

Order for Enforcement of the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations

(Cabinet Order No. 276 of September 7, 2007)

The Cabinet hereby enacts this Cabinet Order pursuant to the provisions of Article 5, item (iii) to (v) inclusive, item(x), (xi), (xii), item(xv) and item (xvii), sub-item (g) of the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 49 of 2006).

(Juridical Person's Concerned Persons to Whom Special Interest Shall Not be Provided)

Article 1 The juridical person's concerned persons specified by Cabinet Order as prescribed in Article 5, item (iii) of the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (hereinafter referred to as the "Act") shall be as follows:

- (i) Directors, auditors or employees of said juridical person;
- (ii) If said juridical person is a general incorporated association, the members or the contributors of the funds (meaning funds prescribed in Article 131 of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006; hereinafter referred to as the "General Incorporated Associations/Foundations Act" in Article 6)) thereof;
- (iii) If said juridical person is a general incorporated foundation, the founders or councillors;
- (iv) The spouse or relatives within the third degree of kinship of any of the persons listed in the preceding three items;
- (v) A person who has not made a notification of marriage but is in a de facto marital relationship with any of the persons listed in the preceding items;
- (vi) A person other than those listed in the preceding two items whose livelihood is supported by money or other property received from any of the persons listed in items (i) to (iii) inclusive; and
- (vii) If the person listed in item (ii) or (iii) is a juridical person, juridical persons whose business activities are controlled by that juridical person, or persons specified by Cabinet Office Ordinance as those who control the business activities of that juridical person.

(Persons that Engage in Any Activity to Seek Interest for Any Specific Individual or Entity)

Article 2 Persons that engage in any activity to seek interest for any specific

individual or entity specified by Cabinet Order as prescribed in Article 5, item (iv) of the Act shall be as follows:

- (i) An individual or entity that engages in any activity (excluding those providing a public interest corporation with any donation or other special interest for the business for public interest purposes operated by said public interest corporation) providing any donation or other special interest to any persons who run a stock company or other business for profit purposes; and
- (ii) An entity whose main purpose is to engage in activities to seek mutual support, exchange, liaison, and other common interests of its members or any other constituent members or any persons specified by Cabinet Office Ordinance as being members or persons equivalent thereto (hereinafter referred to as the "Members, etc." in this item).

(Businesses Not Suitable for Maintaining the Social Trust of a Public Interest Corporation)

Article 3 Businesses not suitable for maintaining the social trust of a public interest corporation specified by Cabinet Order as prescribed in Article 5, item (v) of the Act shall be as follows:

- (i) Businesses that operate speculative transactions;
- (ii) Businesses that conclude a contract for interest wherein the amount of interest exceeds the amount calculated pursuant to Article 1 of the Interest Rate Restriction Act (Act No. 100 of 1954) or that extend loans for consumption which contain an agreement for liquidated damages in excess of the rate prescribed in Article 4, paragraph (1) of the Interest Rate Restriction Act; and
- (iii) Business specializing in entertainment of a sexual nature prescribed in Article 2, paragraph (5) of the Act on Control and Improvement of Amusement Business, etc. (Act No. 122 of 1948).

(Persons Having a Special Relationship with a Director)

Article 4 Persons having a special relationship with a director specified by Cabinet Order as prescribed in Article 5, item (x) of the Act shall be as follows:

- (i) A person who has not made a notification of marriage but is in a de facto marital relationship with said director;
- (ii) An employee of said director;
- (iii) A person other than those listed in the preceding two items whose livelihood is supported by money or other property received from said director;
- (iv) A spouse of any of the persons listed in the preceding two items; and
- (v) A relative within the third degree of kinship of any of the persons listed in items (i) to (iii) inclusive, who depends on such person for his/her livelihood.

(Persons Having a Mutually Close Relationship with Other Identical Organizations)

Article 5 Persons having a mutually close relationship specified by Cabinet Order as prescribed in Article 5, item (xi) of the Act shall be as follows:

- (i) A person who is an officer other than a director of the other identical organizations (in cases of organizations which are not juridical persons and have a representative person or a manager, such representative person or manager) or who is a member who executes business;
- (ii) A person who is an official of any of the following entities (excluding a member of the Diet or a member of the assembly of a local government);
 - (a) National government organ;
 - (b) Local government;
 - (c) Incorporated administrative agency set forth in Article 2, paragraph (1) of the Act on General Rules for Incorporated Administrative Agency (Act No. 103 of 1999);
 - (d) National university corporation set forth in Article 2, paragraph (1) of the Act on National University Corporation (Act No. 112 of 2003) or Inter-University Research Institute Corporation set forth in paragraph (3) of said Article;
 - (e) Local incorporated administrative agency set forth in Article 2, paragraph (1) of the Act on Local Incorporated Administrative Agency (Act No. 118 of 2003); and
 - (f) Special corporation (meaning a juridical person established by the special act of establishment pursuant to a special act, to which the provision of Article 4, paragraph (1), item (ix) of the Act for Establishment of the Ministry of Internal Affairs and Communications (Act No. 91 of 1999) is applicable; the same shall apply in Article 8, item (i)) or an authorized corporation (meaning a juridical person which is incorporated by a special act and which requires the approval of a governmental agency for its incorporation).

(Standards of a Public Interest Corporation Which is Not Required to Have Accounting Auditors)

Article 6 Amounts of accounts specified by Cabinet Order as prescribed in the proviso of Article 5, item (xii) of the Act shall be as follows, and the standards specified by Cabinet Order as prescribed in the proviso of Article 5, item (xii) of the Act shall be the amounts specified in the following items for the categories of amounts set forth in each of those items:

- (i) The sum of the amounts recorded in the revenue section of the profit and loss statement pertaining to the most recent business year, which is

prescribed in Article 2, item (ii) of the General Incorporated Associations/Foundations Act in cases of a general incorporated association, or which is prescribed in Article 2, item (iii) of the General Incorporated Associations/Foundations Act in cases of a general incorporated foundation: 100 billion yen;

- (ii) The sum of the amounts recorded in the cost and loss section of the profit and loss statement prescribed in the preceding item: 100 billion yen; and
- (iii) The sum of the amounts recorded in the liabilities section of the balance sheet, which is prescribed in Article 2, item (ii) of the General Incorporated Associations/Foundations Act in cases of a general incorporated association, or which is prescribed in Article 2, item (iii) of the General Incorporated Associations/Foundations Act in cases of a general incorporated foundation: 5 billion yen

(Cases in Which it is Possible to Possess Stock or Other Properties that Enable a Juridical Person to be Involved in the Decision Making of Other Organizations)

Article 7 Cases specified by Cabinet Order as prescribed in the proviso of Article 5, item (xv) of the Act shall be those in which said juridical person does not hold a majority of the voting rights of a shareholders' meeting or any other body which makes decisions on financial and operational or business policies of the other organizations.

(Juridical Person that May Receive the Donation of Property for Which the Amount is Equivalent to the Remaining Amount of the Public Interest Purposes Acquired Property)

Article 8 Juridical persons specified by Cabinet Order as prescribed in Article 5, item (xvii), sub-item (g) of the Act shall be as follows:

- (i) Special corporation (excluding those which are stock companies); and
- (ii) Juridical person other than those listed in the preceding paragraph, which falls under all of the following items:
 - (a) Pursuant to the provisions of laws and regulations, it provides that its main purpose is to operate any scholarship, art, charity, worship, religion, or other business for public interest;
 - (b) Pursuant to the provisions of laws and regulations or articles of incorporation or any other basic contracts (referred to as the "laws and regulations, etc." in sub-item (e)), it provides with respect to each officer that the total number of said officer and his or her spouse or relatives within the third degree of kinship who are officers does not exceed one third of the total number of officers;
 - (c) It is unable to grant the rights to receive distributions of surplus to

members and other constituent members;

- (d) It is unable to give special interest to members or other constituent members or officers and their spouses or relatives within the third degree of kinship; and
- (e) Pursuant to the provisions of laws and regulations, etc., it provides that the remaining property will be disposed for any purpose which is similar to that of said juridical person, or attributed to the national government or a local government.