

Cabinet Office Order on Funds Transfer Service Providers

(Cabinet Office Order No. 4 of March 1, 2010)

The Cabinet Office Order on Funds Transfer Service Providers based on the provisions of and for the purpose of enforcing the Payment Services Act (Act No. 59 of 2009) and the Order for Enforcement of the Payment Services Act (Cabinet Order No. 19 of 2010) is prescribed as follows.

Chapter I General Provisions (Article 1 - Article 10)

Chapter II Business (Article 11 - Article 32-3)

Chapter III Supervision (Article 33 - Article 36)

Chapter IV Miscellaneous Provisions (Article 37 - Article 42)

Supplementary Provisions

Chapter I General Provisions

(Definition)

Article 1 The terms "Funds Transfer Service", "Funds Transfer Service Provider", "Foreign Funds Transfer Service Provider", "Certified Association for Payment Service Providers", "trust company, etc." and "Deposit-taking Institutions" as used in this Cabinet Office Order mean Funds Transfer Service, Funds Transfer Service Provider, Foreign Funds Transfer Service Provider, Certified Association for Payment Service Providers, trust company, etc. and Deposit-taking Institutions as prescribed in Article 2 of the Payment Services Act (hereinafter referred to as the "Act"), respectively.

(Attachment of a Translation)

Article 2 If there is a document to be submitted to the Commissioner of the Financial Services Agency (if the authority of the Commissioner of the Financial Services Agency has been delegated to the Directors-General of Local Finance Bureaus or the Director General of the Fukuoka Local Finance Branch Bureau (hereinafter referred to as the "Directors-General of Local Finance Bureaus, etc.") pursuant to the provisions of Article 29, paragraph (1) of the Order for Enforcement of the Payment Services Act (hereinafter referred to as the "Order"), the relevant Directors-General of Local Finance Bureaus, etc.; hereinafter the same applies except in Article 12, Article 19, item (v), and Article 20) pursuant to the provisions of the Act (limited to Chapter III; the same applies in the following Article), the Order (limited to Chapter III; the

same applies in the following Article), or this Cabinet Office Order that cannot be prepared in Japanese under special circumstances, a Japanese translation must be attached to the relevant document; provided, however, that if the relevant document is the articles of incorporation prepared in English, it is to be sufficient to attach a Japanese translation of the summary thereof.

(Foreign Currency Conversion)

Article 3 If a document to be submitted to the Commissioner of the Financial Services Agency pursuant to the provisions of the Act, the Order, or this Cabinet Office Order contains items indicated in a foreign currency, the equivalent amounts converted to Japanese currency and the standard used for the conversion must be included in the supplementary notes to the relevant document.

(Application for Registration)

Article 4 A person intending to obtain a registration under Article 37 of the Act must submit to the Commissioner of the Financial Services Agency a written application for registration set forth in Article 38, paragraph (1) of the Act prepared using appended Form 1 (in the case of a Foreign Funds Transfer Service Provider, appended Form 2) by attaching two copies of the relevant written application for registration and the documents set forth in paragraph (2) of the relevant Article.

(Other Matters to be Stated in Written Application for Registration)

Article 5 Matters specified by Cabinet Office Order as prescribed in Article 38, paragraph (1), item (x) of the Act are the following matters:

- (i) the time of day at which the amount of outstanding obligations in the process of funds transfer (meaning the amount of outstanding obligations in the process of funds transfer prescribed in Article 43, paragraph (2) of the Act) is calculated on each business day and the method for calculation;
- (ii) the location and contact address of the business office that will respond to complaints or requests for consultation from the users of the Funds Transfer Service; and
- (iii) name of the Certified Association for Payment Service Providers of which the person who submits the written application for registration is a member.

(Documents to be Attached to Written Application for Registration)

Article 6 Documents specified by Cabinet Office Order as prescribed in Article 38, paragraph (2) of the Act are the following documents (in the case of a document certified by a public agency, limited to one issued within three months prior to the date of application):

- (i) a document prepared using appended Form 3 pledging to the effect that the applicant does not fall under any of the items of Article 40, paragraph (1) of the Act;
- (ii) extract of the resident record of the directors, etc. (meaning directors, etc. prescribed in Article 40, paragraph (1), item (x) of the Act; hereinafter the same applies) of the applicant (if the relevant directors, etc. are foreign nationals, a copy of a residence card prescribed in Article 19-3 of the Immigration Control and Refugee Recognition Act (Cabinet Order No. 319 of 1951), a copy of a special permanent resident certificate prescribed in Article 7, paragraph (1) of the Special Act on the Immigration Control of, Inter Alia, Those Who Have Lost Japanese Nationality Pursuant to the Treaty of Peace with Japan (Act No. 71 of 1991), or extract of the resident record) or any substitute thereof;
- (iii) if the name of the directors, etc. of the applicant used before marriage is stated together with the current name of the directors, etc. in a written application for registration under Article 4, and when the document listed in the preceding item does not prove the relevant name used before marriage, a document to prove the relevant name used before marriage;
- (iv) a certificate by a public agency proving to the effect that the directors, etc. of the applicant do not fall under Article 40, paragraph (1), item (x), (a) and (b) of the Act (if the relevant directors, etc. are foreign nationals, a written pledge prepared using appended Form 4) or any substitute thereof;
- (v) a curriculum vitae of the directors, etc. of the applicant or a history of the applicant prepared by using appended Form 5 or Form 6;
- (vi) the register of shareholders prepared using appended Form 7 and the articles of incorporation and a certificate of registered matters or any substitute thereof;
- (vii) in the case of a Foreign Funds Transfer Service Provider, a document proving that it is a person who carries out funds transfer transactions (Kawase transactions) in the course of trade in a foreign state under the registration of the same kind as the registration under Article 37 of the Act pursuant to the provisions of laws and regulations of the relevant foreign state (including permission or other administrative dispositions similar to the relevant registration);
- (viii) the latest balance sheet (including the related notes) and profit and loss statement (including the related notes) or any substitute thereof (in the case of a corporation established in a business year that includes the date of the application for registration, the balance sheet as of the date of establishment prepared pursuant to the provisions of Article 435, paragraph (1) of the Companies Act (Act No. 86 of 2005) or any substitute thereof);
- (ix) in the case of a company with accounting auditors, a document containing

- the contents of the accounting audit report under Article 396, paragraph (1) of the Companies Act for the business year immediately preceding the business year that includes the date of the application for registration;
- (x) a document stating the expected income and expenditure from the Funds Transfer Service for the three business years after the commencement of the business;
 - (xi) an organization chart concerning the Funds Transfer Service (including organizations that perform the operations pertaining to internal controls);
 - (xii) a curriculum vitae of the person responsible for the management of the Funds Transfer Service;
 - (xiii) internal rules concerning the Funds Transfer Service (meaning internal rules and other documents equivalent thereto; the same applies in Article 32);
 - (xiv) contract documents used in carrying out funds transfer transactions (Kawase transactions) with the users of the Funds Transfer Service;
 - (xv) if part of the Funds Transfer Service is entrusted to a third party, the contract document in relation to the relevant entrustment contract;
 - (xvi) a document stating the matters specified as follows for the categories of cases respectively prescribed therein:
 - (a) if there is a Designated Dispute Resolution Organization for Funds Transfer Business (meaning the Designated Dispute Resolution Organization for Funds Transfer Business prescribed in Article 51-2, paragraph (1), item (i) of the Act; hereinafter the same applies in this item and Article 29, paragraph (1), item (i), (e)): The trade name or other name of the Designated Dispute Resolution Organization for Funds Transfer Business, which is the other party to the basic contract for the implementation of dispute resolution procedures, with which the Funds Transfer Service Provider takes measure to conclude the relevant basic contract specified in Article 51-2, paragraph (1), item (i) of the Act;
 - (b) if there are no Designated Dispute Resolution Organizations for Funds Transfer Business: The details of the Complaint Processing Measures and Dispute Resolution Measures specified in Article 51-2, paragraph (1), item (ii) of the Act carried out by the Funds Transfer Service Provider; and
 - (xvii) other documents containing other relevant matters.

(Notice to Applicant)

Article 7 When the Commissioner of the Financial Services Agency gives a notice of registration prescribed in Article 39, paragraph (2) of the Act, the Commissioner must give it in a way of a written form of the completion of registration prepared using appended Form 8.

(Public Inspections of Funds Transfer Service Provider Registry)

Article 8 The Commissioner of the Financial Services Agency is to keep the registry of Funds Transfer Service Providers pertaining to the registered Funds Transfer Service Provider at the Local Finance Bureau or the Fukuoka Local Finance Branch Bureau having jurisdiction over the location of the head office of the relevant Funds Transfer Service Provider (in the case of a Foreign Funds Transfer Service Provider, its principal business office in Japan; hereinafter the same applies) and make it available for public inspection.

(Notice of Refusal of Registration)

Article 9 If the Commissioner of the Financial Services Agency gives a notice under Article 40, paragraph (2) of the Act, the Commissioner is to give that notice by a written notice of refusal of registration prepared using appended Form 9.

(Notification of Changes)

Article 10 (1) If a Funds Transfer Service Provider intends to make a notification under Article 41, paragraph (1) of the Act, the Provider must submit to the Commissioner of the Financial Services Agency a written notice of changes prepared using appended Form 10 by attaching two copies of the relevant written notice of changes and documents specified in the following items for the categories of cases respectively prescribed therein (in the case of a document certified by a public agency, limited to one issued within three months prior to the date of notification):

- (i) in the case of a change in the trade name: A certificate of registered matters that contains the matters pertaining to the relevant change or any substitute thereof, and a document prepared using appended Form 3 pledging to the effect that the Funds Transfer Service Provider does not fall under any of the items of Article 40, paragraph (1) of the Act;
- (ii) in the case of a change in the amount of capital: A certificate of registered matters that contains the matters pertaining to the relevant change or any substitute thereof;
- (iii) in the case of establishment or abolition of a business office or a change in the location of a business office (excluding cases as listed in item (ix)): A certificate of registered matters that contains the matters pertaining to the relevant change;
- (iv) in the case of a change in the directors, etc.: The following documents:
 - (a) documents listed in Article 6, item (ii), (iv) and (v) that pertain to the person who newly became a director, etc. and documents listed in item (vi) of the relevant Article that pertain to the relevant change;
 - (b) in the case where the name of the person who newly became a director,

- etc. used before marriage is stated together with their current name in a written notice of changes, and when the documents listed in (a) above (limited to the document listed in Article 6, item (ii)) do not prove the relevant name used before marriage, a document to prove the relevant name used before marriage; and
- (c) a document prepared using appended Form 3 pledging to the effect that the Funds Transfer Service Provider does not fall under any of the items of Article 40, paragraph (1) of the Act;
 - (v) in the case of a change in the major shareholders (meaning a shareholder who holds voting rights exceeding 10 percent of the voting rights held by all the Shareholders (excluding the voting rights of the shares which cannot be exercised for all matters that are subject to a resolution at a general meeting of shareholders and including the voting rights of the shares for which the shareholder is deemed to have voting rights pursuant to the the provisions of Article 879, paragraph (3) of the Companies Act)): The register of shareholders prepared using appended Form 7;
 - (vi) in the case of a change in the contents or methods of the Funds Transfer Service: The documents listed in Article 6, item (xi) through (xiv) that pertain to the matters that have been changed;
 - (vii) in the case of a change in the contents of business that has been entrusted or a person to whom business is entrusted: The documents listed in Article 6, item (xv) that pertain to the matters that have been changed;
 - (viii) in the case of a change in the other businesses: A certificate of registered matters that contains the matters pertaining to the relevant change or any substitute thereof;
 - (ix) in the case where a Funds Transfer Service Provider who has obtained the registration under Article 37 of the Act from the Director-General of a Local Finance Bureau, etc. has changed the location of its head office to an area over which the Director-General of another Local Finance Bureau, etc. has jurisdiction: The document prescribed in item (iii) and a written notice of completion of registration under Article 7 that was delivered prior to the relevant change; and
 - (x) in the case where the Funds Transfer Service Provider has become a member of a Certified Association for Payment Service Providers or has withdrawn from one: A document that can demonstrate the fact that the Funds Transfer Service Provider has become a member of a Certified Association for Payment Service Providers or has withdrawn from one.
- (2) If a notification is made pursuant to the provisions of the preceding paragraph in the case set forth in item (ix) of the relevant paragraph, the Director-General of a Local Finance Bureau, etc. must notify the Directors-General of the other Local Finance Bureau, etc. referred to in the relevant item

to the effect that the notification has been made.

- (3) The Director-General of a Local Finance Bureau, etc. who has received the notification under the preceding paragraph is to register the matters notified the Director-General of in the registry of Funds Transfer Service Providers and notify the person who made the relevant notification of the registration by the written notice of completion of registration prescribed in Article 7.

Chapter II Business

(Making of Security Deposit for Providing Funds Transfer Service to the Local Deposit Office)

Article 11 (1) The period specified by Cabinet Office Order as prescribed in Article 43, paragraph (1) of the Act is to be one week.

- (2) The amount of outstanding obligations in the process of funds transfer prescribed in Article 43, paragraph (2) of the Act is the amount of obligations borne by the relevant Funds Transfer Service Provider to the users in Japan pertaining to funds transfer transactions (Kawase transactions) at the time of calculation of the amount of outstanding obligations in the process of funds transfer on each business day (in the cases listed in the following items, the amounts specified respectively therein):

(i) in the case where the following Funds Transfer Service exists: The amount calculated by deducting the amount of obligations borne by the relevant Funds Transfer Service Provider in relation to funds transfer transactions (Kawase transactions) for the following Funds Transfer Service from the amount of obligations pertaining to funds transfer transactions (Kawase transactions) borne thereby to the users in Japan:

(a) Funds Transfer Service wherein the procedure for the execution of the right set forth in Article 59, paragraph (1) of the Act has already been completed;

(b) Funds Transfer Service that has come to fall under the case specified in Article 17, paragraph (2) of the Order as the case when the performance of obligations borne in relation to funds transfer transactions (Kawase transactions) has been completed; and

(ii) if the amount of obligations borne to the users in Japan cannot be distinguished from those borne to the overseas users: The amount of obligations borne by the relevant Funds Transfer Service Provider to all users pertaining to funds transfer transactions (Kawase transactions)).

- (3) If a Funds Transfer Service Provider has claims against users who are creditors in relation to obligations borne by the Funds Transfer Service Provider in relation to funds transfer transactions (Kawase transactions) that it carries out, the Funds Transfer Service Provider may calculate the amount

of outstanding obligations in the process of funds transfer set forth in the preceding paragraph as a total of the amounts calculated for each of the relevant users by deducting the amount of the relevant claims from the amount of the relevant obligations.

- (4) If a funds transfer transaction (Kawase transaction) is carried out in an amount indicated in foreign currency, the amount of outstanding obligations in the process of funds transfer set forth in paragraph (2) is to be calculated by converting the amount indicated in foreign currency to an amount indicated in Japanese currency using the foreign exchange rate on each business day.
- (5) The amount of costs pertaining to the procedure for the execution of the right as prescribed in Article 43, paragraph (2) of the Act is to be the amount calculated in accordance with the methods listed in the following items for the categories respectively prescribed therein:
 - (i) if the amount of outstanding obligations in the process of funds transfer calculated in accordance with the provisions of paragraph (2) is not more than one hundred million yen: The amount obtained by multiplying the relevant amount of outstanding obligations in the process of funds transfer by 5 percent; and
 - (ii) if the amount of outstanding obligations in the process of funds transfer calculated in accordance with the provisions of paragraph (2) is more than one hundred million yen: The amount obtained by adding five million yen to an amount obtained by multiplying the amount remaining after deducting one hundred million yen from the relevant amount of outstanding obligations in the process of funds transfer by 1 percent.
- (6) If succession of the Funds Transfer Service occurs, until the person who has succeeded to the relevant business makes a security deposit for providing Funds Transfer Service to the local deposit office in an amount not less than the required amount of deposit (meaning the required amount of deposit prescribed in Article 43, paragraph (1) of the Act; hereinafter the same applies) pursuant to the provisions of the relevant paragraph (including if the relevant person concludes a guarantee contract of security deposit of providing Funds Transfer Service (meaning the guarantee contract of security deposit of providing Funds Transfer Service prescribed in Article 44 of the Act; hereinafter the same applies) in lieu of making of the whole or part of the security deposit for providing Funds Transfer Service to the local deposit office pursuant to the provisions of the relevant Article and notifies the Commissioner of the Financial Services Agency to that effect) or concludes a trust contract of security deposit of providing Funds Transfer Service (meaning the trust contract of security deposit of providing Funds Transfer Service prescribed in Article 45, paragraph (1) of the Act; hereinafter the same applies) pursuant to the provisions of the relevant Article by obtaining the approval of

the Commissioner of the Financial Services Agency and places trust property in the trust under the trust contract on the business day of the relevant Funds Transfer Service Provider immediately following the date of approval in an amount not less than the required amount as security for providing Funds Transfer Service (meaning the required amount as security for providing Funds Transfer Service prescribed in Article 43, paragraph (2) of the Act; hereinafter the same applies) on the immediately preceding business day, the security deposit for providing Funds Transfer Service, guarantee contract of security deposit of providing Funds Transfer Service, or trust contract of security deposit of providing Funds Transfer Service that has been made or concluded by the person from whom the relevant business has been succeeded is deemed to be made or concluded on behalf of the person who has succeeded to the relevant business.

(Types of Bond Certificates That Can Be Used for Security Deposit for Providing Funds Transfer Service)

Article 12 Bond certificates specified by Cabinet Office Order as prescribed in Article 43, paragraph (3) of the Act are the following bond certificates:

- (i) national government bond certificates (including those the ownership of the right of which is determined based on the statement or record in the book-entry transfer account register under the Act on Transfer of Bonds, Shares, etc. (Act No. 75 of 2001); the same applies in Article 19, item (v));
- (ii) local government bond certificates;
- (iii) government guaranteed bond certificates (meaning those securities listed in Article 2, paragraph (1), item (iii) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) for which the government guarantees payment of the principal and interest; the same applies in Article 20, paragraph (2), item (iii)), and
- (iv) corporate bond certificates or any other bond certificates specified by the Commissioner of the Financial Services Agency.

(Estimated Value of Bond Certificates That Can Be Used for Security Deposit for Providing Funds Transfer Service)

Article 13 (1) The estimated value of bond certificates that are deposited to fulfill the security deposit for providing Funds Transfer Service requirement pursuant to the provisions of Article 43, paragraph (3) of the Act is the amount specified in the following items for the categories of bond certificates respectively prescribed therein:

- (i) bond certificates specified in item (i) of the preceding Article: The face value (for those the ownership of the right of which is determined based on the statement or record in the book-entry transfer account register under the Act

on Transfer of Bonds, Shares, etc., the amount stated or recorded in the book-entry transfer account register; hereinafter the same applies in this Article);

(ii) bond certificates specified in item (ii) of the preceding Article: The amount calculated by deeming every one hundred yen of the face value to be ninety yen;

(iii) bond certificates specified in item (iii) of the preceding Article: The amount calculated by deeming every one hundred yen of the face value to be ninety-five yen; and

(iv) bond certificates specified in item (iv) of the preceding Article: The amount calculated by deeming every one hundred yen of the face value to be eighty yen.

(2) With regard to bond certificates that have been issued on a discount basis, the provisions of the preceding paragraph apply by deeming the amount obtained by adding the amount calculated by the following formula to the issue price to be the face value:

$$\frac{(\text{face value} - \text{issue price})}{\text{number of years from the issue date to the redemption date}} \times (\text{number of years from the issue date to the deposit date})$$

(3) In the calculation by the formula set forth in the preceding paragraph, fractions below one year are omitted for the number of years from the issue date to the redemption date and the number of years from the issue date to the deposit date, and fractions below one yen are omitted for the amount obtained by dividing the difference between the face value and the issue price by the number of years from the issue date to the redemption date.

(Notification of Guarantee Contract of Security Deposit of Providing Funds Transfer Service)

Article 14 A person who makes a notification under Article 44 of the Act must submit to the Commissioner of the Financial Services Agency a written notice of guarantee contract of security deposit of providing Funds Transfer Service prepared using appended Form 11 by attaching a copy of a contract document in relation to the guarantee contract of security deposit of providing Funds Transfer Service.

(Requirements to Be Satisfied by Deposit-taking Institutions for Conclusion of a Guarantee Contract of Security Deposit of Providing Funds Transfer Service)

Article 15 (1) The category for one that is determined to have sound equity capital as specified by Cabinet Office Order as prescribed in Article 16, paragraph (1) of the Order is the category specified in the following items for the type of Deposit-taking Institutions respectively prescribed therein:

- (i) banks (excluding Branch Offices of Foreign Banks (meaning the Branch Offices of Foreign Banks prescribed in Article 47, paragraph (2) of the Banking Act (Act No. 59 of 1981); the same applies in item (vi)); the same applies in item (ii)) that have Overseas Business Locations: The Non-consolidated Capital Adequacy Ratio under the International Uniform Standard included in the latest explanatory document on the status of business and property (if there is an explanatory document pertaining to the interim business year of the business year immediately following the business year in relation to the relevant explanatory document, the relevant explanatory document) satisfies all requirements specified in (a) to (c) below for the categories of ratios respectively prescribed therein:
 - (a) Non-consolidated Common Equity Tier 1 Ratio: Not less than 4.5 percent;
 - (b) Non-consolidated Tier 1 Ratio: Not less than 6 percent;
 - (c) Non-consolidated Total Capital Adequacy Ratio: Not less than 8 percent;
- (i)-2 Long Term Credit Banks that have Overseas Business Locations: The Non-consolidated Capital Adequacy Ratio under the International Uniform Standard included in the latest explanatory document on the status of business and property (if there is an explanatory document pertaining to the interim business year of the business year immediately following the business year in relation to the explanatory document, the relevant explanatory document) is not less than 8 percent;
- (i)-3 Federations of Shinkin Banks that have Overseas Locations: The Non-consolidated Capital Adequacy Ratio under the International Uniform Standard included in the latest explanatory document on the status of business and property (if there is an explanatory document pertaining to the interim business year of the business year immediately following the business year in relation to the explanatory document, the relevant explanatory document) satisfies all requirements specified in (a) to (c) below for the categories of ratios respectively prescribed therein:
 - (a) Non-consolidated Common Capital Contribution Tier 1 Ratio: Not less than 4.5 percent;
 - (b) Non-consolidated Tier 1 Ratio: Not less than 6 percent;
 - (c) Non-consolidated Total Capital Adequacy Ratio: Not less than 8 percent;
- (ii) banks or Long Term Credit Banks that do not have Overseas Business Locations, or federations of Shinkin Banks or Shinkin Banks that do not have Overseas Locations: The Non-consolidated Capital Adequacy Ratio under the Domestic Standard included in the latest explanatory document on the status of business and property (if there is an explanatory document pertaining to the interim business year of the business year immediately following the business year in relation to the explanatory document, the relevant explanatory document) is not less than 4 percent;

- (iii) labor banks, federations of labor banks, credit cooperatives, federations of credit cooperatives engaging in the business prescribed in Article 9-9, paragraph (1), item (i) of the Small and Medium Sized Enterprises, etc. Cooperatives Act (Act No. 181 of 1949), agricultural cooperative or federations of agricultural cooperative engaging in the business prescribed in Article 10, paragraph (1), item (iii) of the Agricultural Cooperatives Act (Act No. 132 of 1947), fisheries cooperative engaging in the business prescribed in Article 11, paragraph (1), item (iv) of the Fisheries Cooperatives Act (Act No. 242 of 1948), federations of fisheries cooperatives engaging in the business prescribed in Article 87, paragraph (1), item (iv) of the relevant Act, fishery processing cooperative engaging in the business prescribed in Article 93, paragraph (1), item (ii) of the relevant Act, or federations of fishery processing cooperatives engaging in the business prescribed in Article 97, paragraph (1), item (ii) of the relevant Act: The Non-consolidated Capital Adequacy Ratio included in the latest explanatory document on the status of business and property is not less than 4 percent;
 - (iv) Norinchukin Bank: The Non-consolidated Capital Adequacy Ratio included in the latest explanatory document on the status of business and property satisfies all requirements specified in (a) to (c) below for the categories of ratios respectively prescribed therein;
 - (a) Non-consolidated Common Capital Contribution Tier 1 Ratio: Not less than 4.5 percent;
 - (b) Non-consolidated Tier 1 Ratio: Not less than 6 percent;
 - (c) Non-consolidated Total Capital Adequacy Ratio: Not less than 8 percent;
 - (v) the Shoko Chukin Bank Limited: The Non-consolidated Capital Adequacy Ratio included in the latest explanatory document on the status of business and property (if there is an explanatory document pertaining to the interim business year of the business year immediately following the business year in relation to the explanatory document, the relevant explanatory document) satisfies all requirements specified in (a) to (c) below for the categories of ratios respectively prescribed therein
 - (a) Non-consolidated Common Equity Tier 1 Ratio: Not less than 4.5 percent;
 - (b) Non-consolidated Tier 1 Ratio: Not less than 6 percent;
 - (c) Non-consolidated Total Capital Adequacy Ratio: Not less than 8 percent;
 and
 - (vi) branch offices of foreign banks: The foreign banks (meaning the foreign banks prescribed in Article 10, paragraph (2), item (viii) of the Banking Act) in relation to the relevant branch offices of foreign banks satisfy the criteria that are equivalent to the criteria prescribed in Article 14-2 of the relevant Act and apply to the relevant foreign banks in their respective foreign states.
- (2) The term "Overseas Business Locations" as used in items (i), (i)-2 and (ii) of

the preceding paragraph means the Overseas Business Locations prescribed in Article 1 , paragraph (3) of the Order Providing for the Categories, etc.

Prescribed in Article 26, Paragraph (2) of the Banking Act (Order of the Prime Minister's Office and the Ministry of Finance No. 39 of 2000) or in Article 1, paragraph (3) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 17 of the Long Term Credit Bank Act (Order of the Prime Minister's Office and the Ministry of Finance No. 40 of 2000).

- (3) The term "Overseas Locations" as used in paragraph (1), items (i)-3 and (ii) means the Overseas Locations prescribed in Article 3, paragraph (3) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act (Order of the Prime Minister's Office and the Ministry of Finance No. 41 of 2000).
- (4) The term "International Uniform Standard" as used in paragraph (1), items (i) through (i)-3 means the International Uniform Standard prescribed in Article 1, paragraph (4) or Article 3, paragraph (3) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act, in Article 1, paragraph (4) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 17 of the Long Term Credit Bank Act, or in Article 3, paragraph (5) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act.
- (5) The term "Non-consolidated Capital Adequacy Ratio" as used in paragraph (1), items (i) through (ii) means the Non-consolidated Capital Adequacy Ratio prescribed in Article 1, paragraph (7) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act, in Article 1, paragraph (6) of Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 17 of the Long Term Credit Bank Act, or in Article 3, paragraph (6) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act; the terms "Non-consolidated Common Equity Tier 1 Ratio," "Non-consolidated Tier 1 Ratio," and "Non-consolidated Total Capital Adequacy Ratio" as used in paragraph (1), item (i) mean the Non-consolidated Common Equity Tier 1 Ratio, Non-consolidated Tier 1 Ratio, and Non-consolidated Total Capital Adequacy Ratio respectively prescribed in Article 1, paragraph (7) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act; and the terms "Non-consolidated Common Capital Contribution Tier 1 Ratio," "Non-

consolidated Tier 1 Ratio," and "Non-consolidated Total Capital Adequacy Ratio" as used in paragraph (1), item (i)-3 mean the Non-consolidated Common Capital Contribution Tier 1 Ratio, Non-consolidated Tier 1 Ratio, and Non-consolidated Total Capital Adequacy Ratio respectively prescribed in Article 3, paragraph (6) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act.

- (6) The term "Domestic Standard" as used in paragraph (1), item (ii) means the Domestic Standard prescribed in Article 1, paragraph (5) or Article 3, paragraph (4) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act, in Article 1, paragraph (5) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 17 of the Long Term Credit Bank Act, or in Article 3, paragraph (4) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act.
- (7) The term "Non-consolidated Capital Adequacy Ratio" as used in paragraph (1), item (iii) means: for labor banks or federations of labor banks, the Non-consolidated Capital Adequacy Ratio prescribed in Article 2, paragraph (3) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 94, Paragraph (1) of the Labor Bank Act (Order of the Prime Minister's Office, the Ministry of Finance and the Ministry of Labour No. 8 of 2000); for credit cooperatives or federations of cooperatives engaging in the business prescribed in Article 9-9, paragraph (1), item (i) of the Small and Medium Sized Enterprises, etc. Cooperatives Act, the Non-consolidated Capital Adequacy Ratio prescribed in Article 1, paragraph (3) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 6, Paragraph (1) of the Act on Financial Businesses by Cooperative (Order of the Prime Minister's Office and the Minister of Finance No. 42 of 2000); for agricultural cooperatives or federations of agricultural cooperatives engaging in the business prescribed in Article 10, paragraph (1), item (iii) of the Agricultural Cooperatives Act, the Non-consolidated Capital Adequacy Ratio prescribed in Article 1, paragraph (3) of the Order Providing for the Categories, etc. Prescribed in Article 94-2, Paragraph (3) of the Agricultural Cooperatives Act (Order of the Prime Minister's Office, the Ministry of Finance and the Ministry of Agriculture, Forestry and Fisheries No. 13 of 2000);, for fisheries cooperatives engaging in the business prescribed in Article 11, paragraph (1), item (iv) of the Fisheries Cooperatives Act or fishery processing cooperatives engaging in the business

prescribed in Article 93, paragraph (1), item (ii) of the relevant Act, the Non-consolidated Capital Adequacy Ratio prescribed in Article 1, paragraph (3) of the Order Providing for the Categories, etc. Prescribed in Article 123-2, Paragraph (3) of the Fisheries Cooperatives Act (Order of the Prime Minister's Office, the Ministry of Finance and the Ministry of Agriculture, Forestry and Fisheries No. 15 of 2000); and for federations of fisheries cooperatives engaging in the business prescribed in Article 87, paragraph (1), item (iv) of the relevant Act or federations of fishery processing cooperatives engaging in the business prescribed in Article 97, paragraph (1), item (ii) of the relevant Act, the Non-consolidated Capital Adequacy Ratio prescribed in Article 3, paragraph (3) of the relevant Order.

- (8) The terms "Non-consolidated Capital Adequacy Ratio," "Non-consolidated Common Capital Contribution Tier 1 Ratio," "Non-consolidated Tier 1 Ratio," and "Non-consolidated Total Capital Adequacy Ratio" as used in paragraph (1), item (iv) mean the Non-consolidated Capital Adequacy Ratio, Non-consolidated Common Capital Contribution Tier 1 Ratio, Non-consolidated Tier 1 Ratio, and Non-consolidated Total Capital Adequacy Ratio respectively prescribed in Article 1, paragraph (3) of the Order Providing for the Categories, etc. Prescribed in Article 85, Paragraph (2) of the Norinchukin Bank Act (Order of the Cabinet Office, the Ministry of Finance and the Ministry of Agriculture, Forestry and Fisheries No. 3 of 2001).
- (9) The term "Non-consolidated Capital Adequacy Ratio" as used in paragraph (1), item (v) means the ratio obtained by the formula pertaining to the standard prescribed in Article 23, paragraph (1), item (i) of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007), and the terms "Non-consolidated Common Equity Tier 1 Ratio," "Non-consolidated Tier 1 Ratio," and "Non-consolidated Total Capital Adequacy Ratio" as used in paragraph (1), item (v) mean the ratios obtained by the relevant formula out of the Non-consolidated Capital Adequacy Ratio.

(Requirements to Be Satisfied by Persons Other Than Deposit-taking Institutions for Conclusion of Guarantee Contract of Security Deposit of Providing Funds Transfer Service)

Article 16 (1) The category for one that is determined to have a sound status with regard to capital adequacy to support the payment of insurance claims, etc. as specified by Cabinet Office Order as prescribed in Article 16, paragraph (2) of the Order is for one whose Ratio Indicating the Sound Status with Regard to Capital Adequacy to Support the Payment of Insurance Claims, etc. included in the latest explanatory documents on the status of business and property is not less than 200 percent.

- (2) The term "Ratio Indicating the Sound Status with Regard to Capital

Adequacy to Support the Payment of Insurance Claims, etc." as prescribed in the preceding paragraph means the ratio obtained by the formula pertaining to the standard prescribed in the following items for the categories respectively prescribed therein:

- (i) insurance companies (meaning the insurance companies prescribed in Article 2, paragraph (2) of the Insurance Business Act (Act No. 105 of 1995); hereinafter the same applies in this item and the following paragraph): Out of the standard prescribed in Article 130 of the relevant Act, the standard specified using the amount set forth in the items of the relevant Article pertaining to insurance companies;
 - (ii) foreign insurance companies, etc. (meaning the foreign insurance companies, etc. prescribed in Article 2, paragraph (7) of the Insurance Business Act; the same applies in the following paragraph): The standard prescribed in Article 202 of the relevant Act; and
 - (iii) underwriting members (meaning the underwriting members prescribed in Article 219, paragraph (1) of the Insurance Business Act; the same applies in the following paragraph): The standard prescribed in Article 228 of the relevant Act.
- (3) Persons specified by Cabinet Office Order as prescribed in Article 16, paragraph (2) of the Order are insurance companies, foreign insurance companies, etc., or underwriting members.

(Cancellation of Guarantee Contract of Security Deposit of Providing Funds Transfer Service)

Article 17 (1) If a Funds Transfer Service Provider who has concluded a guarantee contract of security deposit of providing Funds Transfer Service comes to fall under any of the following items, it may cancel the whole or part of the guarantee contract of security deposit of providing Funds Transfer Service respectively prescribed therein by obtaining the approval of the Commissioner of the Financial Services Agency:

- (i) if the required amount of deposit on the Base Date is less than the total of the amount of security deposit for providing Funds Transfer Service and the secured amount prescribed in Article 44 of the Act on the immediately preceding Base Date: A guarantee contract of security deposit of providing Funds Transfer Service in relation to any amount within the limit of the amount of the relevant security deposit for providing Funds Transfer Service up to the amount that would cause the relevant total amount to decrease to the relevant required amount of deposit;
- (ii) if the procedure for the execution of the right set forth in Article 59, paragraph (1) of the Act has been completed for the whole of the Funds Transfer Service: The whole of the relevant guarantee contract of security

- deposit of providing Funds Transfer Service;
- (iii) in the case where a Funds Transfer Service Provider intends to abolish the whole of the Funds Transfer Service and it is specified in Article 17, paragraph (2) of the Order as the case where the performance of obligations borne in relation to funds transfer transactions (Kawase transactions) has been completed: The whole of the relevant guarantee contract of security deposit of providing Funds Transfer Service; and
 - (iv) if a Funds Transfer Service Provider has concluded a trust contract of security deposit of providing Funds Transfer Service and has obtained the approval of the Commissioner of the Financial Services Agency, and if the Funds Transfer Service Provider has placed trust property in the trust under the trust contract on the business day of the relevant Funds Transfer Service Provider immediately following the date of approval in an amount not less than the required amount as security for providing Funds Transfer Service on the immediately preceding business day: The whole of the relevant guarantee contract of security deposit of providing Funds Transfer Service.
- (2) A Funds Transfer Service Provider intending to obtain the approval under the preceding paragraph must submit to the Commissioner of the Financial Services Agency a written application for approval of cancellation of guarantee contract of security deposit of providing Funds Transfer Service prepared using appended Form 12 by attaching copies of the books and documents listed in Article 33, paragraph (1), item (iv) through (vii) (limited to those to prove the facts listed in the preceding paragraph).
- (3) If the Commissioner of the Financial Services Agency has granted the approval set forth in paragraph (1), the Commissioner is to notify the Funds Transfer Service Provider to that effect by issuing a written approval of cancellation of the guarantee contract of security deposit of providing Funds Transfer Service prepared using appended Form 13.
- (4) If a Funds Transfer Service Provider has cancelled the whole or part of the guarantee contract of security deposit of providing Funds Transfer Service by obtaining the approval under paragraph (1), it must submit to the Commissioner of the Financial Services Agency a written notice of cancellation of the guarantee contract of security deposit of providing Funds Transfer Service prepared using appended Form 14 by attaching a copy of a document of the guarantee contract of security deposit of providing Funds Transfer Service reflecting the relevant cancellation.

(Application for Approval of a Trust Contract of Security Deposit of Providing Funds Transfer Service)

Article 18 (1) A Funds Transfer Service Provider intending to obtain the approval under Article 45, paragraph (1) of the Act must submit to the

Commissioner of the Financial Services Agency a written application for approval of a trust contract of security deposit of providing Funds Transfer Service prepared using appended Form 15 by attaching two copies of the relevant written application for approval of the trust contract of security deposit of providing Funds Transfer Service and a copy of a contract document in relation to the security deposit for providing Funds Transfer Service trust contract.

- (2) If the Commissioner of the Financial Services Agency has granted the approval set forth in the preceding paragraph, the Commissioner is to notify the Funds Transfer Service Provider to that effect by issuing a written approval of the trust contract of security deposit of providing Funds Transfer Service prepared using appended Form 16.
- (3) If a Funds Transfer Service Provider has placed property in the trust under the trust contract of security deposit of providing Funds Transfer Service for the first time after obtaining the approval under paragraph (1), it must submit to the Commissioner of the Financial Services Agency a written notice of trust contract of security deposit of providing Funds Transfer Service prepared using appended Form 17 by attaching a document proving the amount of the trust property and the required amount as security for providing Funds Transfer Service on each of the three business days immediately preceding the date of the relevant notice.

(Contents of the Trust contract of Security Deposit of Providing Funds Transfer Service)

Article 19 Matters specified by Cabinet Office Order as prescribed in Article 45, paragraph (2), item (vii) of the Act are the following matters:

- (i) the settlor, the trustee, and the beneficiaries of the principal of the trust property under the trust contract of security deposit of providing Funds Transfer Service are a Trust Contract Funds Transfer Service Provider (meaning the Trust Contract Funds Transfer Service Provider prescribed in Article 45, paragraph (2), item (i) of the Act; hereinafter the same applies), a trust company, etc., and the users in Japan of funds transfer transactions (Kawase transactions) carried out by the relevant Trust Contract Funds Transfer Service Provider (if the amount of obligations borne by the relevant Trust Contract Funds Transfer Service Provider to the users in Japan cannot be distinguished from those borne to the overseas users, all users of the funds transfer transactions (Kawase transactions) carried out by the relevant Trust Contract Funds Transfer Service Provider), respectively;
- (ii) if more than one trust contract of security deposit of providing Funds Transfer Service is concluded, the same person is appointed as the agent of the beneficiaries for all of the relevant contracts;

- (iii) if the Trust Contract Funds Transfer Service Provider has come to fall under any of the following conditions, the Trust Contract Funds Transfer Service Provider dose not give any instructions to the trust company, etc. regarding investment of trust property:
 - (a) if it has had its registration under Article 37 of the Act rescinded pursuant to the provisions of Article 56, paragraph (1) or (2) of the Act;
 - (b) if a petition for commencement of bankruptcy proceedings, etc. (meaning the petition for commencement of bankruptcy proceedings, etc. prescribed in Article 2, paragraph (18) of the Act) has been filed against the Trust Contract Funds Transfer Service Provider;
 - (c) if it has abolished the whole of the Funds Transfer Service (in the case of a foreign Funds Transfer Service Provider, abolition of the Funds Transfer Service at all business offices in Japan; the same applies in (c)) or has given a public notice of the abolition of the whole of the Funds Transfer Service under Article 61, paragraph (3) of the Act;
 - (d) if it has received an order to suspend the whole or part of the Funds Transfer Service under Article 56, paragraph (1) of the Act (limited to the case falling under item (iii) of the relevant paragraph); or
 - (e) if the Commissioner of the Financial Services Agency has issued an order to make a deposit;
- (iv) if the Trust Contract Funds Transfer Service Provider has come to fall under any of the conditions listed in the preceding item, the beneficiaries and the agent of the beneficiaries may not exercise beneficial claims against the trust company, etc.;
- (v) if the trust property under the trust contract of security deposit of providing Funds Transfer Service (excluding those under which money is placed in the trust with a financial institution engaging in the trust business (meaning a financial institution that has obtained the authorization under Article 1, paragraph (1) of the Act on Concurrent Operation of Trust Business by a Financial Institution (Act No. 43 of 1943); hereinafter the same applies in this Article) and compensation for the principal is provided; the same applies in the following item) is invested, the investment is made in the following manner:
 - (a) holding of government bond certificates and other bond certificates specified by the Commissioner of the Financial Services Agency;
 - (b) bank deposits and savings with a Deposit-taking Institution; or
 - (c) in any of the following manners:
 1. call money lending;
 2. due from bank accounts of a financial institution engaging in the trust business that is the trustee; or
 3. money trust for which compensation for the principal is provided under

the terms and conditions of the contract pursuant to the provisions of Article 6 of the Act on Concurrent Operation of Trust Business by a Financial Institution;

- (vi) if the Trust Contract Funds Transfer Service Provider maintains the trust property in the form of bond certificates or invests the trust property under the trust contract of security deposit of providing Funds Transfer Service in a manner listed in (a) of the preceding item, the trust company, etc. or the Trust Contract Funds Transfer Service Provider determines the estimated value thereof in accordance with the method prescribed in Article 21;
- (vii) if the trust contract of security deposit of providing Funds Transfer Service is a money trust contract with a financial institution engaging in the trust business under which compensation for the principal is provided, the estimated value of the principal of the trust property is the principal amount of the relevant money trust contract;
- (viii) if more than one trust contract of security deposit of providing Funds Transfer Service is concluded, the Trust Contract Funds Transfer Service Provider takes necessary measures to enable all trust companies, etc. to grasp, on a timely basis, the total amount of trust property that is placed in the trust under the relevant more than one trust contract of security deposit of providing Funds Transfer Service;
- (ix) if the required amount as security for providing Funds Transfer Service notified to the trust company, etc. by the Trust Contract Funds Transfer Service Provider has decreased significantly and rapidly, if the Trust Contract Funds Transfer Service Provider fails to report the required amount as security for providing Funds Transfer Service, or if it is otherwise determined by the trust company, etc. that the Trust Contract Funds Transfer Service Provider has failed or is likely to fail to perform its obligations under the trust contract of security deposit of providing Funds Transfer Service, the trust company, etc. immediately notifies the Commissioner of the Financial Services Agency to that effect;
- (x) except in the following cases, the whole or part of the trust contract of security deposit of providing Funds Transfer Service may not be cancelled:
 - (a) if the estimated value of the principal of the trust property maintained in the trust on a business day exceeds the required amount as security for providing Funds Transfer Service on the immediately preceding business day and the whole or part of the trust contract of security deposit of providing Funds Transfer Service is canceled within the limit of the relevant excess amount;
 - (b) if the trust property maintained in the trust under one trust contract of security deposit of providing Funds Transfer Service is intended to be placed in the trust under another trust contract of security deposit of

- providing Funds Transfer Service and the whole or part of the trust contract of security deposit of providing Funds Transfer Service is canceled;
- (c) if the total of the amount of security deposit for providing Funds Transfer Service and the secured amount on a Base Date exceeds the required amount of deposit on the immediately preceding Base Date;
 - (xi) the trust property in relation to the cancellation of the whole or part of the trust contract of security deposit of providing Funds Transfer Service under the preceding item is imputed to the Trust Contract Funds Transfer Service Provider;
 - (xii) the trust company, etc., in response to the order under Article 46 of the Act realizes the trust property and deposits the proceeds to the local deposit office specified by the Commissioner of the Financial Services Agency;
 - (xiii) if the trust company, etc. has made a deposit in response to the order under Article 46 of the Act, it may terminate the relevant trust contract of security deposit of providing Funds Transfer Service;
 - (xiv) in the case referred to in the preceding item, any residual property remaining after the termination of the whole of the relevant trust contract of security deposit of providing Funds Transfer Service may be imputed to the Trust Contract Funds Transfer Service Provider; and
 - (xv) remuneration and any other costs to be paid by the Trust Contract Funds Transfer Service Provider to the trust company, etc. or the agent of the beneficiaries and the costs required for the realization of the trust property by the relevant trust company, etc. are paid out of property other than the principal of the trust property.

(Types of Bank Deposits and Savings Qualified to Be Trust Property)

Article 20 (1) Bank deposits and savings specified by Cabinet Office Order as prescribed in Article 45, paragraph (3) of the Act are bank deposits and savings with a Deposit-taking Institution.

(2) Bond certificates specified by Cabinet Office Order under Article 45, paragraph (3) of the Act are the following bond certificates (including those the ownership of the right of which is determined based on the statement or record in the book-entry transfer account register under the provisions of the Act on Transfer of Bonds, Shares, etc.; hereinafter the same applies):

- (i) national government bond certificates;
- (ii) local government bond certificates;
- (iii) government guaranteed bond certificates;
- (iv) bond certificates prescribed in Article 2-11 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965);

- (v) bond certificates issued by a foreign state (limited to those falling under Article 13, item (iii) of the Cabinet Office Order on the Provision or Publication of Securities Information, etc. (Cabinet Office Order No. 78 of 2008)); and
- (vi) corporate bond certificates or any other bond certificates specified by the Commissioner of the Financial Services Agency.

(Estimated Value of Bond Certificates Qualified to be Trust Property)

Article 21 If the bond certificates are used as trust property pursuant to the provisions of Article 45, paragraph (3) of the Act or if the bond certificates are held as the investment of trust property pursuant to the provisions of Article 19, item (v), (a), the estimated value of the relevant bond certificates is an amount not exceeding the amount obtained by multiplying the market value of the relevant bond certificates as of each business day of the Funds Transfer Service Provider by the ratio specified in the following items for the categories of bond certificates respectively prescribed therein:

- (i) bond certificates specified in paragraph (2), item (i) of the preceding Article: 100 percent;
- (ii) bond certificates specified in paragraph (2), item (ii) of the preceding Article: 90 percent;
- (iii) bond certificates specified in paragraph (2), item (iii) of the preceding Article: 95 percent;
- (iv) bond certificates specified in paragraph (2), item (iv) of the preceding Article: 90percent;
- (v) bond certificates specified in paragraph (2), item (v) of the preceding Article: 85 percent; and
- (vi) bond certificates specified in paragraph (2), item (vi) of the preceding Article: 80 percent.

(Making of Security Deposit for Providing Funds Transfer Service to the Local Deposit Office Based on the Order of the Commissioner of the Financial Services Agency)

Article 22 (1) If any security deposit for providing Funds Transfer Service is required based on the order under Article 46 of the Act, such deposit must be made to the local deposit office nearest to the head office of the Funds Transfer Service Provider who concluded the relevant guarantee contract of security deposit of providing Funds Transfer Service or trust contract of security deposit of providing Funds Transfer Service.

- (2) The person who made the deposit set forth in the preceding paragraph, without delay, must submit to the Commissioner of the Financial Services Agency a written notice prepared using appended Form 18 by attaching the

authenticated copy of the deposit document pertaining to the relevant deposit.

(Public Notice When Performance of Obligations is Impossible)

Article 23 The public notice under Article 17, paragraph (2), item (ii) of the Order is published in a daily newspaper that publishes items on current events.

(Measures to Ensure Information Security Management Pertaining to the Funds Transfer Service)

Article 24 A Funds Transfer Service Provider, in accordance with the contents and methods of its business, must take measures to ensure sufficient control of the electronic data processing system pertaining to the Funds Transfer Service.

(Measures to Ensure Information Security Management Pertaining to Personal Information of Individual Users)

Article 25 A Funds Transfer Service Provider must take necessary and appropriate measures for preventing leakage, loss, or damage of the personal information of users of the Funds Transfer Service who are individuals with regard to the information security management for the relevant information and the supervision of its employees, and with regard to supervision of the relevant other person if it entrusts another person with the handling of the relevant information.

(Handling of Specified Non-public Information)

Article 26 In handling specified non-public information concerning the users of the Funds Transfer Service who are individuals, such as personal information regarding race, creed, family origin, registered domicile, healthcare, or criminal background of them (meaning information learned in the course of business that has not yet been publicly disclosed), a Funds Transfer Service Provider must take measures to ensure that the relevant information is not used for a purpose other than for ensuring the appropriate operation of the business and for other purposes which are determined to be necessary.

(Measures to Ensure Proper and Secure Operations of the Entrusted Business)

Article 27 If a Funds Transfer Service Provider entrusts part of its business to a third party, it must take the following measures in accordance with the contents of the entrusted business:

- (i) measures to ensure that the relevant business is entrusted to a person who has the ability to perform the business in a proper and secure manner;
- (ii) measures to ensure that necessary and appropriate supervision, etc. is conducted with regard to the person to whom business is entrusted including measures to verify whether the relevant person is performing the relevant

business in a proper and secure manner and cause the relevant person to make any necessary improvements in a ways such as by checking the status of performance of the relevant business by the relevant person regularly or as necessary;

- (iii) necessary measures to ensure proper and prompt processing of complaints from the users of the Funds Transfer Service conducted by the person to whom business is entrusted;
- (iv) measures to prevent the protection of the users of the Funds Transfer Service from being hindered, etc. including measures to ensure that in the case where circumstances have arisen under which the person to whom business has been entrusted is unable to perform the entrusted business appropriately, the relevant business will be promptly entrusted to another appropriate third party; and
- (v) measures to ensure that, if it is necessary for the purpose of ensuring the proper and secure operations of the business of a Funds Transfer Service Provider and protection of the users in relation to the relevant business, necessary measures will be taken such as amending or canceling the contract pertaining to the entrustment of the relevant business.

(Prevention of Users from Mistaking Funds Transfer Transactions (Kawase Transactions) Carried Out by a Funds Transfer Service Provider for Those Carried Out by a Deposit-taking Institution)

Article 28 (1) In carrying out a funds transfer transaction (Kawase transaction) with the user of the Funds Transfer Service, a Funds Transfer Service Provider must provide the user in advance with explanation designed to prevent the user from mistaking such funds transfer transaction (Kawase transaction) for funds transfer transactions (Kawase transactions) carried out by a Deposit-taking Institution by delivering documents or any other appropriate methods.

(2) When a Funds Transfer Service Provider provides the explanation prescribed in the preceding paragraph, it is to explain the following matters:

- (i) the fact that such funds transfer transaction (Kawase transaction) is not a funds transfer transaction (Kawase transaction) carried out by a Deposit-taking Institution;
- (ii) the fact that such funds transfer transaction (Kawase transaction) does not constitute acceptance of bank deposits or savings or Installment Savings, etc. (meaning the Installment Savings, etc. prescribed in Article 2, paragraph (4) of the Banking Act);
- (iii) the fact that such funds transfer transaction (Kawase transaction) is not entitled to the payment of insurance claims under Article 53 of the Deposit Insurance Act (Act No. 34 of 1971) or Article 55 of the Agricultural and Fishery Cooperation Savings Insurance Act (Act No. 53 of 1973);

- (iv) whether the Funds Transfer Service Provider has made a security deposit for providing Funds Transfer Service to the local deposit office or concluded a guarantee contract of security deposit of providing Funds Transfer Service or a trust contract of security deposit of providing Funds Transfer Service on behalf of the user, and if a guarantee contract of security deposit of providing Funds Transfer Service or a trust contract of security deposit of providing Funds Transfer Service has been concluded, the name, trade name or other name of the other party thereto; and
 - (v) other matters found to be useful for the prevention of the user from mistaking such funds transfer transaction (Kawase transaction) for funds transfer transactions (Kawase transactions) carried out by a Deposit-taking Institution.
- (3) If a Funds Transfer Service Provider carries out funds transfer transactions (Kawase transactions) with the users of the Funds Transfer Service at its business office, it must post the matters listed in items (i) through (iv) of the preceding paragraph at the service counter in a manner easily seen by the relevant users.

(Provision of Information to Users)

Article 29 (1) In carrying out a funds transfer transaction (Kawase transaction) with the user of the Funds Transfer Service, a Funds Transfer Service Provider must provide the user with information about the contents of the contract pertaining to the relevant funds transfer transaction (Kawase transaction) by the methods prescribed in the following items for the categories of cases respectively prescribed therein:

- (i) if the Funds Transfer Service Provider carries out a funds transfer transactions (Kawase transactions) without concluding a contract under which funds transfer transactions (Kawase transactions) are carried out on an ongoing or recurring basis: Method in which the following matters are clearly indicated to the user who will give the instructions pertaining to the funds transfer transaction (Kawase transaction):
 - (a) standard performance period;
 - (b) the amount or the maximum amount of the fees, remuneration, or costs to be paid by the user or the calculation method thereof;
 - (c) the location and contact address of the business office that will respond to complaints or requests for consultation from the users;
- (d) if the funds transfer transaction (Kawase transaction) is carried out in an amount indicated in foreign currency, the amount in Japanese currency converted from the relevant amount and the standard or the method used for the conversion;
- (e) the matters specified as follows for the categories of cases respectively

prescribed therein:

1. if there is a Designated Dispute Resolution Organization for Funds Transfer Business: The trade name or other name of the Designated Dispute Resolution Organization for Funds Transfer Business, which is the other party to the basic contract for the implementation of dispute resolution procedures, with which the Funds Transfer Service Provider takes measure to conclude the relevant basic contract specified in Article 51-2, paragraph (1), item (i) of the Act;
 2. if there are no Designated Dispute Resolution Organizations for Funds Transfer Business: The details of the Complaint Processing Measures and Dispute Resolution Measures of the relevant Funds Transfer Business Provider specified in Article 51-2, paragraph (1), item (ii) of the Act; and
- (f) other matters found to be relevant to the contents of the relevant funds transfer transaction (Kawase transaction).
- (ii) if the Funds Transfer Service Provider concludes a contract under which funds transfer transactions (Kawase transactions) are carried out on an ongoing or recurring basis: Method in which the following matters are clearly indicated to the user who will be the other party to the relevant contract:
- (a) the maximum amount of the funds transfer transactions (Kawase transactions) to be carried out;
 - (b) matters listed in (a) through (e) of the preceding item;
 - (c) the contract period;
 - (d) handling of the cancellation of contract before the expiration of the contract period (including calculation method for fees, remuneration, or costs); and
 - (e) other matters found to be relevant to the contents of the relevant contract.
- (2) If a Funds Transfer Service Provider carries out funds transfer transactions (Kawase transactions) by issuing an exchange certificate or other instruments representing the rights pertaining to the obligations borne by the Funds Transfer Service Provider in relation to funds transfer transactions (Kawase transactions) that it carries out (hereinafter referred to as "exchange certificate, etc."), and if the Funds Transfer Service Provider has indicated the following matters on the relevant exchange certificate, etc., the provisions of the preceding paragraph do not apply:
- (i) the amount or the maximum amount for which the rights can be exercised by issuing the relevant exchange certificate, etc.;
 - (ii) in the case of a period or expiration date for the exercise of rights by issuing the relevant exchange certificate, etc., the relevant period or expiration date;
 - (iii) matters listed in item (i), (b) through (e) of the preceding paragraph;

- (iv) the scope of facilities or places where rights can be exercised by issuing the relevant exchange certificate, etc.;
- (v) necessary instructions for the use of the relevant exchange certificate, etc.;
- and
- (vi) in the case of an exchange certificate, etc. in which the amount is recorded by an electronic or magnetic means (meaning electronic, magnetic, and other means under which the recorded information cannot directly be recognized by human perception), the balance of the amount or the method by which the relevant balance can be ascertained.

(Delivery of Receipt)

- Article 30 (1) When a Funds Transfer Service Provider has received money or other funds from a user of the Funds Transfer Service in relation to the funds transfer transactions (Kawase transactions) that it carries out, it must deliver a document containing the following matters to the relevant user without delay; provided, however, that this does not apply if the Funds Transfer Service Provider carries out funds transfer transactions (Kawase transactions) by issuing exchange certificates, etc.
- (i) the trade name and the registration number of the Funds Transfer Service Provider;
 - (ii) the amount of the funds received from the relevant user; and
 - (iii) date of receipt.
- (2) If funds are received by way of transfer of funds to a bank account for bank deposits or savings, the provisions of the preceding paragraph apply only if the delivery of the relevant document is requested by the relevant user.
- (3) A Funds Transfer Service Provider, by obtaining the approval of the relevant user pursuant to the provisions of the following paragraph, may provide the relevant user with the matters listed in paragraph (1) by electronic or magnetic means in lieu of the delivery of the document prescribed in the relevant paragraph. In this case, the Funds Transfer Service Provider is deemed to have delivered the document prescribed in the relevant paragraph.
- (4) A Funds Transfer Service Provider intending to provide the matters listed in paragraph (1) pursuant to the provisions of the preceding paragraph must indicate to the relevant user the type and contents of the electronic and magnetic means to be used and obtain the approval of the relevant user in advance in writing or by electronic or magnetic means.
- (5) If a Funds Transfer Service Provider who had received the approval under the preceding paragraph has received a notice from the relevant user in writing or by electronic or magnetic means to the effect that the user will no longer be provided with information by electronic or magnetic means, the Funds Transfer Service Provider must not provide the relevant user with the matters

listed in paragraph (1) by electronic or magnetic means; provided, however, that this does not apply if the relevant user gives another approval under the preceding paragraph again at a later time.

- (6) The "electronic or magnetic means" referred to in the preceding three paragraphs are the methods that use an electronic data processing system and other methods that use the information communication technology as prescribed in the following items for the categories of cases respectively prescribed therein:
- (i) if an approval is given indicating that the user will be provided with information by electronic or magnetic means or if a notice is given indicating that the user will not be provided with information by electronic or magnetic means: The following methods;
 - (a) a method in which the approval or notice to that effect is recorded in a file installed in the electronic equipment used by the person who receives such approval or notice or the person who obtains the consent; and
 - (b) a method in which a file containing a record of the approval or notice to that effect that is prepared by using a medium that allows for secure recording of certain information such as a magnetic disk, CD-ROM, or other method equivalent thereto is delivered to the user; or
 - (ii) in cases other than those prescribed in the preceding item: The following methods:
 - (a) the following methods that use an electronic data processing system:
 - 1. a method in which information is transmitted through electric telecommunication lines connecting the electric equipment used by the sender with the electric equipment used by the recipient and recorded in a file installed in the electric equipment used by the relevant recipient;
 - 2. a method in which information recorded in a file installed in the electric equipment used by the sender is made available for inspection by the recipient through electric telecommunication lines and recorded in a file installed in the electric equipment used by the relevant recipient; and
 - (b) a method in which a file containing a record of information that is prepared by using a medium that allows for secure recording of certain information such as magnetic disk, CD-ROM, or other method equivalent thereto is delivered to the user.
- (7) The methods prescribed in the items of the preceding paragraph must satisfy the following criteria:
- (i) in the case of the method prescribed in item (i) of the preceding paragraph, the person who receives an approval or notice notifies in writing or by other appropriate methods, the person who gives an approval or notice of the

- contents of the approval indicating that the recipient will be provided with information by electronic or magnetic means or the notice indicating that the recipient will not be provided with information by electronic or magnetic;
- (ii) in the case of the method prescribed in item (ii) of the preceding paragraph, the recipient is enabled to create a document by outputting the information recorded in the file (including outputting the relevant recorded information by transmitting it to other electronic equipment or any other method); and
 - (iii) in the case of the method which is prescribed in item (ii), (a) of the preceding paragraph and in which a mobile phone or PHS phone is used as the electronic equipment of the recipient, the sender will deliver a document in relation to the matters provided by the sender by electronic or magnetic means on the request from the recipient during the period of three months from the day on which the information was transmitted to or made available for inspection by the recipient.
- (8) The term "electronic data processing system" as used in paragraph (6), item (ii), (a) means an electronic data processing system that connects the electronic device used by the sender with the electronic device used by the recipient through electric telecommunication lines.

(Other Measures to Ensure Protection of Users)

Article 31 A Funds Transfer Service Provider must take the following measures to ensure the protection of the users of the Funds Transfer Service with regard to funds transfer transactions (Kawase transactions) that it carries out:

- (i) if a Funds Transfer Service Provider finds a possibility that a criminal act has been committed with regard to the funds transfer transactions (Kawase transactions) that it carries out after considering circumstances such as any provision of information by the investigative authority, etc. to the effect that the relevant funds transfer transactions (Kawase transactions) were used for the purpose of committing a fraud or other criminal acts, measures to suspend the relevant funds transfer transactions (Kawase transactions), etc.;
- (ii) if a Funds Transfer Service Provider carries out funds transfer transactions (Kawase transactions) with the users of the Funds Transfer Service by using a computer connected with electric telecommunication lines, appropriate measures to prevent the relevant users from mistaking the relevant Funds Transfer Service Provider for another person; and
- (iii) if a Funds Transfer Service Provider receives instructions regarding funds transfer transactions (Kawase transactions) from the users of the Funds Transfer Service by using a computer connected with electric telecommunication lines, appropriate measures to enable the relevant users to easily confirm or correct the contents of the relevant instructions when using the computer pertaining to the relevant instructions.

(Internal Rules)

Article 32 A Funds Transfer Service Provider, in accordance with the contents and methods of its business, must prescribe internal rules, etc. concerning the measures to ensure the protection of the users of the Funds Transfer Service and the proper and secure operations of Funds Transfer Service (including the explanation of the details of the measures taken by the Funds Transfer Service Provider as specified in Article 51-2 (1) of the Act and the measures to prevent crimes) and establish a system for providing training to employees, a system for providing guidance to the person to whom business is entrusted, and other systems sufficient to ensure that the business is operated based on the relevant internal rules, etc.

(Persons with Expert Knowledge and Experience in Matters Related to Consumer Affairs)

Article 32-2 Persons specified by Cabinet Office Order as prescribed in Article 51-2, paragraph (4) of the Act are those who have any of the following qualifications and have engaged in the business of responding to consumer affairs consultations (meaning the consumer affairs consultations prescribed in Article 13, paragraph (3), item (v), (a) of the Consumer Contract Act (Act No. 61 of 2000)) for a period of not less than five years in total:

- (i) the qualification as the consumer-specialized counselor granted by the National Consumer Affairs Center of Japan;
- (ii) the qualification as the consumer advisor granted by the Japan Industrial Association; or
- (iii) the qualification as the consumer consultant granted by the Japan Consumers' Association.

(Complaint Processing Measures and Dispute Resolution Measures in Relation to Funds Transfer Service)

Article 32-3 (1) Measures specified by Cabinet Office Order as Complaint Processing Measures prescribed in Article 51-2, paragraph (4) of the Act are any of the following:

- (i) to take all of the following measures:
 - (a) to establish a system for business operation sufficient to execute the business of processing complaints related to Funds Transfer Service (meaning the complaints related to Funds Transfer Service prescribed in Article 2, paragraph (15) of the Act out of the complaints related to Funds Transfer Service, etc. prescribed in Article 2, paragraph (19) of the Banking Act as applied mutatis mutandis pursuant to Article 101, paragraph (1) of the Act following the deemed replacement of terms;

- hereinafter the same applies in this paragraph and paragraph (3)) in a fair and appropriate manner;
- (b) to establish internal rules for the fair and appropriate execution of the business of processing complaints related to Funds Transfer Service (limited to the internal rules including the provisions clarifying the sharing of responsibility in the company with regard to the relevant business);
 - (c) to inform the users of where to make complaints related to Funds Transfer Service, and to make the system for business operation as provided in (a) and the internal rules provided in (b) above public;
 - (ii) to seek to process complaints related to Funds Transfer Service through the resolution of complaints carried out by the Certified Association for Payment Service Providers;
 - (iii) to seek to process complaints related to Funds Transfer Service through the mediation prescribed in Article 19, paragraph (1) or Article 25 of the Consumer Basic Act (Act No. 78 of 1968);
 - (iv) to seek to process complaints related to Funds Transfer Service through complaint processing procedures carried out by a person who has obtained any of the designations listed in the items of Article 24 of the Order; or
 - (v) to seek to process complaints related to Funds Transfer Service through complaint processing procedures carried out by a corporation (meaning the corporation prescribed in Article 99, paragraph (1), item (i) of the Act; the same applies in item (iv) of the following paragraph) that has a financial basis and a personnel structure sufficient to execute the business of processing complaints related to Funds Transfer Service in a fair and appropriate manner.
- (2) Measures specified by Cabinet Office Order as Dispute Resolution Measures prescribed in Article 51-2, paragraph (5) of the Act are any of the following:
- (i) to seek to resolve disputes related to Funds Transfer Service (meaning the disputes related to Funds Transfer Service prescribed in Article 2, paragraph (15) of the Act out of the disputes related to Funds Transfer Service, etc. prescribed in Article 2, paragraph (20) of the Banking Act as applied *mutatis mutandis* pursuant to Article 101, paragraph (1) of the Act following the deemed replacement of terms; hereinafter the same applies in this Article) through the mediation by an organization prescribed in the association rules prescribed in Article 33, paragraph (1) of the Attorney Act (Act No. 205 of 1949) or in the rules established pursuant to the provisions of the relevant association rules or through the arbitration procedures carried out by the relevant organization;
 - (ii) to seek to resolve disputes related to Funds Transfer Service through the mediation prescribed in Article 19, paragraph (1) or Article 25 of the

Consumer Basic Act or through the agreement prescribed in the relevant Article;

(iii) to seek to resolve disputes related to Funds Transfer Service through dispute resolution procedures carried out by a person who has obtained any of the designations listed in the items of Article 24 of the Order; or

(iv) to seek to resolve disputes related to Funds Transfer Service through dispute resolution procedures carried out by a corporation that has a financial basis and a personnel structure sufficient to execute the business of resolving disputes related to Funds Transfer Service in a fair and appropriate manner.

(3) Notwithstanding the provisions of the preceding two paragraphs (limited to paragraph (1), item (v) and item (iv) of the preceding paragraph), a Funds Transfer Service Provider must not seek to process complaints related to Funds Transfer Service or to resolve disputes related to Funds Transfer Service through the procedures carried out by a corporation falling under any of the following items:

(i) a corporation that has been sentenced to a fine pursuant to the provisions of the Act or the Attorney Act, and for whom five years have not passed since the day when the execution of the punishment terminated or it became free from execution of the punishment;

(ii) a corporation whose designation under Article 99, paragraph (1) of the Act has been rescinded pursuant to the provisions of Article 100, paragraph (1) of the Act, and for whom five years have not passed since the day of the relevant rescission, or a corporation whose designation listed in the items of Article 24 of the Order has been rescinded, and for whom five years have not passed since the day of the relevant rescission;

(iii) a corporation that has, in its officers conducting the business thereof (if the officer is a corporation, including the person to perform its duties; hereinafter the same applies in this item), those falling under either of the following:

(a) a person who has been sentenced to imprisonment without work or heavier punishment or has been sentenced pursuant to the provisions of the Act or the Attorney Act, and for whom five years have not passed since the day when the execution of the punishment terminated or the person became free from execution of the punishment; or

(b) a person who was an officer of a corporation whose designation under Article 99 (1) of the Act was rescinded pursuant to the provisions of Article 100 (1) of the Act, within one month before the day of the relevant rescission, and for whom five years have not passed since the day of the relevant rescission; or a person who was an officer of a corporation whose designation listed in the items of Article 24 of the Order was rescinded,

within one month before the day of the relevant rescission, and for whom five years have not passed since the day of the relevant rescission.

Chapter III Supervision

(Preparation and Preservation of Books and Documents Pertaining to the Funds Transfer Service)

Article 33 (1) The books and documents pertaining to the Funds Transfer Service as prescribed in Article 52 of the Act are the following books and documents:

- (i) transaction records pertaining to the Funds Transfer Service;
- (ii) general ledger;
- (iii) customer ledger (limited to the case where a Funds Transfer Service Provider concludes a contract with the users of the Funds Transfer Service under which funds transfer transactions (Kawase transactions) are carried out on an ongoing or recurring basis);
- (iv) records of the amount of outstanding obligations in the process of funds transfer and the required amount as security for providing Funds Transfer Service on each business day;
- (v) records of the required amount of deposit on each Base Date (excluding Trust Contract Funds Transfer Service Providers);
- (vi) records of the amount of security deposit for providing Funds Transfer Service on each Base Date (limited to the case where such deposit is made);
- (vii) records of the amount of trust property on each business day (limited to Trust Contract Funds Transfer Service Providers); and
- (viii) for each user of the Funds Transfer Service, records of the amount of obligations borne in relation to funds transfer transactions (Kawase transactions) and the amount of claims held in relation to the relevant funds transfer transactions (Kawase transactions) on each business day (limited to the case where the amount of outstanding obligations in the process of funds transfer is calculated pursuant to the provisions of Article 11 (3)).

(2) A Funds Transfer Service Provider must preserve the books and documents listed in items (i) through (iii) and item (viii) of the preceding paragraph for at least ten years from the day of the closing of the books, and the books and documents listed in items (iv) through (vii) of the preceding paragraph for at least five years from the day of the closing of the books.

(Reports on the Funds Transfer Service)

Article 34 (1) The written report on the Funds Transfer Service prescribed in Article 53, paragraph (1) of the Act must be prepared using appended Form 19 (in the case of a foreign Funds Transfer Service Provider, appended Form 20)

by separating it into a business summary and a document containing the status of income and expenditure pertaining to the Funds Transfer Service and submitted to the Commissioner of the Financial Services Agency within three months from the last day of the relevant business year.

- (2) A Funds Transfer Service Provider intending to submit the written report set forth in the preceding paragraph must submit it to the Commissioner of the Financial Services Agency by attaching two copies of the relevant written report and the latest balance sheet (including the related notes) and profit and loss statement (including the related notes).

(Reports on the Amount of Outstanding Obligations in the Process of Funds Transfer,)

Article 35 (1) The written report prescribed in Article 53, paragraph (2) of the Act must be prepared using appended Form 21 and submitted within one month from March 31 and September 30 every year (hereinafter each of these dates is referred to as "Base Date" in this Article) to the Commissioner of the Financial Services Agency.

- (2) A Funds Transfer Service Provider intending to submit the written report set forth in the preceding paragraph must submit it to the Commissioner of the Financial Services Agency by attaching two copies of the relevant written report.
- (3) A Funds Transfer Service Provider who has made the deposit under Article 43, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency the written report set forth in paragraph (1) by attaching a copy of the authenticated copy of the deposit document pertaining to the relevant deposit.
- (4) If a Funds Transfer Service Provider who made a notification under Article 44 of the Act has subsequently changed the terms and conditions of the guarantee contract of security deposit of providing Funds Transfer Service (excluding the cancellation of part of the relevant guarantee contract of security deposit of providing Funds Transfer Service) or has renewed the guarantee contract of security deposit of providing Funds Transfer Service, the Funds Transfer Service Provider must submit to the Commissioner of the Financial Services Agency the written report set forth in paragraph (1) by attaching a copy of the contract document or a document verifying the relevant fact.
- (5) A Trust Contract Funds Transfer Service Provider must submit to the Commissioner of the Financial Services Agency the written report for each Base Date set forth in paragraph (1) by attaching a document issued by a trust company, etc. verifying the amount of trust property as of the final day of each month after the day following the Base Date immediately preceding the relevant Base Date.

(6) The Commissioner of the Financial Services Agency, if the Commissioner finds it necessary, may order a Funds Transfer Service Provider to submit the authenticated copy of the deposit document set forth in paragraph (3) or the original of the contract document set forth in paragraph (4).

(Method of Public Notice)

Article 36 The public notice under Article 56, paragraph (2) and Article 58 of the Act is to be given in the Official Gazette.

Chapter IV Miscellaneous Provisions

(Entrustment to Agents for Local Finance Office in the Distribution

Proceedings of Security Deposit to Holders of Prepaid Payment Instruments)

Article 37 The Commissioner of the Financial Services Agency may entrust to the agents for local finance office in the distribution proceedings of security deposit to holders of prepaid payment instruments prescribed in Article 59, paragraph (3) of the Act the whole or part of the affairs pertaining to the public notice under paragraph (2) of the relevant Article, the affairs pertaining to the notification under Article 19, paragraph (2) of the Order, the affairs pertaining to the investigation of the rights under paragraph (4) of the relevant Article (including the public notice or provision of an opportunity under the relevant paragraph), the affairs pertaining to preparation, public notice, and notification of the distribution table under paragraph (5) the relevant Article, the affairs pertaining to the provisional distribution prescribed in paragraphs (10) and (11) of the relevant Article, and other affairs pertaining to the procedure for the execution of the rights.

(Notification of Abolition of Business)

Article 38 (1) A person intending to make a notification under Article 61, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency a written notice prepared using appended Form 22 by attaching two copies of the relevant written notice.

(2) The written notice set forth in the preceding paragraph is to contain the following particulars:

(i) trade name;

(ii) date of registration and registration number;

(iii) reason for notification;

(iv) the date on which the Funds Transfer Service Provider came to fall under any of the items of Article 61, paragraph (1) of the Act;

(v) if the Funds Transfer Service Provider has abolished the whole or part of the Funds Transfer Service, the reason therefor; and

- (vi) if the Funds Transfer Service Provider has abolished the whole or part of the Funds Transfer Service for the reason such as assignment of business, merger or company split, the method for succession of the relevant business and the successor.
- (3) The public notice under Article 61, paragraph (3) of the Act is published in the Official Gazette, in a daily newspaper that publishes matters on current events, or by means of electronic public notice prescribed in Article 2, item (xxxiv) of the Companies Act.
- (4) The public notice and the posting at business offices under Article 61, paragraph (3) of the Act includes the method for completing the performance of obligations pursuant to the provisions of paragraph (5) of the relevant Article (excluding the case where a public notice is given due to succession of business for the reason such as assignment of business, merger or company split).
- (5) A Funds Transfer Service Provider who has given a public notice under of Article 61, paragraph (3) of the Act must immediately submit to the Commissioner of the Financial Services Agency a written notice prepared using appended Form 23 by attaching a copy of the relevant public notice.
- (6) If a Funds Transfer Service Provider intends to abolish the whole or part of the Funds Transfer Service for the reason such as assignment of business, merger or company split, a document containing the contents of the contract pertaining to the succession of the relevant business and the method for succession of the relevant business must be attached to the written notice set forth in the preceding paragraph.

(Notification of Violation of Laws and Regulations)

Article 39 If a Funds Transfer Service Provider comes to know that its director, etc. or employee has committed violation of laws and regulations with regard to the Funds Transfer Service or an act that hinders the proper and secure operations of Funds Transfer Service, it must submit to the Director-General of a Local Finance Bureau, etc. a written notice prepared using appended Form 24 containing the following particulars within two weeks from the day on which it came to know the relevant fact:

- (i) the name of the business office at which the relevant act occurred;
- (ii) the name and the title of the director, etc. or employee who committed the relevant act; and
- (iii) summary of the relevant act.

(Government Agency Through Which to Submit Written Notice, etc.)

Article 40 If a Funds Transfer Service Provider intends to submit to the Director-General of a Local Finance Bureau, etc. the written application for registration prescribed in Article 4 and other documents prescribed in the Act

and this Cabinet Office Order (hereinafter referred to as "written application, etc." in this Article and the following Article) and there is an office of a Local Finance Bureau, Otaru Sub-office of Hokkaido Local Finance Bureau, or Kitami Sub-office of Hokkaido Local Finance Bureau having jurisdiction over the location of the head office of the relevant Funds Transfer Service Provider, the relevant Funds Transfer Service Provider must submit the relevant written application, etc. through the head of the relevant office or sub-offices.

(Submission of Written Application through the Certified Association for Payment Service Providers)

Article 41 A Funds Transfer Service Provider intending to submit a Written Application, etc. to the Director-General of a Local Finance Bureau, etc. (including submission through the head of an office or sub-office of a Local Finance Bureau pursuant to the provisions of the preceding Article) may submit it through a Certified Association for Payment Service Providers.

(Standard Processing Period)

- Article 42 (1) The Commissioner of the Financial Services Agency is to endeavor to process any application for registration under the Act, the Order, or this Cabinet Office Order within two months from the day on which the relevant application has arrived at the Commissioner's office.
- (2) The Commissioner of the Financial Services Agency is to endeavor to process an application for approval of cancellation of guarantee contract of security deposit of providing Funds Transfer Service prescribed in Article 17, paragraph (1) or for approval of trust contract of security deposit of providing Funds Transfer Service prescribed in Article 18, paragraph (1), within twenty days.
- (3) The period prescribed in the preceding two paragraphs does not include the following period:
- (i) the period required to amend the relevant application;
 - (ii) the period required for the applicant to change the contents of the relevant application; and
 - (iii) the period required for the applicant to add materials that are found to be necessary for the examination in relation to the relevant application.