Minister of Finance.

(Delegation to the Ordinance of the Competent Ministry)

Article 90 In addition to what is provided for in this Act, matters necessary for the enforcement of this Act shall be set forth by the ordinance of the competent ministry.

(Competent Minister and the Ordinance of the Competent Ministry)

Article 91 In this Act, the competent minister shall be the Minister of Justice and the Prime Minister, and the ordinance of the competent ministry shall be Ordinance of the Ministry of Justice and Cabinet Office Ordinance.

(Delegation of Authority)

- Article 92 (1) The Prime Minister shall delegate the authority under the provisions of this Act (excluding that specified by the Cabinet Order) to the Commissioner of Financial Services Agency.
- (2) The Commissioner of Financial Services Agency may, pursuant to the Cabinet Order, delegate a part of its authority delegated pursuant to the provision of the preceding paragraph, to the Director-Generals of the Local Finance

Bureaus or the Directors-General of the Local Finance Branch Bureaus.

Chapter V Penal Provisions

Article 93 Any person who, in violation of the provisions of Article 7 (1) or Article 49 (1), did not record a matter to be recorded in the Registry in electronic form or made a false record in the Registry shall be punished by an imprisonment with work for not more than three years or by a fine of not more than 3,000,000 yen, or both.

Article 94 Any person who violated the business suspension order under the provisions of Article 75(1) shall be punished by an imprisonment with work for not more than two years or by a fine of not more than 3,000,000 yen, or both.

Article 95 Any person who falls under any of the following items shall be punished by an imprisonment with work for not more than one year or a fine of not more than 3,000,000 yen, or both:

- (i) A person who made a false statement in a written application referred to in Article 52 (1), Article 78 (2), Article 79 (2), Article 80 (2), or Article 81 (2), or in a document referred to in Article 52 (2), or who made a false record in an electromagnetic record in cases where an electromagnetic record is to be attached instead of the document, or who made a false statement or a false record in the document or electromagnetic record under Article 78 (3), Article 79 (3), Article 80 (3) or Article 81 (3), and submitted the statement or record;
- (ii) A person who does not prepare or does not preserve records under the provisions of Article 67, or who prepares false records;
- (iii) A person who did not submit a report under the provisions of Article 68 (1), or who submitted a report that contained a false statement;
- (iv) A person who did not report or submit a material in accordance with the provisions of Article 73 (1), or reported a false report or submitted a false material, or who refused, obstructed, or evaded the inspection under the provisions of the same paragraph, or who failed to answer questions under the provisions of the same paragraph or gave a false answer to said questions;
- (v) A person who did not report or submit a material in accordance with the provision of Article 73 (1) applied mutatis mutandis to Article 85 (3), or who reported a false report or submitted a false material, or who refused, obstructed, or evaded the inspection under the provision of the same paragraph, or who failed to answer the question under the provision of the same paragraph or makes a false answer to said question; or
- (vi) A person who, in violation of the provisions of Article 86, did not preserve

Monetary Claims Records or documents or electromagnetic records in accordance with the same Article.

Article 96 Any person who violated the provisions of Article 55 shall be punished by an imprisonment with work for not more than one year or by a fine of not more than 500,000 yen.

Article 97 Any person who falls under any of the following items shall be punished by a fine of not more than 300,000 yen:

- (i) A person who reduced the amount of stated capital without approval under the provisions of Article 69 (1) or a person who received the approval under the same paragraph by way of a false application; or
- (ii) A person who failed to give the notification under the provisions of Article 72 (1) or provided a false notification.

Article 98 When a representative, an agent, an employee or any other worker of a corporation committed a violation of any of the provisions set forth in the following items with regard to the business of said corporation, not only the individual offender but also the corporation shall be punished by a fine prescribed in said items:

- (i) Article 93 or 94: A fine of not more than 300,000,000 yen;
- (ii) Article 95 (excluding item (v)): A fine of not more than 200,000,000 yen; and
- (iii) item (v) of Article 95 or Article 97: A fine as prescribed in the respective Articles.

Article 99 When an officer or a liquidator of the Electronic Monetary Claim Recording Institution (regarding item (iii), a person who was the Electronic Monetary Claim Recording Institution or the general successor prescribed in Article 77 (5)) falls under any of the following items, shall be punished by a non-penal fine of not more than 1,000,000 yen:

- (i) if he/she failed to give a notice or gave a false notice, in violation of the provisions of Article 69 (2);
- (ii) if he/she violated the order under the provisions of Article 74 or Article 76 (1);
- (iii) if he/she failed to send the document mentioned in the same paragraph, in violation of the provision of Article 77 (5); or
- (iv) if he/she refused the requests under the provisions of Article 87 (1) or Article 88 without a justifiable ground, or provided the documents or the electromagnetic records with a false statement or records.

Article 100 When a person who was an officer or a liquidator of a person who

was an Electronic Monetary Claim Recording Institution or a general successor prescribed in Article 83 (2), in violation of the provision of the same paragraph, failed to give a notification, the person shall be punished by a non-penal fine of not more than 300,000 yen.