

# Order on Supervision of General Book-Entry Institutions

(Ordinance of the Cabinet Office and Ministry of Justice No. 1 of March 28, 2002)

Pursuant to the provisions of the Act on Book-Entry of Short-Term Corporate Bonds (Act No. 75 of 2001) and to implement said Act, the Ordinance for Enforcement of the Act on Book-Entry of Short-Term Corporate Bonds is established as below.

Chapter I General Provisions (Article 1)

Chapter II General Book-Entry Institutions (Article 2 to Article 37)

Chapter III Miscellaneous Provisions (Article 38 and Article 39)

Supplementary Provisions

## Chapter I General Provisions

(Definitions)

Article 1 In this Order, the meanings of the terms set forth in the following items are as prescribed respectively in those items:

- (i) Corporate Bonds, etc.: corporate bonds, etc. as prescribed in Article 2, paragraph (1) of the Act on Book-Entry of Corporate Bonds, Shares (Act No. 75 of 2001; hereinafter referred to as the "Act") other than those set forth in item (ii) of said paragraph;
- (ii) Book-Entry Institution: a book-entry institution as prescribed in Article 2, paragraph (2) of the Act;
- (iii) General Book-Entry Institution: a Book-Entry Institution that provides in its Operational Rules that it does not handle national government bonds;
- (iv) Participant: a participant as prescribed in Article 2, paragraph (3) of the Act;
- (v) Account Management Institution: an account management institution as prescribed in Article 2, paragraph (4) of the Act;
- (vi) Book-Entry Business: a book-entry business as prescribed in Article 3, paragraph (1) of the Act;
- (vii) Operational Rules: operational rules as prescribed in Article 3, paragraph (1), item (v) of the Act;
- (viii) Institution Account: an institution account as prescribed in Article 12, paragraph (2) of the Act;
- (ix) Specified Merger: a specified merger as prescribed in Article 25, paragraph (1) of the Act;

- (x) Book-Entry Institution after Specified Merger: a book-entry institution after specified merger as prescribed in Article 25, paragraph (2) of the Act;
- (xi) Incorporation-Type Company Split: an incorporation-type company split as prescribed in Article 27, paragraph (1) of the Act;
- (xii) Incorporated Company: an incorporated company as prescribed in Article 27, paragraph (2) of the Act;
- (xiii) Absorption-Type Company Split: an absorption-type company split as prescribed in Article 29, paragraph (1) of the Act;
- (xiv) Succeeding Company: a succeeding company as prescribed in Article 29, paragraph (2) of the Act;
- (xv) Business Transfer: a business transfer as prescribed in Article 31, paragraph (1) of the Act;
- (xvi) Assignee Company: an assignee company as prescribed in Article 31, paragraph (2) of the Act;
- (xvii) Participants' Meeting: a participants' meeting as prescribed in Article 33 of the Act; and
- (xviii) Short-Term Corporate Bonds: short-term corporate bonds as prescribed in Article 66, item (i) of the Act.

## **Chapter II General Book-Entry Institutions**

(Application for Designation)

- Article 2 (1) A person intending to obtain designation under Article 3, paragraph (1) of the Act (limited to a person that provides in its Operational Rules that it does not handle national government bonds) must submit, among the written applications for designation to be submitted to the Prime Minister and the Minister of Justice pursuant to the provisions of the Act or this Order, a written application for designation to be submitted to the Prime Minister via the Commissioner of the Financial Services Agency.
- (2) A written application for designation under Article 4, paragraph (1) of the Act is to state the time of commencing the Book-Entry Business, in addition to the matters set forth in the items under said paragraph.
- (3) The documents specified by Ordinance of the Competent Ministry as referred to in Article 4, paragraph (2), item (vii) of the Act are the following:
- (i) a document stating the name or trade name, the address or location of, and the number of voting rights held by any Major Shareholder (meaning a shareholder that holds ten percent or more of the voting rights (excluding voting rights of shares that cannot be exercised for all matters subject to a resolution at a shareholders meeting and including voting rights of shares for which the shareholder is deemed to have voting rights under the provisions of Article 879, paragraph (3) of the Companies Act (Act No. 86 of 2005));

- hereinafter the same applies except in the following item, Article 23, item (i), and Article 26)) held by all shareholders; the same applies hereinafter);
- (ii) a document stating the outline of any Parent Corporation (meaning a corporation or any other organization that holds a majority of the voting rights (meaning the voting rights as prescribed in the preceding item) held by all shareholders of the General Book-Entry Institution; the same applies hereinafter) and any Subsidiary Corporation (meaning a corporation or any other organization for which the General Book-Entry Institution holds a majority of the voting rights (in the case of a stock company, excluding voting rights of shares which cannot be exercised for all matters that are subject to a resolution at a shareholders meeting and including voting rights of shares for which the shareholder is deemed to have voting rights under the provisions of Article 879, paragraph (3) of the Companies Act) held by all shareholders, all members, or all equity investors; the same applies hereinafter);
  - (iii) extracts of the residence certificates of the directors and company auditors (in the case of a company with committees, the directors and executive officers; hereinafter the same applies in this paragraph and Articles 19 through 22) or documents in lieu of these;
  - (iv) the curricula vitae of the directors and company auditors;
  - (v) in the case of a company with accounting advisors, extracts of the residence certificates of the accounting advisors or documents in lieu of these (if an accounting advisor is a corporation, the certificate of registered information of the accounting advisor) and their curricula vitae (if an accounting advisor is a corporation, a document stating the corporate history of the accounting advisor);
  - (vi) a document stating the duties of the directors (in the case of a company with committees, the executive officers);
  - (vii) a document stating the status of securing employees that have knowledge of and experience in the Book-Entry Business and the status of assignment of said employees;
  - (viii) a document stating the organizational structure and division of responsibilities for handling the processes of the General Book-Entry Institution; and
  - (ix) a document stating other matters for reference.

Article 3 (1) The electronic or magnetic record specified by Ordinance of the Competent Ministry as referred to in Article 4, paragraph (3) of the Act is a magnetic disk having the structure of a 90-mm flexible disk cartridge which conforms to X6223 of the Japanese Industrial Standards under the Industrial Standardization Act (Act No. 185 of 1949) (hereinafter referred to as the "JIS").

- (2) Recording of information in the electronic or magnetic record under the preceding paragraph must be carried out in accordance with the following specification:
- (i) with regard to the track format, the specification prescribed in JIS X6225; and
  - (ii) with regard to the volume and file configuration, the specification prescribed in JIS X0605.
- (3) A document stating the following matters must be affixed to the electronic or magnetic record under paragraph (1) in its label area prescribed in JIS X6223:
- (i) the trade name of the applicant; and
  - (ii) the date of the application.

(Application for Authorization for Capital Reduction)

Article 4 (1) If a General Book-Entry Institution intends to obtain authorization for reducing the amount of its stated capital pursuant to the provisions of Article 6, paragraph (1) of the Act, it must submit a written application for authorization stating the following matters to the Commissioner of the Financial Services Agency and the Minister of Justice:

- (i) the amount of stated capital before the capital reduction;
  - (ii) the amount of stated capital after the capital reduction;
  - (iii) the scheduled date of the capital reduction; and
  - (iv) the contents of the capital reduction.
- (2) The following documents must be attached to the written application for authorization under the preceding paragraph:
- (i) a statement of reasons;
  - (ii) a document stating the method of reducing the amount of stated capital;
  - (iii) minutes of a shareholders meeting, minutes of a board of directors meeting, or other document proving that the necessary procedure has been followed; and
  - (iv) the most recent balance sheet.

(Notification of Capital Increase)

Article 5 (1) If a General Book-Entry Institution intends to make a notification on an increase in the amount of stated capital pursuant to the provisions of Article 6, paragraph (2) of the Act, it is to submit a document stating the following matters to the Commissioner of the Financial Services Agency and the Minister of Justice:

- (i) the amount of stated capital before the capital increase;
- (ii) the amount of stated capital after the capital increase;
- (iii) the scheduled date of the capital increase; and
- (iv) the contents of the capital increase.

- (2) The following documents must be attached to the notification under the preceding paragraph:
- (i) a document stating the method of increasing the amount of stated capital; and
  - (ii) minutes of a shareholders meeting, minutes of a board of directors meeting, or other document proving that the necessary procedure has been followed.

(Application for Approval for Concurrent Business)

Article 6 (1) If a General Book-Entry Institution intends to obtain approval pursuant to the provisions of the proviso to Article 9, paragraph (1) of the Act, it must submit a written application for approval stating the following matters to the Commissioner of the Financial Services Agency and the Minister of Justice:

- (i) the business for which it intends to obtain the approval for a concurrent business (hereinafter referred to as the "concurrent business" in this Article); and
  - (ii) the scheduled date for commencing the concurrent business.
- (2) The following documents must be attached to the written application for approval under the preceding paragraph:
- (i) a document stating the contents and method of the concurrent business;
  - (ii) a document stating the organization having jurisdiction over the concurrent business and the assignment of personnel;
  - (iii) rules concerning the operation of the concurrent business; and
  - (iv) a document stating the projected income and expenditures of the concurrent business for the three years following the commencing of the concurrent business.

(Notification of Discontinuation of Concurrent Business)

Article 7 If a General Book-Entry Institution intends to make a notification to the effect that it has discontinued the business for which approval under the proviso to Article 9, paragraph (1) of the Act has been obtained pursuant to the provisions of paragraph (2) of said Act, it is to submit a document stating the following matters to the Commissioner of the Financial Services Agency and the Minister of Justice:

- (i) the contents of the discontinued business;
- (ii) the date of the discontinuance; and
- (iii) the reason for the discontinuance.

(Application for Approval for Subcontracting a Part of Its Business)

Article 8 (1) If a General Book-Entry Institution intends to obtain approval pursuant to the provisions of Article 10, paragraph (1) of the Act, it must

submit a written application for approval stating the following matters to the Commissioner of the Financial Services Agency and the Minister of Justice:

- (i) the trade name or name and the address or location of the counterparty to which it subcontracts the business (hereinafter referred to as the "Subcontractor");
  - (ii) the contents and the scope of the business to be subcontracted; and
  - (iii) the subcontracting period.
- (2) The following documents must be attached to the written application for approval under the preceding paragraph:
- (i) a statement of reasons;
  - (ii) a document stating the contents of the subcontract agreement for the business;
  - (iii) a document to pledge that the Subcontractor satisfies a requirement similar to that set forth in Article 3, paragraph (1), item (iii) of the Act;
  - (iv) a document to pledge that the directors and company auditors of the Subcontractor (including administration officers, inspectors, or other equivalent persons, and in the case of a company with committees, the directors and executive officers; hereinafter the same applies in this paragraph and the following Article) satisfy requirements similar to that set forth in Article 3, paragraph (1), item (iv) of the Act;
  - (v) the certificate of registered information of the Subcontractor;
  - (vi) the articles of incorporation of the Subcontractor;
  - (vii) a document stating the method of conducting the business to be subcontracted;
  - (viii) the business report, balance sheet (including the related notes; the same applies hereinafter), and profit and loss statement (including the related notes; the same applies hereinafter) for each of the most recent three fiscal years of the Subcontractor, or documents in lieu of these;
  - (ix) a document stating the names of the directors and company auditors of the Subcontractor;
  - (x) extracts of the residence certificates of the directors and company auditors of the Subcontractor or documents in lieu of these;
  - (xi) the curricula vitae of the directors and company auditors of the Subcontractor;
  - (xii) if the Subcontractor is a company with accounting advisors, a document to pledge that the accounting advisors of the Subcontractor satisfy a requirement similar to that set forth in Article 3, paragraph (1), item (iv) of the Act, a document stating the names of the accounting advisors, extracts of their residence certificates or documents in lieu of these (if an accounting advisor is a corporation, the certificate of registered information of the accounting advisor), and their curricula vitae (if an accounting advisor is a

- corporation, a document stating the corporate history of the accounting advisor);
- (xiii) a document stating the duties of the directors of the Subcontractor (including administration officers and other equivalent persons, and in the case of a company with committees, the executive officers); and
  - (xiv) a document stating other matters for reference.

(Criteria for Approval for Subcontracting Part of Business)

Article 9 When the Commissioner of the Financial Services Agency and the Minister of Justice receive a written application for approval under paragraph (1) of the preceding Article and find that the application complies with the following criteria, they are to approve the application:

- (i) a condition is attached to the subcontract agreement that the Subcontractor does not subcontract the business further to another person;
- (ii) the subcontracting of the business contributes to increasing the efficiency of the business;
- (iii) the Subcontractor is a corporation with sufficient social credibility, has an appropriate plan concerning the business to be subcontracted, and is capable of conducting the business securely;
- (iv) the Subcontractor satisfies a requirement similar to that set forth in Article 3, paragraph (1), item (iii) of the Act; and
- (v) the directors, accounting advisors, and company auditors satisfy a requirement similar to that set forth in Article 3, paragraph (1), item (iv) of the Act.

(Matters to Be Stated in Operational Rules)

Article 10 The matters specified by Ordinance of the Competent Ministry as referred to in Article 11, paragraph (1), item (vii) of the Act are the following:

- (i) matters concerning the hours for conducting the Book-Entry Business and holidays;
- (ii) matters concerning the consent of the issuer of Corporate Bonds, etc. with regard to the handling of said Corporate Bonds, etc. in the Book-Entry Business;
- (iii) matters concerning preparation and delivery of a document certifying the matters described or recorded in the book-entry account registry or provision of information on said matters by electronic or magnetic means;
- (iv) matters concerning the Institution Account;
- (v) matters concerning the procedure for opening accounts under Article 12, paragraph (1) of the Act or Article 44, paragraph (2) of the Act;
- (vi) matters concerning descriptions or records of trusts;
- (vii) matters concerning fees;

- (viii) matters concerning the subcontracting of a part of business;
- (ix) the following matters if the Participant is an Account Management Institution:
  - (a) matters concerning the procedure for opening accounts under Article 44, paragraph (1) of the Act; and
  - (b) matters concerning preparation and delivery of a document certifying the matters described or recorded in the book-entry account registry or provision of information on said matters by electronic or magnetic means for the case when the Account Management Institution certifies said matters; and
- (x) other necessary matters concerning the Book-Entry Business.

(Opening of Account)

Article 11 The documents that a person intending to make the request set forth in Article 12, paragraph (1) of the Act or Article 44, paragraph (1) or (2) of the Act submits to a General Book-Entry Institution or an Account Management Institution when following the procedures set forth in item (v) of the preceding Article or item (ix), (a) are to be specified by the Commissioner of the Financial Services Agency.

(Preparation and Retention of Books and Documents)

Article 12 (1) The books, documents, and any other records to be prepared by a General Book-Entry Institution pursuant to the provisions of Article 15 of the Act are the book-entry account registry.  
(2) The book-entry account registry prescribed in the preceding paragraph is to be retained for the ten years following its preparation.

(Submission of Reports on Business and Property)

Article 13 (1) The report on business and property to be prepared by a General Book-Entry Institution under Article 16, paragraph (1) of the Act is the financial statements and business report prescribed in Article 435, paragraph (2) of the Companies Act.  
(2) The following documents must be attached to the report on business and property under the preceding paragraph:

- (i) a schedule of tangible fixed assets;
- (ii) a schedule of allowances and reserves;
- (iii) a schedule of other accounts; and
- (iv) a document stating the name or trade name and the address or location of, and the number of voting rights held by any Major Shareholder.

(3) The report on business and property under paragraph (1) is to be submitted to the Commissioner of the Financial Services Agency and the Minister of Justice

within three months after the end of the business year.

(Application for Authorization for Amendment to Articles of Incorporation or Operational Rules)

Article 14 (1) If a General Book-Entry Institution intends to obtain authorization for amendment to the articles of incorporation or Operational Rules under Article 17 of the Act (excluding amendment to matters pertaining to the participants protection trust), it must submit a written application for authorization stating the following matters to the Commissioner of the Financial Services Agency and the Minister of Justice:

- (i) the contents of the amendment; and
- (ii) the scheduled date of the amendment.

(2) The following documents must be attached to the written application for authorization under the preceding paragraph:

- (i) a statement of reasons;
- (ii) a comparison table of the old and new articles of incorporation or Operational Rules;
- (iii) minutes of a shareholders meeting (in the case of a written application for authorization for amendment to Operational Rules, minutes of a board of directors meeting) or other document proving that the necessary procedure has been followed; and
- (iv) other documents for reference.

(Criteria for Authorization for Amendment to Articles of Incorporation or Operational Rules)

Article 15 When the Commissioner of the Financial Services Agency and the Minister of Justice receive a written application for authorization under paragraph (1) of the preceding Article and find that the contents of the amendment to the articles of incorporation or the Operational Rules comply with laws and regulations and are sufficient for conducting the business appropriately and securely, they are to authorize the application.

(Notification of a Change in the Trade Name)

Article 16 (1) If a General Book-Entry Institution intends to make a notification on a change in any of the matters set forth in Article 4, paragraph (1), item (i) or (iii) through (v) of the Act pursuant to the provisions of Article 18, paragraph (1) of the Act, it is to submit a document stating the following matters to the Commissioner of the Financial Services Agency and the Minister of Justice:

- (i) the contents of the change; and
- (ii) the date of the change.

- (2) The documents set forth in the following items must be attached to the notification under the preceding paragraph according to the classification under the respective items:
- (i) a change in the matter set forth in Article 4, paragraph (1), item (i) or (iii) of the Act: the document set forth in paragraph (2), item (iii) of said Article;
  - (ii) a change in the matter set forth in Article 4, paragraph (1), item (iv) of the Act:
    - (a) the documents set forth in Article 4, paragraph (2), items (i) and (iii) of the Act;
    - (b) an extract of the residence certificate of the director, executive officer, or company auditor or a document in lieu of this;
    - (c) the curriculum vitae of the director, executive officer, or company auditor; and
    - (d) a document stating the duties of the director (in the case of a company with committees, the executive officer); and
  - (iii) a change in the matter set forth in Article 4, paragraph (1), item (v) of the Act:
    - (a) the documents set forth in Article 4, paragraph (2), items (i) and (iii) of the Act; and
    - (b) an extract of the residence certificate of the accounting advisor or a document in lieu of this (if the accounting advisor is a corporation, the certificate of registered information of the accounting advisor) and the curriculum vitae of the accounting advisor (if the accounting advisor is a corporation, a document stating the corporate history of the accounting advisor).

(Accident)

Article 17 (1) An accident specified by Ordinance of the Competent Ministry as referred to in Article 19 of the Act is any of the following:

- (i) a director, accounting advisor (if the accounting advisor is a corporation, including a member that is to perform the duties thereof), company auditor, executive officer, or employee of a General Book-Entry Institution or an Account Management Institution pertaining to said General Book-Entry Institution (including a person equivalent thereto of a Subcontractor that has been subcontracted a part of the business pursuant to the provisions of Article 10, paragraph (1) of the Act; the same applies in item (ii) of the following paragraph) commits an act in violation of a law or regulation, or the Operational Rules or any other rules of the General Book-Entry Institution; or
- (ii) the whole or part of the Book-Entry Business (including such business conducted as an Account Management Institution) is suspended due to

failure of an electronic data processing system or any other accidental circumstances.

- (2) If a General Book-Entry Institution becomes aware that an accident as set forth in any of the items under the preceding paragraph has occurred, it is to immediately report the following matters to the Commissioner of the Financial Services Agency and the Minister of Justice:
- (i) the name of the business office where the accident has occurred;
  - (ii) the name and title of the director, accounting advisor (if the accounting advisor is a corporation, including a member that is to perform the duties thereof), company auditor, executive officer, or employee that has caused the accident; and
  - (iii) an outline of the accident.
- (3) If the details of an accident reported based on the provisions of the preceding paragraph become clear, a General Book-Entry Institution is to report the following matters to the Commissioner of the Financial Services Agency and the Minister of Justice without delay:
- (i) the details of the accident; and
  - (ii) remedial measures.

(Identification Cards for On-site Inspections)

Article 18 The identification cards that officials are required to carry when conducting an on-site inspection of the business office of a General Book-Entry Institution pursuant to the provisions of Article 20, paragraph (2) of the Act are to be formatted as in the format prescribed in paragraph (1) of the Cabinet Office Ordinance Specifying the Format of Identification Cards that Must Be Carried by Officials of the Financial Services Agency (Ordinance of the Ministry of Finance No. 69 of 1992) for officials of the Financial Services Agency, and as in the Appended Form for officials of the Ministry of Justice.

(Application for Authorization for a Specified Merger)

- Article 19 (1) If a General Book-Entry Institution intends to obtain authorization for a Specified Merger under Article 25, paragraph (1) of the Act, it is to submit a written application for merger authorization stating the following matters, in addition to the matters set forth in the items under Article 4, paragraph (1) of the Act, to the Commissioner of the Financial Services Agency and the Minister of Justice:
- (i) the scheduled date of the Specified Merger; and
  - (ii) the method of the Specified Merger.
- (2) Other written documents or electronic or magnetic records specified by Ordinance of the Competent Ministry as referred to in Article 25, paragraph (3) of the Act are the following documents or electronic or magnetic records if the

electronic or magnetic records are prepared in lieu of those documents:

- (i) a statement of reasons;
- (ii) a document stating the procedure of the Specified Merger;
- (iii) the certificates of registered information of the parties to the Specified Merger;
- (iv) minutes of shareholders meetings under Article 783, paragraph (1), Article 795, paragraph (1), and Article 804, paragraph (1) of the Companies Act of the parties to the Specified Merger, or other document proving that the necessary procedure has been followed;
- (v) minutes of a Participants' Meeting;
- (vi) the balance sheets and profit and loss statements for the parties to the Specified Merger;
- (vii) a document to pledge that the Book-Entry Institution after Specified Merger satisfies the requirements set forth in article 3, paragraph (1), items (iii) and (iv) of the Act;
- (viii) the articles of incorporation of the Book-Entry Institution after Specified Merger;
- (ix) the Operational Rules of the Book-Entry Institution after Specified Merger;
- (x) a document stating the projected income and expenditure of the Book-Entry Institution after Specified Merger;
- (xi) a document stating the name or trade name and the address or location of, and the number of voting rights held by any Major Shareholder of the Book-Entry Institution after Specified Merger;
- (xii) a document stating the outline of any Parent Corporation and any Subsidiary Corporation of the Book-Entry Institution after Specified Merger;
- (xiii) extracts of the residence certificates of the directors and company auditors of the Book-Entry Institution after Specified Merger or documents in lieu of these;
- (xiv) the curricula vitae of the directors and company auditors of the Book-Entry Institution after Specified Merger;
- (xv) if the Book-Entry Institution after Specified Merger is a company with accounting advisors, extracts of the residence certificates of the accounting advisors of the Book-Entry Institution after Specified Merger or documents in lieu of these (if an accounting advisor is a corporation, the certificate of registered information of the accounting advisor) and their curricula vitae (if an accounting advisor is a corporation, a document stating the corporate history of the accounting advisor);
- (xvi) a document stating the duties of the directors of the Book-Entry Institution after Specified Merger (in the case of a company with committees, the executive officers);
- (xvii) a document stating the status of securing employees that have knowledge

- of and experience in Book-Entry Business at the Book-Entry Institution after Specified Merger and the status of assignment of said employees;
  - (xviii) a document stating the organizational structure and division of responsibilities for handling the processes of the Book-Entry Institution after Specified Merger; and
  - (xix) a document stating other matters for reference.
- (3) The electronic or magnetic record specified by Ordinance of the Competent Ministry as referred to in Article 25, paragraph (3) of the Act is the electronic or magnetic record prescribed in Article 3.

(Application for Authorization for an Incorporation-Type Company Split)

Article 20 (1) If a General Book-Entry Institution intends to obtain authorization for an Incorporation-Type Company Split under Article 27, paragraph (1) of the Act, it is to submit a written application for authorization for an Incorporation-Type Company Split stating the following matters, in addition to the matters set forth in the items under paragraph (2) of said Article, to the Commissioner of the Financial Services Agency and the Minister of Justice:

- (i) the scheduled date of the Incorporation-Type Company Split; and
  - (ii) the method of the Incorporation-Type Company Split.
- (2) Other written documents or electronic or magnetic records specified by Ordinance of the Competent Ministry as referred to in Article 27, paragraph (3) of the Act are the following documents or electronic or magnetic records if the electronic or magnetic records are prepared in lieu of those documents:
- (i) a statement of reasons;
  - (ii) a document stating the procedure of the Incorporation-Type Company Split;
  - (iii) the certificate of registered information of the party to the Incorporation-Type Company Split;
  - (iv) minutes of a shareholders meeting under Article 804, paragraph (1) of the Companies Act of the party to the Incorporation-Type Company Split, or other document proving that the necessary procedure has been followed;
  - (v) minutes of a Participants' Meeting;
  - (vi) the balance sheets and profit and loss statements for the parties to the Incorporation-Type Company Split;
  - (vii) a document to pledge that the Incorporated Company satisfies the requirements set forth in article 3, paragraph (1), items (iii) and (iv) of the Act;
  - (viii) the articles of incorporation of the Incorporated Company;
  - (ix) the Operational Rules of the Incorporated Company;
  - (x) a document stating the projected income and expenditure of the Incorporated Company;

- (xi) a document stating the name or trade name and the address or location of, and the number of voting rights held by any Major Shareholder of the Incorporated Company;
  - (xii) a document stating the outline of any Parent Corporation and any Subsidiary Corporation of the Incorporated Company;
  - (xiii) extracts of the residence certificates of the directors and company auditors of the Incorporated Company or documents in lieu of these;
  - (xiv) the curricula vitae of the directors and company auditors of the Incorporated Company;
  - (xv) if the Incorporated Company is a company with accounting advisors, extracts of the residence certificates of the accounting advisors of the Incorporated Company or documents in lieu of these (if an accounting advisor is a corporation, the certificate of registered information of the accounting advisor) and their curricula vitae (if an accounting advisor is a corporation, a document stating the corporate history of the accounting advisor);
  - (xvi) a document stating the duties of the directors of the Incorporated Company (in the case of a company with committees, the executive officers);
  - (xvii) a document stating the status of securing employees that have knowledge of and experience in Book-Entry Business at the Incorporated Company and the status of assignment of said employees;
  - (xviii) a document stating the organizational structure and division of responsibilities for handling the processes of the Incorporated Company; and
  - (xix) a document stating other matters for reference.
- (3) The electronic or magnetic record specified by Ordinance of the Competent Ministry as referred to in Article 27, paragraph (3) of the Act is the electronic or magnetic record prescribed in Article 3.

(Application for Authorization for an Absorption-Type Company Split)

- Article 21 (1) If a General Book-Entry Institution intends to obtain authorization for an Absorption-Type Company Split under Article 29, paragraph (1) of the Act, it is to submit a written application for authorization for an Absorption-Type Company Split stating the following matters, in addition to the matters set forth in the items under paragraph (2) of said Article, to the Commissioner of the Financial Services Agency and the Minister of Justice:
- (i) the scheduled date of the Absorption-Type Company Split; and
  - (ii) the method of the Absorption-Type Company Split.
- (2) Other written documents or electronic or magnetic records specified by Ordinance of the Competent Ministry as referred to in Article 29, paragraph (3) of the Act are the following documents or electronic or magnetic records if the electronic or magnetic records are prepared in lieu of those documents:

- (i) a statement of reasons;
- (ii) a document stating the procedure of the Absorption-Type Company Split;
- (iii) the certificates of registered information of the parties to the Absorption-Type Company Split;
- (iv) minutes of shareholders meetings under Article 783, paragraph (1) and Article 795, paragraph (1) of the Companies Act of the parties to the Absorption-Type Company Split, or other document proving that the necessary procedure has been followed;
- (v) minutes of a Participants' Meeting;
- (vi) the balance sheets and profit and loss statements for the parties to the Absorption-Type Company Split;
- (vii) a document to pledge that the Succeeding Company satisfies the requirements set forth in article 3, paragraph (1), items (iii) and (iv) of the Act;
- (viii) the articles of incorporation of the Succeeding Company;
- (ix) the Operational Rules of the Succeeding Company;
- (x) a document stating the projected income and expenditure of the Succeeding Company;
- (xi) a document stating the name or trade name and the address or location of, and the number of voting rights held by any Major Shareholder of the Succeeding Company;
- (xii) a document stating the outline of any Parent Corporation and any Subsidiary Corporation of the Succeeding Company;
- (xiii) extracts of the residence certificates of the directors and company auditors of the Succeeding Company or documents in lieu of these;
- (xiv) the curricula vitae of the directors and company auditors of the Succeeding Company;
- (xv) if the Succeeding Company is a company with accounting advisors, extracts of the residence certificates of the accounting advisors of the Succeeding Company or documents in lieu of these (if an accounting advisor is a corporation, the certificate of registered information of the accounting advisor) and their curricula vitae (if an accounting advisor is a corporation, a document stating the corporate history of the accounting advisor);
- (xvi) a document stating the duties of the directors of the Succeeding Company (in the case of a company with committees, the executive officers);
- (xvii) a document stating the status of securing employees that have knowledge of and experience in Book-Entry Business at the Succeeding Company and the status of assignment of said employees;
- (xviii) a document stating the organizational structure and division of responsibilities for handling the processes of the Succeeding Company; and
- (xix) a document stating other matters for reference.

- (3) The electronic or magnetic record specified by Ordinance of the Competent Ministry as referred to in Article 29, paragraph (3) of the Act is the electronic or magnetic record prescribed in Article 3.

(Application for Authorization for a Business Transfer)

Article 22 (1) If a General Book-Entry Institution intends to obtain authorization for a Business Transfer under Article 31, paragraph (1) of the Act, it is to submit a written application for authorization for a Business Transfer stating the following matters, in addition to the matters set forth in the items under paragraph (2) of said Article, to the Commissioner of the Financial Services Agency and the Minister of Justice:

- (i) the scheduled date of the Business Transfer; and
  - (ii) the method of the Business Transfer.
- (2) Other written documents or electronic or magnetic records specified by Ordinance of the Competent Ministry as referred to in Article 31, paragraph (3) of the Act are the following documents or electronic or magnetic records if the electronic or magnetic records are prepared in lieu of those documents:
- (i) a statement of reasons;
  - (ii) a document stating the procedure of the Business Transfer;
  - (iii) the certificates of registered information of the parties to the Business Transfer;
  - (iv) minutes of shareholders meetings under Article 467, paragraph (1) of the Companies Act or minutes of a board of directors meeting of the parties to the Business Transfer, or other document proving that the necessary procedure has been followed;
  - (v) minutes of a Participants' Meeting;
  - (vi) the balance sheets and profit and loss statements for the parties to the Business Transfer;
  - (vii) a document to pledge that the Assignee Company satisfies the requirements set forth in article 3, paragraph (1), items (iii) and (iv) of the Act;
  - (viii) the articles of incorporation of the Assignee Company;
  - (ix) the Operational Rules of the Assignee Company;
  - (x) a document stating the projected income and expenditure of the Assignee Company;
  - (xi) a document stating the name or trade name and the address or location of, and the number of voting rights held by any Major Shareholder of the Assignee Company;
  - (xii) a document stating the outline of any Parent Corporation and any Subsidiary Corporation of the Assignee Company;
  - (xiii) extracts of the residence certificates of the directors and company

- auditors of the Assignee Company or documents in lieu of these;
  - (xiv) the curricula vitae of the directors and company auditors of the Assignee Company;
  - (xv) if the Assignee Company is a company with accounting advisors, extracts of the residence certificates of the accounting advisors of the Assignee Company or documents in lieu of these (if an accounting advisor is a corporation, the certificate of registered information of the accounting advisor) and their curricula vitae (if an accounting advisor is a corporation, a document stating the corporate history of the accounting advisor);
  - (xvi) a document stating the duties of the directors of the Assignee Company (in the case of a company with committees, the executive officers);
  - (xvii) a document stating the status of securing employees that have knowledge of and experience in Book-Entry Business at the Assignee Company and the status of assignment of said employees;
  - (xviii) a document stating the organizational structure and division of responsibilities for handling the processes of the Assignee Company; and
  - (xix) a document stating other matters for reference.
- (3) The electronic or magnetic record specified by Ordinance of the Competent Ministry as referred to in Article 31, paragraph (3) of the Act is the electronic or magnetic record prescribed in Article 3.

(Matters to Be Stated in a Convocation Notice)

Article 23 A notice to be issued in writing as referred to in Article 34, paragraph (2) of the Act must state the following matters, in addition to the matters to be stated pursuant to the provisions of paragraph (4) of said Article and Article 38, paragraph (2) of the Act:

- (i) the number of voting rights held by the Participants and the total number of voting rights;
- (ii) if the proposal relates to the approval of the Participants as referred to in Article 26 of the Act, the following matters:
  - (a) the reason for the need for the Specified Merger;
  - (b) the contents of the merger agreement for the Specified Merger; and
  - (c) the contents of the balance sheets and profit and loss statements for the parties to the Specified Merger;
- (iii) if the proposal relates to the approval of the Participants as referred to in Article 28 of the Act, the following matters:
  - (a) the reason for the need for the Incorporation-Type Company Split;
  - (b) the contents of the company split plan for the Incorporation-Type Company Split; and
  - (c) the contents of the balance sheets and profit and loss statements for the parties to the Incorporation-Type Company Split;

- (iv) if the proposal relates to the approval of the Participants as referred to in Article 30 of the Act, the following matters:
  - (a) the reason for the need for the Absorption-Type Company Split;
  - (b) the contents of the company split agreement for the Absorption-Type Company Split; and
  - (c) the contents of the balance sheets and profit and loss statements for the parties to the Absorption-Type Company Split;
- (v) if the proposal relates to the approval of the Participants as referred to in Article 32 of the Act, the following matters:
  - (a) the reason for the need for the Business Transfer;
  - (b) the contents of the transfer agreement for the Business Transfer; and
  - (c) the contents of the balance sheets and profit and loss statements for the parties to the Business Transfer; and
- (vi) other matters for reference.

(Issuance of a Convocation Notice by Electronic or Magnetic Means)

Article 24 (1) If a General Book-Entry Institution intends to issue a notice by electronic or magnetic means pursuant to the provisions of Article 34, paragraph (3) of the Act, it must indicate to the Participant the following matters as the type and contents of the electronic or magnetic means to be used by the General Book-Entry Institution and obtain the Participant's consent in writing or by electronic or magnetic means in advance:

- (i) any of the following electronic or magnetic means to be used by the General Book-Entry Institution:
    - (a) the means of transmitting information through a telecommunications line that connects the computer used by the General Book-Entry Institution and the computer used by the Participant, and recording said information in a file on the computer used by the Participant;
    - (b) the means of providing, through a telecommunications line, the contents of information recorded in a file on the computer used by the General Book-Entry Institution for the Participant's inspection, and recording said information in a file on the computer used by the Participant; or
    - (c) a means of delivering a record of information in a file that has been prepared by using a magnetic disk or other object onto which a fixed set of information can be securely recorded by an equivalent means; and
  - (ii) the specification for recording information in a file.
- (2) The means set forth in item (i) of the preceding paragraph must be one that enables the Participant under said item to prepare a document by outputting the record in the file.
- (3) A General Book-Entry Institution that has obtained consent under paragraph (1) must not issue a convocation notice to the Participant by electronic or

magnetic means if the Participant states in writing or by electronic or magnetic means that the Participant refuses to receive a convocation notice by electronic or magnetic means; provided, however, that this does not apply if the Participant again gives consent under said paragraph.

- (4) The means specified by Ordinance of the Competent Ministry as referred to in Article 34, paragraph (3) of the Act is the method set forth in paragraph (1), item (i).

(Matters to Be Stated in a Convocation Notice by Electronic or Magnetic Means)

Article 25 The matters specified by Ordinance of the Competent Ministry as referred to in Article 36, paragraph (2) of the Act are the matters set forth in the items under Article 23.

(Exercise of Voting Rights by Electronic or Magnetic Means)

Article 26 (1) The matters specified by Ordinance of the Competent Ministry as referred to in Article 302, paragraphs (3) and (4) and Article 312, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 36, paragraph (4) of the Act following the deemed replacement of terms, is a column in which the Participant records the Participant's approval or disapproval of the proposal in the electronic or magnetic record for exercising voting rights (hereinafter referred to as the "Record for Exercising Voting Rights"); provided, however, that this does not preclude provision of a separate column for abstaining from voting.

(2) The electronic or magnetic record under the preceding paragraph is a record made in electronic form, magnetic form, or other form not recognizable to human perception, which is a record of information in a file that has been prepared by using a magnetic disk or other object onto which a fixed set of information can be securely recorded by equivalent means and that is used in information processing by computers.

(3) A Record for Exercising Voting Rights may contain a record indicating whether a Record for Exercising Voting Rights lacking the record prescribed in paragraph (1) that has been received is to be treated as a manifestation of intention to approve the proposal, disapprove the proposal, or abstain from voting.

(4) A Record for Exercising Voting Rights must contain a record of the name or trade name of and the number of voting rights held by the Participant that is to exercise the voting rights, and measures must be taken to enable the Participant to affix an Electronic Signature (meaning the electronic signature prescribed in Article 2, paragraph (1) of the Act on Electronic Signatures and Certification Business (Act No. 102 of 2000)); the same applies in Article 31,

paragraph (1)).

(Repeated Request Pertaining to Exercise of Voting Rights by Electronic or Magnetic Means)

Article 27 (1) If a General Book-Entry Institution intends to provide the matters prescribed in Article 302, paragraph (4) of the Companies Act, as applied mutatis mutandis pursuant to Article 36, paragraph (4) of the Act following the deemed replacement of terms, in accordance with Article 302, paragraph (4) of the Companies Act as thus applied mutatis mutandis, it must indicate to the Participant that did not give the consent under Article 34, paragraph (3) of the Act of the matters set forth in the items under Article 24, paragraph (1) and obtain the Participant's consent in writing or by electronic or magnetic means in advance.

(2) A General Book-Entry Institution that has obtained consent under the preceding paragraph must not provide the matters prescribed in Article 302, paragraph (4) of the Companies Act, as applied mutatis mutandis pursuant to Article 36, paragraph (4) of the Act following the deemed replacement of terms, to the Participant under the preceding paragraph by electronic or magnetic means if the Participant states in writing or by electronic or magnetic means that the Participant refuses to receive the matters by electronic or magnetic means; provided, however, that this does not apply if the Participant again gives consent under the preceding paragraph.

(Consent of a General Book-Entry Institution Pertaining to Exercise of Voting Rights by Electronic or Magnetic Means)

Article 28 (1) If a Participant intends to provide the matters prescribed in Article 312, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 36, paragraph (4) of the Act following the deemed replacement of terms, in accordance with Article 312, paragraph (1) of the Companies Act thus applied mutatis mutandis, the Participant must indicate to the General Book-Entry Institution the matters set forth in the items under Article 24, paragraph (1) and obtain the General Book-Entry Institution's consent in writing or by electronic or magnetic means in advance.

(2) A Participant that has obtained consent under the preceding paragraph must not provide the matters prescribed in Article 312, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 36, paragraph (4) of the Act following the deemed replacement of terms, to the General Book-Entry Institution under the preceding paragraph by electronic or magnetic means if the General Book-Entry Institution states in writing or by electronic or magnetic means that it refuses to receive the matters by electronic or magnetic means; provided, however, that this does not apply if the General

Book-Entry Institution again gives consent under the preceding paragraph.

- (3) The time prescribed by Ordinance of the Competent Ministry as referred to in Article 312, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 36, paragraph (4) of the Act following the deemed replacement of terms, is the end of the business hour immediately before the time of the Participants' Meeting (if a specific timing (limited to the timing on or before the time of the Participants' Meeting, but after two weeks have elapsed from the time of the notice under Article 34, paragraph (2) of the Act) is to be designated as the time limit for exercising voting rights by electronic or magnetic means (meaning the electronic or magnetic means prescribed in Article 2, item (xxxiv) of the Companies Act), such specific timing).

(Manner of Displaying Data Recorded in Electronic or Magnetic Records)

Article 29 The manner prescribed by Ordinance of the Competent Ministry as referred to in Article 312, paragraph (5) of the Companies Act, as applied mutatis mutandis pursuant to Article 36, paragraph (4) of the Act following the deemed replacement of terms, is the manner of displaying the data recorded in the electronic or magnetic record (meaning the electronic or magnetic record prescribed in Article 26, paragraph (2)) on paper or on a screen.

(Exercise of Voting Rights by a Proxy)

- Article 30 (1) If a Participant or a proxy thereof intends to provide the matters prescribed in Article 310, paragraph (3) of the Companies Act, as applied mutatis mutandis pursuant to Article 39 of the Act following the deemed replacement of terms, in accordance with Article 310, paragraph (3) of the Companies Act as thus applied mutatis mutandis, the Participant or proxy must indicate to the General Book-Entry Institution the matters set forth in the items under Article 24, paragraph (1) and obtain the General Book-Entry Institution's consent in writing or by electronic or magnetic means in advance.
- (2) A Participant or a proxy thereof that has obtained consent under the preceding paragraph must not provide the information under said paragraph to the General Book-Entry Institution under said paragraph by electronic or magnetic means if the General Book-Entry Institution states in writing or by electronic or magnetic means that it refuses to receive the information by electronic or magnetic means; provided, however, that this does not apply if the General Book-Entry Institution again gives consent under said paragraph.

(Preparation of Minutes in the Form of Electronic or Magnetic Records)

Article 31 (1) With regard to the preparation of minutes under Article 731, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 39 of the Act following the deemed replacement of terms, the

information set forth in Article 24, paragraph (1), item (i), (c) must be recorded, and a measure must be taken to enable affixing of an Electronic Signature.

(2) The manner prescribed in Ordinance of the Competent Ministry as referred to in Article 731, paragraph (3), item (ii) of the Companies Act, as applied mutatis mutandis pursuant to Article 39 of the Act following the deemed replacement of terms, is the manner prescribed in Article 29.

(Application for Authorization for Dissolution)

Article 32 (1) If a General Book-Entry Institution intends to obtain authorization under Article 40 of the Act, it must submit a written application for authorization stating the matters for which the authorization is to be obtained to the Commissioner of the Financial Services Agency and the Minister of Justice:

(2) The following documents must be attached to the written application for authorization under the preceding paragraph:

(i) a statement of reasons;

(ii) minutes of a shareholders meeting (if a resolution of a shareholders meeting is deemed to have been made pursuant to the provisions of Article 319, paragraph (1) of the Companies Act, a document proving that it is such a case);

(iii) a document clarifying the contents of assets and liabilities;

(iv) a document stating the method of concluding the Book-Entry Business; and

(v) a document stating other matters for reference.

(Notification of the Lapse of Designation)

Article 33 If a person that was a General Book-Entry Institution or its general successor (hereinafter referred to as a "Former General Book-Entry Institution, etc.") intends to make a notification pursuant to the provisions of Article 41, paragraph (2) of the Act, it is to submit a document stating the matters specified in the center column of Appended Table 1 with the documents specified in the right column of said Table attached thereto in accordance with the classifications set forth in the left column of said Table to the Commissioner of the Financial Services Agency and the Minister of Justice.

(Notice of Conclusion of Book-Entry Business)

Article 34 If a Former General Book-Entry Institution, etc. has concluded its Book-Entry Business pursuant to the provisions of Article 42 of the Act, it must give a notice to that effect to the issuer of Corporate Bonds, etc. pertaining to the Book-Entry Business without delay. In this case, an extract of the book-entry account registry of the Former General Book-Entry Institution, etc. is to be attached to said notice.

(Notification of Conclusion of Book-Entry Business)

- Article 35 (1) If a Former General Book-Entry Institution, etc. has concluded Book-Entry Business pursuant to the provisions of Article 42 of the Act, it must make a notification to that effect to the Commissioner of the Financial Services Agency and the Minister of Justice without delay.
- (2) If the Commissioner of the Financial Services Agency and the Minister of Justice receive a notification under the preceding paragraph, they must give public notice to that effect in the official gazette without delay.

(Demand for Delivery of a Document Certifying the Matters Described or Recorded in the Book-Entry Account Registry)

- Article 36 (1) If a Participant or a person with an interest as referred to in Article 277 of the Act makes a demand under said Article to a General Book-Entry Institution, the Participant or such person must provide the name and address of the person making the demand, the purpose of the demand, and any other information necessary for the demand to the General Book-Entry Institution by any of the following means:
- (i) the means set forth in Article 24, paragraph (1), item (i); or
  - (ii) a means of submitting a document.
- (2) When a person with an interest as referred to in Article 277 of the Act makes a demand under said Article, such person must submit materials that clarify said interest upon making said demand.

(Provision of Information by Electronic or Magnetic Means)

- Article 36-2 (1) The means specified by Ordinance of the Competent Ministry as referred to in Article 277 of the Act is the means set forth in Article 24, paragraph (1), item (i).
- (2) The provisions of Article 24, paragraph (2) apply mutatis mutandis to the means prescribed in the preceding paragraph.

(Matters Requiring Notification)

- Article 37 (1) If a General Book-Entry Institution has come to fall under any of the following items, it must make a notification to that effect to the Commissioner of the Financial Services Agency and the Minister of Justice without delay:
- (i) if the name of the representative of the General Book-Entry Institution has changed;
  - (ii) if a matter stated in the document set forth in Article 2, paragraph (3), item (vi) has changed (excluding when such change has resulted from a change in the name of a director or executive officer of the General Book-Entry

- Institution);
- (iii) if a matter stated in the document set forth in Article 2, paragraph (3), item (viii) has changed;
  - (iv) if a matter stated in the document set forth in Article 6, paragraph (2), item (i) has changed;
  - (v) if the matter set forth in Article 8, paragraph (1), item (i) or a matter stated in the document set forth in paragraph (2), item (ii), (vi), or (vii) of said Article has changed (in the case of a change in a matter stated in the document set forth in item (vi) of said paragraph, excluding a minor change);  
or
  - (vi) if rules have been established, abolished, or changed based on the Operational Rules.
- (2) The General Book-Entry Institution making a notification under the preceding paragraph must attach the documents specified in the right column of Appended Table 2 to said notification in accordance with the classification set forth in the left column of said Table.

### **Chapter III Miscellaneous Provisions**

(Provision of Information Pertaining to the Outstanding Balance of Short-Term Corporate Bonds)

- Article 38 (1) A General Book-Entry Institution must provide the following matters to the public by means of using an electronic data processing system or by any other means, with regard to the Short-Term Corporate Bonds, short-term investment corporation bonds prescribed in Article 139-12, paragraph (1) of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951), Short-Term Corporate Bonds prescribed in Article 61-10, paragraph (1) of the Insurance Business Act (Act No. 105 of 1995), specified short-term corporate bonds prescribed in Article 2, paragraph (8) of the Act on the Securitization of Assets (Act No. 105 of 1998), and short-term foreign bonds (hereinafter referred to as "Short-Term Corporate Bonds, etc." in this Article) that are described or recorded in its book-entry account registry; provided, however, that this does not apply to cases when the solicitation of offers to acquire said Short-Term Corporate Bonds, etc. is made through private placement (meaning the private placement of securities prescribed in Article 2, paragraph (3) of the Financial Instruments and Exchange Act (Act No. 25 of 2011)):
- (i) the issues of the Short-Term Corporate Bonds, etc.; and
  - (ii) the outstanding balance of the Short-Term Corporate Bonds, etc.
- (2) The term "short-term foreign bonds" under the preceding paragraph means Book-Entry Foreign Bonds (meaning the book-entry foreign bonds prescribed in

Article 66 (excluding item (i)) of the Act as applied mutatis mutandis pursuant to Article 127 of the Act; hereinafter the same applies in this paragraph) that satisfy all of the following requirements:

- (i) the Book-Entry Foreign Bonds are issued in Japanese yen;
- (ii) the amount of each Book-Entry Foreign Bond is no less than 100 million yen;
- (iii) there are provisions on a fixed due date for redemption of the principal that is within one year from the date on which the total amount of the Book-Entry Foreign Bonds have been paid, and there is no provisions for an installment plan; and
- (iv) there are provisions to make the due date for the payment of interest the same date as the due date for the redemption of the principal under the preceding item.

(Standard Processing Period)

Article 39 (1) If an application has been filed with regard to the designation, authorization or approval set forth in any of the following items, the Commissioner of the Financial Services Agency and the Minister of Justice are to endeavor to process said application within the period specified in the respective items from the date on which the application arrives at the office:

- (i) designation under Article 3, paragraph (1) of the Act: two months; or
  - (ii) authorization under Article 6, paragraph (1) of the Act, Article 17 of the Act, Article 25, paragraph (1) of the Act, Article 27, paragraph (1) of the Act, Article 29, paragraph (1) of the Act, Article 31, paragraph (1) of the Act, or Article 40 of the Act, or approval under the proviso to Article 9, paragraph (1) of the Act or Article 10, paragraph (1) of the Act: one month.
- (2) The period under the preceding paragraph does not including the following periods:
- (i) the period required to make corrections to the application;
  - (ii) the period required for the person that has filed the application to change the contents of the application; and
  - (iii) the period required for the person that has filed the application to add materials that are found to be necessary for the examination of the application.