

# Regulation for Enforcement of the Banking Act

(Ministry of Finance Order No. 10 of March 31, 1982)

In accordance with provisions of the Banking Act and the Enforcement Order of the Banking Act, and in order to enforce that Act and that Order, a ministerial order to amend all the Detailed Regulations of the Banking Act (Ministry of Finance Order No. 31 of 1927) is provided as follows.

Chapter I General Provisions (Articles 1 to 11)

Chapter II Services (Articles 12 to 17)

Chapter III Subsidiary Companies (Articles 17-2 to 17-7-3)

Chapter IV Accounting (Articles 17-7-4 to 21)

Chapter V Merger, Company Split, and Business Transfer and Acquisition  
(Articles 22 to 24)

Chapter VI Discontinuance of Banking and Dissolution (Articles 25 to 27)

Chapter VII Foreign Bank Branches (Articles 28 to 34)

Chapter VII-2 Special Provisions on Foreign Bank Agency Services (Article 34-2 to Article 34-2-46)

Chapter VIII Shareholders

Section 1 General Rules (Articles 34-2-47 to 34-5)

Section 2 Special Provisions on Banks' Major Shareholders

Subsection 1 General Rules (Articles 34-6 to 34-8)

Subsection 2 Supervision (Article 34-9)

Section 3 Special Provisions on Bank Holding Companies

Subsection 1 General Rules (Articles 34-10 to 34-14)

Subsection 2 Services and Subsidiary Companies (Articles 34-14-2 to 34-23-2)

Subsection 3 Accounting (Articles 34-24 to 34-28)

Subsection 4 Merger, Split, Transfer or Acquisition of a Commercial  
Operation (Articles 34-29 to 34-31)

Chapter VIII-2 Bank Agency Services

Section 1 General Rules (Articles 34-32 to 34-40)

Section 2 Services (Articles 34-41 to 34-57)

Section 3 Accounting (Articles 34-58 to 34-60)

Section 4 Supervision (Articles 34-61 and 34-62)

Section 5 Principal Banks (Articles 34-63 and 34-64)

Chapter VIII-3 Designated Dispute Resolution Organizations

Section 1 General Rules (Articles 34-65 to 34-68)

Section 2 Services (Articles 34-69 to 34-76)

Section 3 Supervision (Articles 34-77 to 34-78)  
Chapter IX Miscellaneous Provisions (Articles 35 to 40)  
Supplementary Provisions

**Chapter I General Provisions**

(Definitions)

Article 1 The terms "bank", "banking", "installment savings", "installment savings, etc.", "depositor, etc.", "voting rights of all shareholders, etc.", "shares, etc.", "subsidiary company", "major shareholder threshold", "bank's major shareholder", "holding company", "bank holding company", "bank agency services", "bank agent", "principal bank", "designated dispute resolution organization", "banking services", "complaint processing procedures", "dispute resolution procedures", "dispute resolution, etc.", and "basic contract for the implementation of dispute resolution procedures" as used in this Cabinet Office Order means a bank, banking, installment savings, installment savings, etc., depositor, etc., voting rights of all shareholders, etc, shares, etc., subsidiary company, major shareholder threshold, bank's major shareholder, holding company, bank holding company, bank agency services, bank agent, principal bank, designated dispute resolution organization, banking services, complaint processing procedures, dispute resolution procedures, dispute resolution, etc., and basic contract for the implementation of dispute resolution procedures, respectively, as provided in Article 2 of the Banking Act (Act No. 59 of 1981; hereinafter referred to as "the Act").

(Requirements for Suggesting the Existence of a Fact That Is Expected to  
Materially Affect Decisions on Financial and Business Policies of the  
Company)

Article 1-2 The requirements specified by Cabinet Office Order that are provided for in Article 2, paragraph (9) of the Act means the requirements set forth in Article 8, paragraph (6), item (ii), (a) through (e) of the Regulation on the Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; hereinafter referred to as the "Regulation on Financial Statements, etc.").

(Voting Rights Not Included in the Voting Rights Held by a Company or a  
Holder of Voting Rights)

Article 1-3 (1) Voting rights specified by Cabinet Office Order, which is not to be included in the voting rights held by a company or a holder of voting rights pursuant to the provisions of Article 2, paragraph (11) of the Act (including as applied mutatis mutandis pursuant to the provisions of Article 3-2, paragraph

(2); Article 16-4, paragraph (9); Article 52-2-11, paragraph (2); Article 52-3, paragraph (5); Article 52-4, paragraph (4); Article 52-24, paragraph (9), and Article 53, paragraph (5) of the Act, and Article 4, paragraph (2); Article 17-2, paragraph (15); Article 17-5, paragraph (6); Article 17-7, paragraph (3); Article 17-7-3, paragraph (4); Article 34-10, paragraph (6); Article 34-16, paragraph (13); Article 34-19, paragraph (6); Article 34-21, paragraph (3); Article 34-23-2, paragraph (4); Article 34-29, paragraph (3); Article 34-30, paragraph (3); Article 34-31, paragraph (3); and Article 35, paragraph (10) of the Enforcement Order of the Banking Act (Cabinet Order No. 40 of 1982; hereinafter referred to as "the Order"; hereinafter the same applies in the following paragraph)) are the voting rights from the following Shares, etc. (which means the voting rights prescribed in Article 2, paragraph (6) of the Act; the same applies to item (ii) of this paragraph, the following paragraph, Articles 1-5 through 1-8, Article 3, and Chapter III, Chapter V, Chapter VIII (excluding Article 34-26), Chapter VIII-3 and Chapter IX):

- (i) shares, etc. held as a business by a financial instruments business operator (meaning a financial instruments business operator prescribed in Article 2, paragraph (9) of the Financial Instruments and Exchange Act (Act No. 25 of 1948): the same applies hereinafter) that engages in securities-related business (meaning a securities-related business as prescribed in Article 28, paragraph (8) of that Act; the same applies hereinafter), and by a foreign company;
- (ii) shares, etc. held as trust property in connection with a trust, other than a money trust, for which a contract for compensation of losses in principal or supplementation of profits has been concluded pursuant to the provisions of Article 6 of the Act on Engagement in Trust Business Activities by Financial Institutions (Act No. 43 of 1943) (excluding Shares, etc. in connection with which a settlor or a beneficiary is entitled to exercise associated voting rights or to instruct the holders of associated voting rights as to the exercise thereof);
- (iii) when a corporation or an individual carrying out business becomes a limited liability partner of an investment limited partnership as prescribed in Article 2, paragraph (2) of the Limited Partnership Act for Investment (Act No. 90 of 1998) (hereinafter referred to as an "investment limited partnership" in this item, Article 17-7-3, paragraph (1), and Article 34-23-2, paragraph (1)), Shares, etc. acquired or held as assets of the partnership (excluding cases in which a limited liability partner may exercise the voting rights, and in which a limited liability partner may give instructions to an unlimited liability partner of an investment limited partnership regarding the exercise of voting rights);
- (iv) when a corporation or an individual carrying out business becomes a

- partner (excluding a person entrusted to execute the business; hereinafter referred to as a "non-managing partner" in this item) of a partnership (limited to those that entrust management of the business to one or more partners) established by parties that agree to engage in investment business to a company under a partnership contract as prescribed in Article 667, paragraph (1) of the Civil Code (Act No. 89 of 1896), shares, etc. acquired or held as assets of the partnership (excluding cases in which the non-managing partner may exercise the voting rights, and in which the non-managing partner may give instructions to a person entrusted to execute the business regarding the exercise of voting rights); or
- (v) shares, etc. approved by the Commissioner of the Financial Services Agency among shares, etc. equivalent to those set forth in the preceding two items.
- (2) The voting rights specified by Cabinet Office Order that, pursuant to the provisions of Article 2, paragraph (11) of the Act, are excluded from consideration as voting rights from shares, etc. constituting trust property that a company or the person holding those voting rights may exercise, as the settlor or beneficiary, or with regard to whose exercise the company or person may give instructions, as the settlor or beneficiary, means voting rights from shares, etc. with regard to whose exercise the company may give instructions, pursuant to the provisions of Article 10 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951), as the settlor company of an investment trust (meaning the settlor company of an investment trust as prescribed in Article 2, paragraph (11) of that Act; the same applies hereinafter), and voting rights from shares, etc. with regard to whose exercise that company may give instructions, pursuant to the provisions of foreign laws or regulations that are equivalent to the provisions of Article 10 of that Act, as a person that, pursuant to the provisions of foreign laws or regulations equivalent to that Act, is equivalent to an investment trust management company.
- (3) A bank, when intending to obtain an approval as prescribed in Article 1, item (v), must attach a written statement of reasons to the written application for approval and submit them to the Commissioner of the Financial Services Agency.
- (4) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to investigate whether it is impermissible for the Bank filing the application to exercise voting rights, or to give instructions concerning the exercise of voting rights, in connection with the Shares, etc. to which the application pertains.

(Total Asset Amount)

Article 1-3-2 (1) The total amount of assets calculated by a method specified by

Cabinet Office Order, as provided in Article 2, paragraph (12) of the Act, is the total amount of assets on the latest balance sheet of a company (if the first business year after the incorporation of the company is not completed, the balance sheet on the day of the company's incorporation), and if an issuance of shares for subscription as prescribed in Article 199, paragraph (1) of the Companies Act (Act No. 86 of 2005), delivery of shares as a result of the exercise of share options, issuance of corporate bonds, share exchange, merger, company split, acquisition of business, transfer of business or any other material change in the company's assets has occurred after the last day of the business year that the balance sheet is for (or, after the day of the company's incorporation if the first business year after the incorporation of the company is not completed), the total amount of assets is the amount arrived at after adding or deducting the fluctuation in the total asset amount that resulted from these changes.

- (2) The assets specified by Cabinet Office Order that are provided for in Article 2, paragraph (12) of the Act are loans to subsidiary companies (limited to those designated by the Commissioner of the Financial Services Agency) of a bank holding company (limited to those designated by the Commissioner of the Financial Services Agency) and any other assets designated by the Commissioner of the Financial Services Agency.
- (3) The amount calculated by the method specified by Cabinet Office Order, as provided in Article 2, paragraph (12) of the Act, is the total amount of assets prescribed in the preceding paragraph, as stated according to Appended Form 15 in annexed detailed statements associated with the financial statements for the most recent business year that a company has prepared pursuant to the provisions of Article 435, paragraph (2) of the Companies Act (if the first business year after the incorporation of the company is not completed, the total amount of assets prescribed in the preceding paragraph as stated in the balance sheet as of the time of the company's incorporation).

(Equivalents to a Corporation)

Article 1-4 The organization specified by Cabinet Office Order as being equivalent to a corporation that is provided for in Article 3-2, paragraph (1), item (i) of the Act, means an unincorporated association or foundation that has rules concerning its representative person or administrator.

(Method of Consolidation Concerning Financial Statements)

Article 1-5 (1) A company that is required to prepare financial statements or other documents on a consolidated basis pursuant to the provisions of Cabinet Office Order, as provided in Article 3-2, paragraph (1), item (ii) of the Act, means a company submitting consolidated financial statements prescribed in

Article 2, item (i) of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976; hereinafter referred to as the "Regulation on Consolidated Financial Statements").

(2) The number calculated pursuant to the provisions of Cabinet Office Order prescribed in Article 3-2, paragraph (1), item (ii) of the Act is a number calculated when the number of voting rights held by all the shareholders of the relevant bank is multiplied by a specified voting rights percentage (this specified voting rights percentage means the number calculated when the number of specified voting rights (these specified voting rights mean the voting rights as prescribed in Article 2, paragraph (6) of the Act from which voting rights that concern shares which are deemed to have voting rights pursuant to the provisions of Article 879, paragraph (3) of the Companies Act are excluded; hereinafter the same applies in this Article) in a single bank held by the relevant company is divided by the number of specified voting rights held by all the shareholders of that bank) pertaining to the number arrived at when the number of specified voting rights in that bank held by the company is combined with the number of specified voting rights in that bank held by that company's consolidated companies, etc. (which mean companies, etc. prescribed in Article 3-2, paragraph (1), item (ii) of the Act; hereinafter the same applies in this Article through Article 1-7), the number of which is prescribed in the following items for each of those company's consolidated companies', etc. categories set forth in the those respective items:

- (i) a subsidiary company of the company (which means a subsidiary company as prescribed in Article 8, paragraph (3) of the Regulation on Financial Statements, etc.): the number of specified voting rights of the bank held by that subsidiary company;
- (ii) a person corresponding to the person that is found to exercise the voting right, or a person that has agreed to exercise the voting right, in the manner as prescribed in Article 8, paragraph (6), item (iii) of the Regulation on Financial Statements, etc., with regard to exercise of voting rights with respect to the bank: the number of specified voting rights of the bank held by the person; and
- (iii) the company's affiliated company (which means an affiliated company prescribed in Article 8, paragraph (5) of the Regulation on Financial Statements, etc.) (excluding a person set forth in the preceding item): the number calculated by multiplying the number of specified voting rights of the bank held by that affiliated company by the proportion of the part of that affiliated company's net assets vesting in the company to all of that affiliated company's net assets.

(Closely Related Companies, etc.)

Article 1-6 (1) The company, etc. specified by Cabinet Office Order as provided for in Article 3-2, paragraph (1), item (iii) of the Act means any of the following companies, etc.:

- (i) a second company, etc. in which the relevant company, etc. holds the majority of voting rights held by all of the second company's, etc. shareholders or all of its investors; or
  - (ii) a second company, etc. that holds the majority of the voting rights of all of the relevant company's, etc. shareholders or all of its investors.
- (2) In a case as referred to in the preceding paragraph, the voting rights held by a first company, etc. in which a second company, etc. holds the majority of voting rights of all of that first company's, etc. shareholders or all of its investors are deemed to be voting rights held by that second company, etc.
- (3) In a case as referred to in one of the preceding two paragraphs, the voting rights held by a first company, etc. or a second company, etc. are to include shares or voting rights from a contribution which may not be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on Book-Entry of Corporate Bonds, Shares (Act No. 75 of 2001) (including as applied mutatis mutandis pursuant to Article 228, paragraph (1), Article 235, paragraph (1), Article 239, paragraph (1), and Article 276 (limited to the part pertaining to item (ii) of that Act)).

(Person Equivalent to a Company Subject to Standards for Consolidation)

Article 1-7 The person specified by Cabinet Office Order and the number calculated pursuant to the provisions of Cabinet Office Order as provided for in Article 3-2, paragraph (1), item (vii) of the Act means, in accordance with the categories of persons set forth in the following items, the numbers specified in those items:

- (i) a holder of a number of voting rights in a bank holding company which is equal to or greater than the major shareholder threshold (including a person set forth in Article 3-2, paragraph (1), item (i) of the Act, but excluding a person set forth in items (ii) through (vi) of that paragraph): whichever is the smaller of either the number calculated by multiplying the number that is obtained by dividing the number of voting rights of that bank holding company held by the holder by the number of voting rights held by all of shareholders of that bank holding company, by the number of voting rights held by all of shareholders of a bank that is a subsidiary company of that bank holding company; or, the total number of voting rights of a bank that is a subsidiary company of that holding company, which are held by the person, the holding company and the subsidiary company, etc. (which means a subsidiary company, etc., as prescribed in Article 52-25 of the Act; the same

applies in the following item) of that holding company; or

(ii) a person that corresponds to a person set forth in Article 3-2, paragraph (1), items (ii) through (vi) of the Act if the term "bank" in those items is deemed to be replaced with "bank holding company" and those items are applied, (excluding a person set forth in those items and a person set forth in the preceding item): whichever is the smaller of either of the number obtained by multiplying the number that is obtained by dividing the number of voting rights specified in Article 3-2, paragraph (1), items (ii) through (vi) of the Act by the number of voting rights of all of shareholders of a bank holding company which issued shares associated with those voting rights, by the number of voting rights of all of shareholders of a bank which is a subsidiary company of that bank holding company; or the total number of voting rights of a bank which is a subsidiary company of that bank holding company, held by the person; the person's consolidated company, etc., a company, etc. that belongs to a group of companies, etc. (which means a group of companies, etc., as prescribed in item (iii) of that paragraph) to which the person pertains, a company, etc. or an individual whose voting rights are combined or added if the grand total number of voting rights (which means the grand total number of voting rights as prescribed in item (v) of that paragraph) of the person is calculated or, the person's joint holder (which means a joint holder as prescribed in item (vi) of that paragraph; the same applies in Article 34-5); that bank holding company; and a subsidiary company, etc. of that bank holding company.

(Application for a Business License)

Article 1-8 (1) A stock company seeking a business license under Article 4, paragraph (1) of the Act must attach the following documents to the written application for licensing that all of the directors (or, for a company with nominating committee, etc., directors and executive officers) have signed and submit the documents to the Prime Minister via the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) the following documents concerning the stock company:
  - (a) articles of incorporation;
  - (b) certificate of registered information of the company;
  - (c) minutes of the organizational meeting (if it is deemed that there was a resolution at the organizational meeting pursuant to the provisions of Article 82, paragraph (1) of the Companies Act, documents certifying this case corresponds to that case; the same applies hereinafter) (if that stock company is incorporated by share transfer or by a company split, the minutes of the shareholders meeting concerning to this (if it is deemed that

- there was a resolution at a shareholders meeting pursuant to the provisions of Article 319, paragraph (1) of the Companies Act, documents certifying this case corresponds to that case; the same applies hereinafter) or other documents certifying that the necessary procedures were implemented);
- (d) a document stating the prospective income and expenditures and adequacy of equity capital for three business years after commencement of business;
  - (e) the resumes of the directors and auditors (for a company with audit and supervisory committee, the directors; and for a company with nominating committee, etc., the directors and executive officers);
  - (f) for a company with accounting advisors, the resumes of the accounting advisors (if an accounting advisor is a corporation, a document stating the history of that accounting advisor and the resume of the member responsible for performing the duties thereof);
  - (g) the resume of a financial auditor (if a financial auditor is a corporation, a document stating the history of the financial auditor and the resume of the member responsible for performing the duties thereof; the same applies hereinafter);
  - (h) name, domicile or residence, nationality, and occupation of the shareholders (if a shareholder is a corporation or other organization, its name, the location of its principal business office or its principal office , and details of the business being carried out), and the number of voting rights held by the shareholder;
  - (i) a document stating the location of business offices;
  - (j) recent daily statement of accounts or other documents which provide the recent status of assets, and that of profits and losses; and
  - (k) a document stating the status of maintaining employees who have knowledge and experience concerning bank services;
- (iii) the following documents if the stock company has a subsidiary company, etc. (meaning a subsidiary company, etc. corresponding to either as prescribed in Article 13, the first sentence of paragraph (2) of the Act, or as prescribed in Article 14-2, item (ii) of the Act; hereinafter the same applies in this Article, except for (e), and paragraph (3), item (iii)):
- (a) a document stating the name of that subsidiary company, etc. and the location of its principal business office or its principal office;
  - (b) a document stating the details of the business of that subsidiary company, etc.;
  - (c) the latest balance sheet (including relevant notes; the same applies hereinafter), profit and loss statement (including relevant notes; the same applies hereinafter), statement of changes in net assets (including relevant

- notes; the same applies hereinafter) of that subsidiary company, etc., and other documents which provide the status of recent business, assets, and profit and loss of that subsidiary company, etc.
- (d) a document stating the titles and names of the officers of that subsidiary company, etc. (if an officer is a corporation, including the person responsible for performing the duties thereof); and
  - (e) a document stating the prospective income and income and expenditures and adequacy of consolidated equity capital of that company and its subsidiary company, etc. (meaning a subsidiary company, etc., as prescribed in Article 14-2, item (ii) of the Act; the same applies in paragraph (3), item (iii)) for three business years after commencement of business of that stock company;
- (iv) beyond the documents set forth in each of the preceding items, a document giving information that is to serve as a reference in an examination as prescribed in Article 4, paragraphs (2) and (3) of the Act.
- (2) If a stock company other than a bank seeks to obtain a business license under Article 4, paragraph (1) of the Act by amending its prior purposes in order to carry out banking, in addition to the documents set forth in the preceding items (except for documents set forth in item (ii), (c) of that paragraph), the following documents must be attached to the written application for license:
- (i) minutes of shareholders meetings;
  - (ii) prior articles of incorporation and a document which clarifies the nature of existing transactions at the time of filing the application for license; and
  - (iii) the latest balance sheet, profit and loss statement, and statement of changes in net assets.
- (3) The Prime Minister, when implementing an examination as prescribed in Article 4, paragraph (2) of the Act pertaining to an application for license under the preceding two paragraphs, is to consider the following particulars:
- (i) the amount of stated capital of a person that applies for a banking license (hereinafter referred to as the "applicant" in this paragraph) is equal to or greater than the amount as prescribed in Article 3 of the Order and is an amount which is sufficient for carrying out sound and efficient bank services;
  - (ii) profit in the current term is expected for one of the business years of the applicant by the day on which three business years have elapsed after commencement of the business;
  - (iii) the status of the adequacy of equity capital of the applicant and of the applicant and its subsidiary company, etc. is expected to be appropriate until three business years elapse after commencement of the business; and
  - (iv) in light of such matters as the condition of securing directors, executive officers, accounting advisors, auditors or financial auditors, or employees who possess sufficient knowledge and experience for bank services, and

systems pertaining to business management of the bank, the applicant is able to carry out bank services appropriately, fairly, and efficiently and has sufficient social creditability.

- (v) that the content and methods of bank services are appropriate from the standpoint of protection of depositors, etc. and maintenance of an orderly financial system;

(Preliminary Examination of Business License)

Article 2 A person that intends to obtain a business license under Article 4, paragraph (1) of the Act may request a preliminary examination by submitting the equivalent documents pursuant to the provisions of the preceding Article to the Prime Minister via the Commissioner of the Financial Services Agency.

(Persons Uniquely Related to Foreign Banks)

Article 3 The person specified by Cabinet Office Order that is provided for in Article 1-2, item (vii) of the Order means those specified in the following items:

- (i) if a person that carries out banking in a foreign state in accordance with the laws and regulations of the foreign state (excluding a bank, etc. as prescribed in Article 4, paragraph (5) of the Act; hereinafter referred to as a "foreign bank" except in Article 10-2, paragraph (1)) or a person set forth in Article 1-2, items (i) through (vi) of the Order pertaining to that foreign bank holds a portion of voting rights of an applicant for a banking license, a person that has their principal business office or their principal office in the same state as that foreign bank or that person set forth in Article 1-2, items (i) through (vi) of the Order pertaining to that foreign bank, and that has a portion of voting rights of that applicant of a banking license; or
- (ii) any one of the two or more persons whose principal business offices are located in a state where a bank is unable to establish a branch office or to incorporate a company to carry out banking (limited to a person that holds a number or amount of shares, etc. constituting over five percent of the total number of issued shares of or total amount of contribution to (hereinafter referred to as "issued shares, etc.") a foreign bank) and whose total number or amount of shares, etc., constitutes over fifty percent of the issued shares, etc. of a foreign bank.

(Percentage for Multiplying the Voting Right Held by All of Shareholders as Prescribed in Article 4, paragraph (3) of the Act)

Article 4 The percentage specified by Cabinet Office Order that is provided for in Article 4, paragraph (3) of the Act is fifty percent.

(Financial Institutions Included in Bank)

Article 4-2 Financial institutions specified by Cabinet Office Order that are provided for in Article 4, paragraph (5) of the Act mean those specified in the following items:

- (i) the Shoko Chukin Bank Limited
- (ii) the Federation of Credit Unions
- (iii) the Norinchukin bank

(Application for Authorization of Reduction of Stated Capital Amount)

Article 5 A bank, when intending to obtain an authorization for a reduction of stated capital amount under Article 5, paragraph (3) of the Act, must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency, the Director General of Local Finance Bureau or Fukuoka Local Finance Branch Bureau (hereinafter referred to as the "Commissioner of the Financial Services Agency, etc.):

- (i) a written statement of reasons;
- (ii) a statement stating the method to reduce the amount of stated capital;
- (iii) minutes of the shareholders meeting and other statements certifying that the necessary procedures were implemented;
- (iv) the latest daily statement of accounts;
- (v) a document evidencing that a public notice and demand under Article 449, paragraph (2) (if publication is made in a daily newspaper that publishes the particulars current events or by electronic public notice in addition to the official gazette pursuant to the provisions of that Article, paragraph (3) of the Companies Act, a public notice by these methods) is implemented or, evidencing that, if a creditor states an objection, the bank performed the obligation or provided reasonable security to that creditor, entrusted reasonable assets with the purpose to provide that creditor with performance of the obligation, or that that creditor will not be prejudiced even if that reduction of the amount of stated capital is undertaken; and
- (vi) if a share certificate-issuing company would consolidate shares, a document evidencing that public notice has been given pursuant to the provisions of Article 219, main clause of paragraph (1) of the Companies Act, or that share certificates for all of those shares are not issued.

(Applications for Authorization of Change of Trade Name)

Article 6 (1) A bank, when intending to obtain an authorization for change of trade name under Article 6, paragraph (3) of the Act, must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency, etc.:

- (i) a written statement of reasons; and

(ii) minutes of the relevant shareholders meeting.

(2) The Commissioner of the Financial Services Agency, etc., when an application for authorization is filed pursuant to the provisions of the preceding paragraph, is to examine whether the trade name to which the application pertains is not the same as or similar to the trade name of another bank.

(Application for Authorization of Concurrent Holding of Positions by Directors)

Article 7 (1) A director who engages in ordinary business of a bank (or, the executive officer in the case of a company with nominating committee, etc.; the same applies in the following paragraph) must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency, etc. via that bank pursuant to the provisions of Article 7, paragraph (1) of the Act, if intending to obtain an authorization with regard to engaging in ordinary business of another company:

(i) a written statement of reasons;

(ii) a resume;

(iii) a document stating the handling method of the ordinary business of the bank and that other company;

(iv) a document stating transactions and other relationships between the bank and that other company; and

(v) the articles of incorporation (including an equivalent document), the latest business report, balance sheet, profit and loss statement, and statement of changes in net assets of that other company, and other documents that provide the recent status of business, assets, and profit and loss of that other company.

(2) The Commissioner of the Financial Services Agency, etc., when an application for authorization is filed pursuant to the provisions of the preceding paragraph, with regard to the engagement of the director to whom the application pertains in ordinary business of a bank, is to examine whether the concurrent holding of positions to which the application pertains may not cause any concern.

(Definitions of Business Office)

Article 8 (1) A business office as prescribed in Article 8, paragraph (1) and paragraph (2) of the Act means facilities or equipment (excluding portable equipment and equipment which is possessed or managed by a person other than the bank; the same applies hereinafter) where a bank carries out all or part of business set forth in each item of Article 10, paragraph (1) of the Act.

(2) A head office as prescribed in Article 8, paragraph (1) of the Act means a facility that supervises the bank services and is registered as the head office.

(3) A branch office as prescribed in Article 8, paragraph (1) and paragraph (2) of

the Act means a facility constituting a business office that is subordinate to a head office, at which bank services are carried out in the name of and under the account of the business office in question.

- (4) A change of type as prescribed in Article 8, paragraph (1) and paragraph (2) of the Act means a change from a business office other than a head office (a head office as prescribed in paragraph (2); the same applies hereinafter) and a branch office (a branch office as prescribed in the preceding paragraph; the same applies hereinafter) of a bank (hereinafter referred to as a "sub-office") to a branch office, and a change from a branch office to a sub-office.

(Notification of Establishment of Business Office)

Article 9 (1) The case specified by Cabinet Office Order that is provided for in Article 8, paragraph (1) of the Act means:

- (i) if the relevant person establishes a sub-office, changes the location of a sub-office, or closes a sub-office;
  - (ii) if the location of a business office changes due to extension or reconstruction or other compelling reason (but only if it is clear that the person will return to the business office of the original location before the change);
  - (iii) if the relevant person returns to the business office of the original location from that prescribed in the preceding item.
- (2) When a bank intends to submit a notification of the establishment, change of location, change of type, or closure of a business office pursuant to the provisions of Article 8, paragraph (1) of the Act, it must attach a written statement of reasons and other documents giving particulars found to be necessary by the Commissioner of the Financial Services Agency to the written notification and submit them to the Commissioner of the Financial Services Agency, etc..

(Application for Authorization of Establishment of a Business Office in a Foreign State)

Article 9-2 (1) When a bank intends to obtain an authorization for the establishment, change of type, or closure of a business office in a foreign state pursuant to the provisions of Article 8, paragraph (2) of the Act, it must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency, etc.:

- (i) a written statement of reasons;
- (ii) if the thing to be authorized requires a resolution at the shareholders meeting or of board of directors, the minutes of the shareholders meeting or minutes of the board of directors meeting concerning the case (if there is deemed to have been a resolution of the board of directors pursuant to the

- provisions of Article 370 of the Companies Act, a document evidencing that this is the case; the same applies hereinafter);
- (iii) in cases of changing the type of business office, a document stating the recent business status of that business office; and
  - (iv) other documents giving particulars found to be necessary by the Commissioner of the Financial Services Agency.
- (2) When an application for authorization to establish or change the type of a business office under the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether it conforms to the following standards:
- (i) except for cases in which the establishment or change of type of the business office is found to contribute to ensuring the sound management of the Bank which filed the application, the condition of adequacy of equity capital of the Bank which filed the application corresponds to an exception from the categories set forth in the table under Article 1, paragraph (1) of the Order Providing for the Categories, etc. prescribed in Article 26, Paragraph (2) of the Banking Act (Order of the General Administrative Agency of the Cabinet and the Ministry of Finance No. 39 of June 26, 2000) and an exception from the capital buffer categories set forth in the table under item (ii) of that paragraph, and the condition of adequacy of equity capital of the Bank which filed the application and its subsidiary company, etc. (which means a subsidiary company, etc., as prescribed in Article 14-2, item (ii) of the Act; the same applies in paragraph (2), item (i) of the following Article) corresponds to an exception from the categories set forth in the table under Article 1, paragraph (2) of that Order and an exception from the capital buffer categories set forth in the table under item (ii) of that paragraph;
  - (ii) in light of such matters as systems pertaining to business management of the bank which filed the application, precise, fair, and efficient bank services can be carried out; and
  - (iii) necessary crime prevention measures are taken by that business office and the information of customers is managed appropriately.
- (3) The case specified by Cabinet Office Order that is provided for in Article 8, paragraph (2) of the Act means those specified in the following items:
- (i) if the relevant bank establishes a sub-office (limited to a temporary or circuit-type facility, or unmanned equipment); or
  - (ii) if the relevant bank closes a sub-office.
- (4) When an application for authorization to close a business office under paragraph (1) is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the closure will not cause substantial effects to the customers of the business office, such as transactions pertaining to a customer of the business office will be succeeded to another business office of the bank

which filed the application or other financial institution without any hindrance.

(Application for Authorization of Entrustment of an Agency to Conclude a Contract on the Acceptance of Deposits in a Foreign State)

Article 10 (1) When a bank intends to obtain an authorization to conclude a contract to entrust acts set forth in each item of Article 2, paragraph (14) of the Act in a foreign state pursuant to the provisions of Article 8, paragraph (3) of the Act (hereinafter referred to as an "entrustment contract" in this Article and paragraph (3) of the following Article) or to terminate that entrustment contract, it must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency, etc.:

- (i) a written statement of reasons; and
- (ii) other documents giving particulars found to be necessary by the Commissioner of the Financial Services Agency.

(2) When an application for authorization to conclude an entrustment contract under the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether it conforms to the following standards:

- (i) except for cases in which the entrustment contract is deemed to contribute to ensuring the sound management of the bank which filed the application, the condition of adequacy of equity capital of the bank which filed the application corresponds to an exception from the categories set forth in the table under Article 1, paragraph (1) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act and an exception from the capital buffer categories set forth in the table under item (ii) of that paragraph, and the condition of adequacy of equity capital of the bank which filed the application and its subsidiary company, etc. corresponds to an exception from the categories set forth in the table under paragraph (2), item (i) of that Article and an exception from the capital buffer categories set forth in the table under item (ii) of that paragraph;

(ii) the other party concluding the entrustment contract (hereinafter referred to as a "foreign bank agent" in this Article and paragraph (3) of the following Article) satisfies all of the following requirements:

- (a) the other party is a person that possesses the financial basis that is found to be necessary for carrying out the business (hereinafter referred to as "entrusted business" in this Article and paragraph (3) of the following Article) pertaining to the entrustment contract;
- (b) in light of such matters as its personnel structure, etc., the other party is a person that has the necessary ability for carrying out the entrusted business appropriately, fairly, and efficiently, and who has social

- credibility; and
- (c) the other party is a person that is not found to cause hindrance, with regard to carrying out the entrusted business collectly and certainly, by carrying out other business;
- (iii) the bank which filed the application may take measures in order to secure sound and appropriate management of entrusted business with the foreign bank agent.
- (3) When examining whether the relevant other party conforms to the standards set forth in item (ii) of the preceding paragraph, the Commissioner of the Financial Services Agency, etc. is to consider the particulars set forth in each item of Article 34-37.
- (4) When an application for authorization to terminate an entrustment contract under paragraph (1) is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the termination will not cause substantial effects to the customers concerning the entrusted business of the foreign bank agent, such as transactions pertaining to those customers will be succeeded to another business office of the bank which filed the application or other financial institution without any hindrance.

(Notification of Entrustment of an Agency to Conclude a Contract on the Acceptance of Deposits in a Foreign State)

Article 10-2 (1) The persons specified by Cabinet Office Order that are provided for in Article 8, paragraph (4) of the Act are those specified in the following items:

- (i) a foreign bank (meaning a person that carries out banking in a foreign state in accordance with the laws and regulations of the foreign state; hereinafter the same applies in this paragraph) that is a subsidiary company, etc. of a bank;
- (ii) a foreign bank that has a bank as its subsidiary company, etc.;
- (iii) a foreign bank that is a subsidiary company, etc. of a bank holding company which has a bank as its subsidiary company, etc. (excluding the persons set forth in the preceding two items); and
- (iv) a foreign bank that is a subsidiary company, etc. of a parent company, etc. which has a bank as its subsidiary company, etc. (excluding the persons set forth in the preceding three items);
- (2) The term "parent company, etc." as prescribed in item (iv) of the preceding paragraph means a corporation, etc. holding voting rights exceeding fifty percent of the voting rights of all shareholders, etc. in another corporation, etc. (which means a corporation, etc. prescribed in Article 4, paragraph (1), item (i), (b) of the Order; hereinafter the same applies); the term "subsidiary company, etc." as prescribed in the items of the preceding paragraph means a corporation,

etc. in which a parent company, etc. holds voting rights exceeding fifty percent of the voting rights of all shareholders, etc. In this case, voting rights held by a subsidiary company, etc. are deemed to be voting rights held by the parent company, etc. of that subsidiary company, etc.

- (3) If seeking to undertake a notification under Article 8, paragraph (4) of the Act, a bank must attach the documents specified in the following items to a written notification in accordance with the categories set forth in those items and submit them to the Commissioner of the Financial Services Agency, etc.:
- (i) if the bank seeks to conclude an entrustment contract with a foreign bank agent: the following documents:
    - (a) a written statement of reasons;
    - (b) a document stating the trade name or the name of the foreign bank agent;
    - (c) a document stating the capital relationship between the bank and the foreign bank agent;
    - (d) a document stating the content of the entrustment contract between the bank and the foreign bank agent pertaining to the notification;
    - (e) a document stating the day on which the entrustment contract under the sub-item (d) is to be concluded; and
    - (f) a document stating the content and methods of the entrusted business of the foreign bank agent; or
  - (ii) if the bank seeks to terminate an entrustment contract with a foreign bank agent: the following documents:
    - (a) a written statement of reasons;
    - (b) a document stating the trade name or the name of the foreign bank agent;
    - (c) a document stating the content and methods of the entrusted business of the foreign bank agent; and
    - (d) a document stating the day on which the entrustment contract between the bank and the foreign bank agent is to be terminated.

Article 11 [deleted]

## **Chapter II Services**

(Scope of Certificate of a Monetary Claim)

- Article 12 Monetary claims indicated in the form of certificates specified by Cabinet Office Order that are provided for in Article 10, paragraph (2), item (v) of the Act are those specified in the following items:
- (i) a negotiable certificate of deposits (which means a deposit with a due date for repayment, but without a covenant of non-assignability; the same applies in Article 13-5, paragraph (1), item (i));
  - (ii) commercial paper;

- (iii) a housing mortgage certificate;
- (iv) a certificate of beneficial interest of a loan trust
- (iv)-2 a mortgage securities as prescribed in the Mortgage Instrument Act (Act No. 15 of 1931);
- (v) a certificate of beneficial interest for the commodity investment beneficiary interest as prescribed in Article 2, paragraph (6) of the Act on Control for Business Pertaining to Commodity Investment (Act No. 66 of 1991);
- (vi) securities or certificates issued by a foreign corporation that indicate a beneficiary interest of a trust in which a loan claim of a person, who carries out banking or who carries out other money lending as its business, is entrusted, or any other similar interests; or
- (vii) securities or certificates that indicate an interest pertaining to the transactions as prescribed in Article 10, paragraph (2), item (xii) or item (xiv) of the Act.

(Securities Equivalent to Specified Corporate Bonds)

Article 12-2 The things specified by Cabinet Office Order as constituting securities as prescribed in Article 10, paragraph (2), item (v)-2 of the Act are securities as prescribed in Article 15-17, paragraph (1) of the Order for Enforcement of the Financial Instruments and Exchange Act (Act No. 321 of 1965) (with regard to the security prescribed in that paragraph, limited to a security which has characteristics as set forth in Article 2, paragraph (1), item (iv) or item (v) of the Financial Instruments and Exchange Act) in which the assigned assets set forth in Article 40, item (i) of the Cabinet Office Order on Financial Instruments Business (Cabinet Office Order No. 52 of 2007) are a nominative monetary claim or a beneficiary right to the trust in which the nominative monetary claim is placed.

(Acting as Agent or Intermediary for Services)

Article 13 Acting as agent or intermediary in connection with services which is specified by Cabinet Office Order, as provided in Article 10, paragraph (2), item (viii) of the Act means those specified in the following items:

- (i) acting as agent or intermediary for the services (excluding a trust business (hereinafter referred to as "trust business") prescribed in Article 1, paragraph (1) of the Act on Engagement in Trust Business Activities by Financial Institutions) of a bank, a long-term credit bank (which means a long-term credit bank prescribed in Article 2 of the Long-term Credit Bank Act (Act No. 187 of 1952); the same applies hereinafter), Shoko Chukin bank limited or credit union, credit cooperatives, or workers' credit union (including a federation organized by these corporations);
- (ii) acting as agent or intermediary for quasi-banking business carried out by

- an agricultural cooperative (limited to a cooperative which carries out business as prescribed in Article 10, paragraph (1), item (iii) of the Agricultural Co-operatives Act (Act No. 132 of 1947); the same applies hereinafter, except in Article 34-43, paragraph (2)) or a federation of agricultural cooperatives (limited to a federation of agricultural cooperatives which carries out business as prescribed in Article 10, paragraph (1), item (iii) of that Act; the same applies hereinafter) and which quasi-banking business is as prescribed in Article 11, paragraph (2) of that Act (excluding a business pertaining to trust business); for a quasi-banking business which is carried out by a fisheries cooperative (limited to a fisheries cooperative which carries out business as prescribed in Article 11, paragraph (1), item (iv) of the Fishery Cooperative Act (Act No. 242 of 1948); the same applies hereinafter), a federation of fisheries cooperatives (limited to a federation of fisheries cooperatives which carries out business as prescribed in Article 87, paragraph (1), item (iv) of that Act; the same applies hereinafter), a fishery processing cooperative (limited to a fishery processing cooperative which carries out business as prescribed in Article 93, paragraph (1), item (ii) of that Act; the same applies hereinafter), or a federation of fishery processing cooperatives (limited to a federation of fishery processing cooperatives which carries out business as prescribed in Article 97, paragraph (1), item (ii) of that Act; the same applies hereinafter) and which quasi-banking business is prescribed in Article 54-2, paragraph (2) of that Act (excluding a business pertaining to trust business); or for the services of the Norinchukin Bank (excluding a business pertaining to trust business);
- (ii)-2 acting as agent or intermediary for fund transfer services (which means the fund transfer service prescribed in Article 2, paragraph (3) of the Payment Services Act (Act No. 59 of 2009); the same applies in Article 17-3, paragraph (2), item (i)-4 of this Act) operated by a fund transfer service provider (which means the fund transfer service provider prescribed in Article 2, paragraph (3) of that Act; the same applies in Article 17-3, paragraph (2), item (i)-4 of this Act);
- (iii) acting as agent or intermediary for the following services of a trust company or a financial institution which carries out trust business (excluding services corresponding to those as set forth in Article 11 of the Act):
- (a) conclusion of a trust contract (excluding a trust contract pertaining to a trust as prescribed in Article 3, item (i) of the Order for Enforcement of the Act on Engagement in Trust Business Activities by Financial Institutions (Cabinet Order No. 31 of 1993) and as prescribed in Article 3, paragraph (1), item (i) of the Regulation for Enforcement of the Act on Engagement in Trust Business Activities by Financial Institutions (Ministry of Finance Order No. 16 of 1982));

- (b) conclusion of a contract to accept entrustment of business as set forth in each item of Article 1, paragraph (1) of the Act on Engagement in Trust Business Activities by Financial Institutions (excluding business as set forth in each item of Article 3 of the Order for Enforcement of the Act on Engagement in Trust Business Activities by Financial Institutions);
- (iii)-2 acting as agent or intermediary in the conclusion of an investment advisory contract (which means an investment advisory contract as prescribed in Article 2, paragraph (8), item (xi) of the Financial Instruments and Exchange Act) or a discretionary investment contract (which means a discretionary investment contract as prescribed in item (xii), (b) of that paragraph; the same applies hereinafter) of a financial instruments business operator or a registered financial institution (which means a registered financial institution as prescribed in Article 2, paragraph (11) of that Act);
- (iv) acting as agent or intermediary in the lending of funds by an insurance company (which means an insurance company as prescribed in Article 2, paragraph (2) of the Insurance Business Act (Act No. 105 of 1995) and includes a foreign insurance company, etc. as prescribed in paragraph (7) of that Article (hereinafter referred to as a "foreign insurance company, etc."));
- (v) acting as agent or intermediary in the services of a corporation engaged in financial business whose budget is subject to a Diet resolution, pursuant to the provisions of the law;
- (vi) acting as agent or intermediary in the lending of funds or other services concerning finance of a corporation which is incorporated by a special law and may entrust a part of its services to a bank pursuant to the special law (excluding acting as agent or intermediary as set forth in the preceding item); or
- (vii) anything that is equivalent to acting as agent or intermediary in the services set forth in each of the preceding items and that is separately specified by the Commissioner of the Financial Services Agency.

(Acting as Agent or Intermediary in Foreign Bank Services)

Article 13-2 (1) The services specified by Cabinet Office Order, as provided in Article 10, paragraph (2), item (viii)-2 of the Act, mean those specified in the following items:

- (i) in addition to a bank's actions as agent or intermediary when it does so for the services (limited to services prescribed in Article 10, paragraph (1) and paragraph (2) of the Act (excluding services associated with agent or intermediary and the services for which a bank may act as agent or intermediary pursuant to the provisions of that paragraph (excluding item (viii) and item (viii)-2)); hereinafter the same applies in this paragraph) of a foreign bank that is a subsidiary company of the bank, a bank's actions as

agent or intermediary as prescribed in sub-items (a) through (d) below when it acts as agent or intermediary for the services of a foreign bank set forth respectively in those sub-items:

- (a) a foreign bank that is a subsidiary corporation, etc. (meaning the subsidiary corporation, etc. prescribed in Article 4-2, paragraph (2) of the Order; hereinafter the same applies in this Article) (excluding a foreign bank that is a subsidiary company, etc. of a bank);
  - (b) a foreign bank that has a bank as its subsidiary corporation, etc.;
  - (c) a foreign bank that is a subsidiary corporation, etc. of a bank holding company that has a bank as its subsidiary company (excluding a foreign bank that is a subsidiary company of a bank and those set forth in sub-item (a) and sub-item (b)); and
  - (d) a foreign bank that is a subsidiary corporation, etc. of a parent corporation, etc. (meaning the parent corporation, etc. prescribed in Article 4-2, paragraph (2) of the Order; the same applies hereinafter) that has a bank as its subsidiary company (excluding a foreign bank that is a subsidiary company of a bank and those set forth in sub-items (a) through (c)); and
- (ii) actions as agent or intermediary for the services of a foreign bank other than a foreign bank that is a subsidiary company of a bank and foreign banks set forth in sub-items (a) through (d) of the preceding item (limited to the cases in which those actions as the agent or intermediary for the services are undertaken in a foreign state).

(2) Notwithstanding the provisions of the preceding paragraph, the services specified by Cabinet Office Order that are provided for in Article 10, paragraph (2), item (viii)-2, of the Act pertaining to a foreign bank branch (which means a foreign bank branch prescribed in Article 47, paragraph (2) of the Act; the same applies hereinafter) means those specified in the following items:

- (i) in addition to a foreign bank branch's action as agent or intermediary when it does so for the services of a business office in the home state of the foreign bank with which the foreign bank branch is associated (which means a business office in the home state prescribed in Article 47, paragraph (3) of the Act; the same applies hereinafter) (limited to the services prescribed in Article 10, paragraph (1) and paragraph (2) of the Act (excluding the services associated with actions as an agent or intermediary and the services in association with which a bank may act as agent or intermediary pursuant to the provisions of that paragraph (excluding item (viii) and item (viii)-2)); hereinafter the same applies in this paragraph), actions as agent or intermediary conducted by a foreign bank branch as prescribed in sub-items (a) through (c) below for the services of the foreign banks set forth respectively in those sub-items;

- (a) a foreign bank that is a subsidiary corporation, etc. of another foreign bank to which a foreign bank branch belongs;
- (b) a foreign bank that has another foreign bank to which a foreign bank branch belongs as its subsidiary corporation, etc.;
- (c) a foreign bank that is a subsidiary corporation, etc. of a parent corporation, etc. that has another foreign bank to which a foreign bank branch belongs as its subsidiary company, etc. (excluding a business office in the home state of the other foreign bank to which that foreign bank branch belongs and those set forth in sub-items (a) through (b)); and
- (ii) actions as agent or intermediary for the services of a foreign bank other than a business office in the home state of a foreign bank to which a foreign bank branch belongs and foreign banks set forth in sub-items (a) through (c) of the preceding item (limited to the cases in which those actions as agent or intermediary for the services are undertaken).

(Derivatives Transactions)

Article 13-2-2 Derivatives transactions as specified by Cabinet Office Order that are provided for in Article 10, paragraph (2), item (xii) and item (xiii) of the Act are a derivatives transaction as prescribed in Article 2, paragraph (20) of the Financial Instruments and Exchange Act (excluding a derivatives transaction corresponding to the securities-related derivatives transactions (which means the securities-related derivatives transactions as prescribed in Article 28, paragraph (8), item (vi) of that Act; the same applies hereinafter)).

(Financial Derivatives Transactions)

Article 13-2-3 (1) The transaction specified by Cabinet Office Order that is provided for in Article 10, paragraph (2), item (xiv) of the Act means one of the following:

- (i) a transaction to promise mutual payment, with regard to a commodity of which the quantity is specified by the parties, based on the commodity market price stipulated between the relevant parties, and other similar transactions (limited to the following transactions; hereinafter referred to as a "commodity derivatives transaction");
  - (a) a transaction settled by payment of the difference;
  - (b) a purchase and sale transaction in which the parties agree to transfer between them a commodity and the consideration therefor and which satisfies all of the following requirements:
    1. the purchase and sale transaction does not result in the holding of the commodity pertaining to that transaction on the completion of the settlement.
    2. the purchase and sale transaction does not result in bearing the risk

that may arise in connection with the custody or transportation of the commodity pertaining to that transaction.

- (ii) a transaction to promise mutual payment, with regard to a carbon dioxide equivalent quota (which means a carbon dioxide equivalent quota as prescribed in Article 2, paragraph (6) of the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998) and other similar substances; the same applies hereinafter) of which the quantity is stipulated by the parties, based on the quotation of a carbon dioxide equivalent as stipulated between the parties and other similar transactions (limited to the following transactions); or
  - (a) a transaction settled by payment of the difference;
  - (b) a purchase and sale transaction in which the parties agree to transfer between them a carbon dioxide equivalent quota and the consideration therefor and that does not result in the holding of the carbon dioxide equivalent quota pertaining to that purchase and sale transaction on the completion of the settlement.
- (iii) a transaction in which it is promised that one party grants the other party a right that may effect a transaction as set forth in the preceding two items between those parties by the other party's manifesting the intention, and the other party pays the compensation for that one party's granting the right, and any other similar transaction.
- (2) A transaction specified by Cabinet Office Order as a transaction that it is found to be unlikely to damage the sound management of a bank, as provided in Article 10, paragraph (2), item (xiv) of the Act, means one as set forth in the items of the preceding paragraph.
- (3) Acting as the intermediary, broker, or agent as specified by Cabinet Office Order, as provided in Article 10, paragraph (2), item (xv) of the Act means acting as the intermediary, broker, or agent in transactions set forth in Article 2, paragraph (14), items (i) through (iii) of the Commodity Derivatives Act (Act No. 239 of 1950) and item (iv) of that paragraph (excluding sub-item (d)), for listed commodity component products, etc. (meaning the listed commodity component products, etc. prescribed in Article 15, paragraph (1), item (i) of that Act) by using quotations on a commodity market (meaning the commodity market prescribed in Article 2, paragraph (9) of that Act).

#### (Requirements for Lease Contracts)

Article 13-2-4 (1) The contract that is specified by Cabinet Office Order, as provided for in Article 10, paragraph (2), item (xviii), sub-item (a) of the Act means a contract for allowing the use of machinery and other objects which does not contain a provision to the effect that the parties may not cancel the contract before the end of the period of use (which means the period of use

prescribed in sub-item (a) of that item; hereinafter the same applies in this paragraph), and under which the other party to the contract is to pay almost all of the use fees for the unpaid period of use if that other party breaches the obligations based on the contract or cancels the contract before the end of the period of use specified in the contract.

(2) The costs specified by Cabinet Office Order that are provided for in Article 10, paragraph (2), item (xviii), (b) of the Act consist of the amounts of interest and fees.

(Acquisition of a Carbon Dioxide Equivalent Quota)

Article 13-2-5 The services specified by Cabinet Office Order that are provided for in Article 11, item (iv) of the Act means services for concluding a contract involving the acquisition or transfer of a carbon dioxide equivalent quota, or for acting as intermediary, broker, or agent in the conclusion of such a contract.

(Provision of Information to Depositor)

Article 13-3 (1) When a bank provide the information of its depositors, etc. pursuant to the provisions of Article 12-2, paragraph (1) of the Act, that bank is to do so by the method:

- (i) clear indication of the money rate on the principal deposit, etc. (which means a deposit, etc., as prescribed in Article 12-2, paragraph (1) of the Act; the same applies hereinafter);
- (ii) clear indication of the fee pertaining to the deposit, etc. handled by the bank;
- (iii) clear indication of the deposit, etc. that is handled by the bank, and which is subject to the payment of insurance proceeds as prescribed in Article 53 of the Deposit Insurance Act (Act No. 34 of 1971);
- (iv) an explanation corresponding to a request of depositors, etc. by using a document stating the following particulars among information concerning the contents of financial instruments (hereinafter referred to as "financial instruments information" in this Article) and its delivery:
  - (a) their names (including their aliases);
  - (b) scope of persons subject to the bank's acceptance of their deposits, etc.;
  - (c) period of depositing (including an indication whether the deposit will be automatically renewed, or not);
  - (d) minimum amount of depositing, unit of depositing, and any other items concerning the depositing;
  - (e) method of repayment of what is deposited;
  - (f) method of establishing interest, payment method of interest, calculation method of interest, and other particulars of interest;
  - (g) fees;

- (h) the particulars of special provisions that may be added;
- (i) handling in the case of the termination of the contract during the period of depositing (including the calculation methods of interest and fees);
- (j) the particulars prescribed below for the categories of cases set forth respectively therein:
  1. if there exists a designated dispute resolution organization; the trade name or name of the designated dispute resolution organization, which is the other party to the basic contract for the implementation of dispute resolution procedures, prescribed in Article 12-3, paragraph (1), item (i) of the Act, that the relevant bank takes a measure to conclude;
  2. if there does not exist any designated dispute resolution organization; the details of the complaint handling measures and the dispute resolution measure of the relevant bank as prescribed in Article 12-3, paragraph (1), item (ii) of the Act; and
- (k) other information found to be of reference concerning depositing a deposit, etc.;
- (v) in cases of handling a financial instrument in which the full amount paid at the time of depositing for the combination of the following items and the deposit, etc. is not guaranteed to be repaid at its expiry, a detailed explanation stating that the full amount paid at the time of depositing is not guaranteed to be repaid at its expiry and any other detailed explanations concerning the financial instruments:
  - (a) a derivatives transaction other than that which corresponds to securities-related derivatives transactions among market derivatives transactions (which means a market derivatives transaction as prescribed in Article 2, paragraph (21) of the Financial Instruments and Exchange Act; the same applies hereinafter) or foreign market derivatives transactions (which means a foreign market derivatives transaction as prescribed in paragraph (23) of that Article; the same applies hereinafter);
  - (b) a financial derivatives transaction as prescribed in Article 10, paragraph (2), item (xiv) of the Act;
  - (c) a futures foreign funds transfer transaction;
  - (d) a securities-related derivatives transaction (excluding a transaction set forth in Article 2, paragraph (21), item (i) of the Financial Instruments and Exchange Act or a similar transaction in a foreign financial instruments market (which means a foreign financial instruments market as prescribed in paragraph (8), item (iii), (b) of that Article; the same applies hereinafter) to that set forth in paragraph (21), item (i) of that Article); or
  - (e) a transaction set forth in Article 2, paragraph (21), item (i) of the Financial Instruments and Exchange Act or a similar transaction in a foreign financial instruments market to that set forth in that item (limited

- to the securities set forth in paragraph (1), item (i) and item (ii) of that Article and those set forth in item (iii) and item (v) of that paragraph (limited to securities of which the national government guarantees the redemption of principal and interest payments ) (which is referred to as a "certificate, etc. of national government bonds" in Article 13-5, paragraph (1), item (ii); Article 14-11-27, paragraph (1), item (xiii), (e); and Article 34-53-12, paragraph (1), item (xiii), (e)), and securities set forth in Article 2, paragraph (1), item (xvii) of that Act pertaining to those which have characteristics as prescribed in item (i) of that paragraph);
- (vi) if the way of establishing an indicator to be the standard for establishing a money rate of a floating rate deposit and of establishing money rate is specified, appropriate provision of information concerning that standard, way, and money rate.
- (2) A bank may provide the financial instruments information by electronic or magnetic means (which means electronic or magnetic means as prescribed in Article 20, paragraph (6) of the Act; the same applies hereinafter) after obtaining the consent of the depositor, etc., pursuant to the provisions of the following paragraph, in place of the delivery of a document under item (iv) of the preceding paragraph. In this case, the bank is deemed to have delivered the document.
- (3) When a bank intends to provide financial instruments information pursuant to the provisions of the preceding paragraph, that bank must indicate to the depositor, etc. the type and substance, as follows, of the electronic or magnetic means that the bank will use, and must obtain consent in writing or by electronic or magnetic means in advance:
- (i) those of the means set forth in each item of Article 19, paragraph (7) that the bank will use; and
- (ii) the formalities used to record data to the file.
- (4) If a bank that has obtained the consent under the preceding paragraph, receives a notice from the depositor, etc., either in written form or by electronic or magnetic means, indicating that the depositor, etc. is not willing to be provided with information by information by electronic or magnetic means, the bank must not use electronic or magnetic means to provide financial instruments information to that depositor, etc.; provided, however, that this does not apply if the depositor, etc. has once again given the consent under that paragraph.

(Provision of Information to the Owner of Specified Corporate Bonds)

Article 13-4 A bank is to provide information to a customer by a method equivalent to that prescribed in the preceding Article in cases of handling specified corporate bonds (including; a bond issued by an ordinary bank which

prescribed in Article 17-2, paragraph (1) of the Act on Financial Institutions' Merger and Conversion prior to amendment (hereinafter referred to as "the former Act on Merger and Conversion" in this Article) (including as applied mutatis mutandis pursuant to the provisions of Article 24, paragraph (1), item (vii) of the former Act on Merger and Conversion; hereinafter the same applies in this Article) by the provisions of Article 199 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act (Act No. 87 of 2005) and which is authorized pursuant to the provisions of Article 17-2, paragraph (1) of the former Act on Merger and Conversion; and a bond which is issued by an ordinary bank which is prescribed in Article 17-2, paragraph (1) of the Act on Financial Institutions' Merger and Conversion prior to amendment by the provisions of Article 168 of the Supplementary Provisions of the Act on Revision of Related Acts for the Financial System Reform (Act No. 107 of 1998) which are to remain in force pursuant to the provisions of Article 169 of the same Supplementary Provisions, and which is authorized pursuant to the provisions of Article 17-2, paragraph (1) of the Act on Financial Institutions' Merger and Conversion prior to amendment (limited to a case in which a financial institution ceasing to exist as prescribed in that paragraph is a foreign exchange bank)) according to the provisions of Article 8, paragraph (1) of the Act on Financial Institutions' Merger and Conversion (Act No. 86 of 1968) (including as applied mutatis mutandis pursuant to Article 55, paragraph (4) of that Act).

(Prevention of Misidentification of a Monetary Claim and Deposit)

Article 13-5 (1) If a bank handles the following financial instruments, the bank must provide to a customer an explanation for preventing the customer from misidentifying those financial instruments as deposits, etc., by delivering documents or other appropriate methods, according to the method of their businesses and based on the customer's knowledge, experience, condition of assets, and purpose for the transaction:

- (i) a monetary claim as prescribed in Article 10, paragraph (2), item (v) of the Act (excluding a monetary claim that is indicated with a deposit certificate of negotiable deposit issued in Japan);
- (ii) the securities as set forth in Article 33, paragraph (2), items (i) through (iv) of the Financial Instruments and Exchange Act (excluding National Government Bond Certificate, etc. and securities corresponding to those set forth in the preceding item); or
- (iii) an insurance contract in which a person engaging in insurance business as prescribed in Article 2, paragraph (1) of the Insurance Business Act becomes an insurer.

(2) If a bank provides the explanation as prescribed in the preceding paragraph,

the bank is to explain the following particulars (excluding what is set forth in item (iii) and item (iv) in a case of corporate bonds (other than short-term bonds as set forth in Article 10, paragraph (3), item (i) of the Act) issued by the bank)

- (i) that the product is not a deposit, etc.;
  - (ii) that the product is not subject to receive payment of insurance as prescribed in Article 53 of the Deposit Insurance Act;
  - (iii) that repayment of the principal is not guaranteed;
  - (iv) the main subject matter of the contract; and
  - (v) other information found to be of reference concerning the prevention of misidentification as a deposit, etc.
- (3) If a bank handles the financial instruments set forth in paragraph (1) at its business office, the bank must handle them at a specified counter and display those particulars set forth in items (i) through (iii) of the preceding paragraph at that counter in a manner in which customers can notice them easily.
- (4) If a bank concludes a trust contract without agreement for compensation of principal based on the provisions of Article 10, paragraph (2), item (viii) of the Act or Article 12 of the Act, or acts as an agent or intermediary in the conclusion of such a contract, the bank must do this at a specified counter and display that the trust contract doesn't have an agreement for compensation of principal at that counter in a manner in which customers can notice them easily; and, if a bank concludes a trust contract pertaining to a monetary trust without agreement for compensation of principal, or acts as an agent or intermediary in the conclusion of such a contract (excluding cases set forth in each item of Article 78 of the Order for Enforcement of Trust Business Act (Cabinet Office Order No. 107 of 2004)), the bank must explain those particulars set forth in each item of paragraph (2).

(Handling of Beneficiary Certificate by Renting a Site to an Investment Trust Management Company)

Article 13-6 If an investment trust management company or an asset management company (which means an asset management company as prescribed in Article 2, paragraph (19) of the Act on Investment Trusts and Investment Corporations; the same applies hereinafter) handles beneficiary certificates of investment trusts or foreign investment trusts, investment certificates, investment corporation bonds, or foreign mutual funds (hereinafter referred to as "beneficiary certificates, etc." in this Article) as prescribed in that Act by using a portion of a business office of a bank, the bank must clearly segment the location where the bank handles deposits, etc. from the location where the investment trust management company or the asset management company handles the beneficiary certificates, etc., and must take appropriate

measures such as not placing displays that may cause misidentification by customers.

(Prevention of Misidentification of a Bank as Another Person)

Article 13-6-2 When a bank engages in its business by using a computer connected to a telecommunications line, the bank must take appropriate measures in order to prevent customers from misidentifying the the bank as another person.

(Specified Transaction Account)

Article 13-6-3 (1) If a bank implements a specified transaction and corresponds to all of the following requirements, the bank must establish a special account (hereinafter referred to as a "specified transaction account") in order to separate accounting for specified transactions and assets subject to specified transactions from accounting for other transactions and assets. In this case, this does not preclude a bank which does not correspond to either of those requirements or a bank which does not correspond to any of those requirements from establishing a specified transaction account:

- (i) the largest amount among the total amount of financial instrument security account and sold financial instrument bond account during the term from the end of the business year prior to the end of latest business year (including the end of the latest interim period; hereinafter the same applies in this paragraph) to the end of the latest business year is 100 billion yen or more, and is equivalent to or more of the ten percent of total assets at the end of the business year prior to the end of the latest business year; or
- (ii) the total amount of financial instrument security accounts and sold financial instrument bond accounts at the end of the latest business year is 100 billion yen or more, and is equivalent to or more of ten percent of the total assets at the end of the relevant business year.

(2) The term "specified transaction" as used in the preceding paragraph means transactions other than those which correspond to securities-related derivatives transactions and the following transactions among market derivatives transactions and foreign market derivatives transactions that the bank conducts on the bank's own account; with the purpose of obtaining profit by using short-term changes in money rate, value of currencies, quotations on a financial instruments market (which means a financial instruments market as prescribed in Article 2, paragraph (14) of the Financial Instruments and Exchange Act; the same applies hereinafter) and other indicator (which is referred to as an "indicator" in paragraph (5)), by using differences among markets, or by using other means; or with the purpose of reducing loss that may be generated from transactions for that purpose:

- (i) purchase and sale of securities (limited to; the purchase and sale of national government bonds, etc. (which means national government bonds, local government bonds, or government guaranteed bonds (a corporate bond or other bond for which the redemption of principal and interest payments are guaranteed by the national government); hereinafter the same applies in this Article), the securities set forth in Article 2, paragraph (1), item (iv), item (v), and item (viii) of the Financial Instruments and Exchange Act (in cases of securities set forth in item (iv) and item (v) of that paragraph, excluding those pertaining to short-term bonds set forth in Article 10, paragraph (3), item (i) of the Act, short-term bonds set forth in item (v) of that paragraph, and specified short-term bonds set forth in item (vi) in that paragraph; hereinafter referred to as "specified transaction bonds" in this item), or securities or certificates issued by a foreign state or a foreign corporation that have characteristics of national government bonds or specified transaction bonds; and transactions set forth in Article 28, paragraph (8), item (iii), (a), and item (iv), (a) of the Financial Instruments and Exchange Act) and securities-related derivatives transactions (excluding transactions set forth in item (iii), sub-item (a) and item (iv), sub-item (a) of that paragraph, and those set forth in items (xiv) and (xv));
- (ii) acceptance of national government bonds, etc. (limited to a transaction concluding a contract to obtain the remainder portion of the issued national government bonds, etc. if there is no other person that acquires all or part of those national government bonds, etc. upon the issuance of those national government bonds, etc.; the same applies in paragraph (5));
- (iii) acceptance of securities as prescribed in Article 15-17, paragraph (1), item (ii) of the Order for Enforcement of Financial Instruments and Exchange Act, and paragraph (3) of that Article (hereinafter referred to as "securities corresponding to assets" in this item and paragraph (5)) among securities set forth in Article 2, paragraph (1), item (iv) of the Financial Instruments and Exchange Act (excluding those pertaining to specified short-term bonds set forth in Article 10, paragraph (3), item (vi) of the Act), securities set forth in Article 2, paragraph (1), items (viii) and (xiii) of the Financial Instruments and Exchange Act, and securities set forth in item (v) of that paragraph (excluding those pertaining to short-term bonds set forth in Article 10, paragraph (3), item (i) of the Act, and short-term bonds set forth in item (v) of that paragraph; hereinafter the same applies in this item), and securities set forth in Article 2, paragraph (1), item (xvii) of the Financial Instruments and Exchange Act (upon the issuance of securities corresponding to assets, if there is no other person that acquires all or part of the securities corresponding to assets, limited to a transaction concluding a contract to obtain the remainder portion; the same applies in paragraph (5));

- (iv) an acquisition or transfer of a monetary claim (limited to monetary claims indicated by certificates as set forth in Article 12, item (i), item (ii), item (iv), item (vi) or item (vii), or yen-denominated bankers' acceptance (which means bills of exchange indicated by Japanese currency among those pertaining to trade that the bank or other financial institution has accepted));
  - (iv)-2 an acquisition or transfer of short-term bonds, etc. (which means short-term bonds, etc., as prescribed in Article 10, paragraph (3) of the Act; the same applies hereinafter);
  - (v) an over-the-counter derivatives transaction (which means an over-the-counter derivatives transaction as prescribed in Article 2, paragraph (22) of the Financial Instruments and Exchange Act; the same applies hereinafter) other than those corresponding to securities-related derivatives transactions;
  - (vi) [deleted];
  - (vii) a futures foreign funds transfer transaction;
  - (viii) [deleted];
  - (ix) [deleted];
  - (x) a commodity derivatives transaction;
  - (xi) transactions as set forth in Article 13-2-3, paragraph (1), item (ii);
  - (xii) [deleted];
  - (xiii) transactions as set forth in Article 13-2-3, paragraph (1), item (iii);
  - (xiv) over-the-counter securities-related derivatives transactions (which means over-the-counter securities-related derivatives transactions as prescribed in Article 10, paragraph (10) of the Act) which may be engaged in pursuant to the provisions of paragraph (2), item (xvi) of that Article;
  - (xv) purchase and sale, or acceptance of securities pertaining to the business set forth in Article 11, item (ii) of the Act, and securities-related derivatives transactions;
  - (xvi) acquisition or transfer of a carbon dioxide equivalent quota pertaining to the business set forth in Article 11, item (iv) of the Act; or
  - (xvii) beyond transactions set forth in the preceding items, transactions similar to or having a close relationship with those transactions, market derivatives transactions, and foreign market derivatives transactions (excluding those corresponding to securities-related derivatives transactions).
- (3) A bank which has established a specified transaction account (hereinafter referred to as a "bank with a specified transaction account") must not perform the following acts; however, this does not apply when the bank performs them within the scope stated in the documents as set forth in Article 35, paragraph (5), item (i), (e):
- (i) transferring transactions or assets which are dealt with as being subject to a specified transaction account, to an account other than a specified transaction account; or

- (ii) transferring transactions or assets other than transactions or assets which are dealt with as being subject to a specified transaction account, to a specified transaction account.
- (4) Acts as stipulated in the preceding paragraph are to include transactions set forth in paragraph (2), items (i) through (iv)-2 and item (xv) that are conducted between a specified transaction account and other accounts (including transactions which are defined to be a specified transaction pursuant to the provisions of item (xvii) of that paragraph as a transaction similar to or having a close relationship with those transactions) within a single bank.
- (5) A bank with a specified transaction account must take the necessary measures in order to treat the accounting appropriately, with regard to calculations of the amount equivalent to profit or the amount equivalent to loss pertaining to unsettled specified transactions at the end of a business year, such as specifying those amounts as specified in the following items in accordance with the transaction categories set forth in those items:
- (i) market derivatives transactions and foreign market derivatives transactions (excluding those corresponding to securities-related derivatives transactions): the amount based on the difference to be settled when the transaction is deemed to be settled at the closing price on the closing date of the business year at the financial instruments exchange (which means a financial instruments exchange prescribed in Article 2, paragraph (16) of the Financial Instruments and Exchange Act; the same applies hereinafter) or a foreign financial instruments market, or the amount calculated as equivalent to this by a reasonable method;
  - (ii) over-the-counter derivatives transactions (excluding transactions set forth in Article 2, paragraph (22), item (iii), item (iv), and item (vi) of the Financial Instruments and Exchange Act and those corresponding to securities-related derivatives transactions) and futures foreign funds transfer transactions: the promised amount to be settled between the parties by those transactions (or the amount calculated based on the prospective indicator value if the amount is not fixed on the closing day of the business year) after discounting to the current value on the closing day of the business year by a reasonable method;
  - (iii) over-the-counter derivatives transactions (limited to the transactions set forth in Article 2, paragraph (22), item (iii) and item (iv) of the Financial Instruments and Exchange Act, and excluding those corresponding to securities-related derivatives transactions) and transactions set forth in Article 13-2-3, paragraph (1), item (iii): the amount calculated by a reasonable method using the promised amount to be settled between the parties by exercise of rights as the current value of the closing day of the business year of the relevant transaction (or, the amount calculated based on the prospective indicator value if the amount is not fixed on the closing day

of the business year), the indicator value pertaining to the exercise of rights on the closing day of the business year, and the volatility of the prospective indicator; or

- (iv) purchase and sale of option bonds (which means a transaction in which one of the parties has the right to specify the settlement date, and in which that contract for purchase and sale of them will be canceled if that right is not exercised within a certain period), acceptance of national government bonds, etc., acceptance of securities corresponding to assets, over-the-counter derivatives transactions (excluding those corresponding to transactions as set forth in the preceding two items), and commodity derivatives transactions: the amount calculated as equivalent to the amount set forth in the preceding items by a reasonable method that is.

(Entrusting Another Person with Administrative Processes for Receiving and Paying Out Deposits)

Article 13-6-4 If a bank entrusts a third party with the administrative processes involved in receiving or paying out money in connection with deposit or fund lending services (excluding if a bank entrusts these services to a bank agent as bank agency services), it must take measures as in one of the following items:

- (i) all of the following measures, if it undertakes administrative processes involved in receiving or paying out money in connection with deposit or fund lending services using a cash dispenser or automatic teller machine (hereinafter referred to as "cash dispenser or ATM-based administrative processes for receiving or paying out money" in this Article):
  - (a) measures to entrust a person specified separately by the Commissioner of the Financial Services Agency as one with the experience in the business of managing cash dispensers or automatic teller machines to prevent problems with cash dispenser or ATM-based administrative processes for receiving or paying out money, with these services (if it entrusts a person with the administrative processes involved in receiving or paying out money in connection with fund lending services (excluding a contract which uses as security either a customer's deposits, etc. or national government bonds that a bank has received), this excludes a person that engages in the duties specified separately by the Commissioner of the Financial Services Agency as its principal business);
  - (b) sound measures to prevent leakage of information concerning customers; and
  - (c) appropriate measures to prevent customers from mistaking the Bank for any other person such as the person entrusted with cash dispenser or ATM-based administrative processes for receiving or paying out money; and

- (ii) all of the following measures, in the case in which it pays out money in connection with deposit or fund lending services, if customers transmit information, using cards, etc., to the terminal units connected by telecommunication lines to the computers used by the Bank, or transmit information from the electronic devices used by the customers to the computers used by the Bank via telecommunication lines, and input their identification codes prescribed in Article 2, paragraph (2) of the Act on Prohibition of Unauthorized Computer Access (Act No. 128 of 1999)
  - (a) measures to entrust a person capable of executing the administrative processes involved in paying out money in connection with deposit or fund lending services precisely, fairly, and efficiently in order to prevent problems with the services, with those services;
  - (b) sound measures to prevent leakage of information concerning customers;
  - (c) appropriate measures to prevent customers from mistaking the bank for any other person such as the person entrusted with the administrative processes involved in paying out money in connection with deposit or fund lending services (referred to as the "entrusted person" in sub-item (d) and sub-item (f));
  - (d) measures to clarify the division of roles between the bank and the entrusted person in the course of performing the administrative processes involved in paying out money in connection with deposit or fund lending services, if the bank entrusts a person with these services;
  - (e) measures to ensure the accuracy of the administrative processes involved in paying out money in connection with deposit or fund lending services;
  - (f) measures to clarify the sharing of losses between the Bank, the entrusted person, and the customer, if the customer incurs any loss due to the computer and terminal unit used for processing the card, etc. or the computer and electronic device used for processing the information transmitted by the customer having been operated by an unauthorized person; and
  - (g) measures to set the maximum amount for the paying out of money in connection with deposit or fund lending services, and to prevent money from being paid out beyond the maximum amount.

(Safety Management Measures of Individual Customer Information)

Article 13-6-5 If a bank entrusts the safety management of information handled by the bank concerning individual customers, the supervision of employees, and the handling of that information, the bank must take necessary and appropriate measures with regard to supervision of the entrusted person in order to prevent leakage, loss, or damage of that information.

(Handling of Debt-Paying Ability Information)

Article 13-6-6 A bank must take measures in order to ensure that information which is provided by an institution (which means an institution that collects information concerning debt-paying ability of consumers seeking funds and provides the information to a bank) concerning credit information and is concerning the debt-paying ability of individual consumers seeking funds is not used for purposes other than investigation of debt-paying ability of the consumers seeking funds.

(Handling of Special Nonpublic Information)

Article 13-6-7 A bank must take measures to ensure that information handled by the bank about race, creed, family origin, registered domicile, health and medical, or criminal records concerning individual customers, and other special non-public information (which means information which is obtained in the course of its business and not publicly disclosed) are not used for purposes other than those for securing appropriate management of the business and other necessary purposes.

(Measures to Ensure Precise Execution of Entrusted Business)

Article 13-6-8 (1) If a bank entrusts a third party with its business (excluding a case in which the bank holding company belonging to the bank holding company group (meaning the bank holding company group prescribed in Article 12-2, paragraph (3), item (i) of the Act; the same applies hereinafter) to which the bank belongs takes measures to ensure the precise execution of the business pursuant to the provisions of the following paragraph), it must take the following measures corresponding to the contents of the business:

- (i) measures in order to entrust the business to a person that has the ability to execute it precisely, fairly, and efficiently;
- (ii) measures in order to provide necessary and appropriate supervision to the person that has been entrusted with the business (hereinafter referred to as the "entrusted person" in this paragraph), such as inspecting whether the entrusted person executes the business precisely and requiring the entrusted person to improve the business as needed, by way of confirming the status of the entrusted person's implementation of the business regularly or as needed,;
- (iii) measures necessary for responding to customer complaints appropriately and immediately as pertaining to the business executed by the entrusted person;
- (iv) in cases of a situation in which the entrusted person is unable to execute the business appropriately, measures in order to prevent problems with the protection of customers pertaining to the business, such as immediately

- entrusting that business to another appropriate third person; or
- (v) if it is necessary to ensure the sound and appropriate bank services and to make sure protection of customers pertaining to the business, measures in order to take the necessary measures, such as for amending or for cancelling a contract pertaining to entrustment of the business.
- (2) A bank holding company that takes measures to ensure the precise execution of the relevant business pursuant to the provisions of Article 12-2, paragraph (3), item (i) of the Act must take measures to ensure that a policy for business management at the bank holding company that provides for the following particulars is formulated and implemented:
- (i) the bank holding company entrusts the business to a company that belongs to the bank holding company group and has the ability to execute the business precisely, fairly and efficiently;
  - (ii) the bank holding company provides necessary and appropriate supervision to the person that has been entrusted with the business (hereinafter referred to as the "entrusted person" in this paragraph), such as inspecting whether the entrusted person executes the business precisely and requiring the entrusted person to improve the business as needed, by confirming the performance of the business by the entrusted person regularly or as needed;
  - (iii) the bank holding company responds to customer complaints appropriately and immediately as pertaining to the business executed by the entrusted person;
  - (iv) in cases of a situation in which the entrusted person is unable to execute the business appropriately, the bank holding company requests two or more companies belonging to the bank holding company group that have entrusted that person with their business to take measures in order to prevent problems with the protection of customers pertaining to the business, such as immediately entrusting the business to another appropriate third person; and
  - (v) if it is necessary to ensure the sound and appropriate management of the business of two or more companies that belong to the bank holding company group entrusted with the business, and to make sure protection of customers pertaining to the business, the bank holding company requests these companies to take necessary measures, such as amending or cancelling the contract pertaining to entrustment of the business.

(Internal Regulations)

Article 13-7 A Bank, in accordance with the content and method of its business, must stipulate internal regulations, etc. (which means internal regulations and those equivalent; the same applies hereinafter) concerning measures in order to provide to customers an explanation of material particulars in consideration

of a customer's knowledge, experience, status of assets, and purposes of a transaction and other measures in order to secure sound and appropriate business management (including the explanation of financial instruments, transactions, and their risks and measures taken by the Bank as prescribed in Article 12-3, paragraph (1) of the Act by delivery of documents and other appropriate methods, and measures to prevent crime), and must develop training on employees and other sufficient system to manage its business based on the internal regulations, etc.

(Complaint Handling Measures and Dispute Resolution Measures Pertaining to Banking Services)

Article 13-8 (1) The measures specified by Cabinet Office Order as constituting complaint processing measures, as provided in Article 12-3, paragraph (1), item (ii) of the Act means any of the following items:

(i) to take all of the following measures:

(a) to develop a business operation system allowing the bank to fairly and appropriately carry out operations pertaining to the handling of complaints related to banking services (which means complaints related to banking services prescribed in Article 2, paragraph (19) of the Act; hereinafter the same applies in this paragraph and paragraph (3));

(b) to develop internal regulations to fairly and appropriately carry out operations pertaining to the handling of complaints related to banking services (limited to those including a regulation that clarifies the sharing of responsibility in the company for the operations);

(c) to make where to address complaints related to banking services well known to the customers and publicly disclose the business operation system in sub-item (a) and the internal regulations in sub-item (b).

(ii) to handle complaints related to banking services through complaints handling made by a financial instruments firms association (which means the authorized financial instruments firms association prescribed in Article 2, paragraph (13) of the Financial Instruments and Exchange Act or the certified financial instruments firms association prescribed in Article 78, paragraph (2) of that Act; the same applies in the following paragraph, item (i) or a certified investor protection organization (which means a certified investor protection organization prescribed in Article 79-10, paragraph (1) of that Act; hereinafter the same applies) pursuant to Article 77, paragraph (1) of the Financial Instruments and Exchange Act (including as applied mutatis mutandis pursuant to Articles 78-6 and 79-12 of that Act);

(iii) to handle complaints related to banking services through the mediation prescribed in Article 19, paragraph (1) or Article 25 of the Consumer Basic Act (Act No. 78 of 1968);

- (iv) to handle complaints related to banking services through the complaint handling procedure performed by a person that received any of the designation set forth in the items of Article 16-9 of the Order;
  - (v) to handle complaints related to banking services through a complaint handling procedure performed by a corporation that has financial basis and personnel structure that are sufficient to fairly and appropriately carry out operations pertaining to the handling of complaints related to banking services (which means the corporation prescribed in Article 52-62, paragraph (1), item (i) of the Act; the same applies in item (v) of the following paragraph).
- (2) The measures specified by Cabinet Office Order as constituting dispute resolution measures, as provided in Article 12-3, paragraph (1), item (ii) of the Act means any of the following items:
- (i) to resolve disputes related to banking services (which means the disputes related to banking services prescribed in Article 2, paragraph (20) of the Act; hereinafter the same applies in this Article) through the mediation (which means the mediation prescribed in Article 77-2, paragraph (1) of the Financial Instruments and Exchange Act (including as applied mutatis mutandis pursuant to Articles 78-7 and Article 79-13 of that Act)) offered by a financial instruments firms association or certified investor protection organization;
  - (ii) to resolve disputes related to banking services through mediation by an organization prescribed in the articles of association prescribed in Article 33, paragraph (1) of the Attorney Act (Act No. 205 of 1949) or a regulation prescribed in the articles of association or through an arbitration procedure at the organization;
  - (iii) to resolve disputes related to banking services through mediation prescribed in Article 19, paragraph (1) or Article 25 of the Consumer Basic Act or through settlement by agreement prescribed in that Article;
  - (iv) to resolve disputes related to banking services through a procedure for resolving disputes performed by a person that received any of the designation set forth in the items of Article 16-9 of the Order;
  - (v) to resolve disputes related to banking services through a procedure for resolving disputes performed by a corporation having financial basis and personnel structure sufficient to fairly and appropriately carry out operations pertaining to the resolution of disputes related to banking services.
- (3) Notwithstanding the provisions of the preceding two paragraphs (limited to paragraph (1), item (v) and item (v) of the preceding paragraph), a bank must not handle complaints related to banking services or resolve disputes related to banking services through a procedure performed by a corporation that falls

under any of the following items:

- (i) a corporation that was sentenced to a fine pursuant to the provisions of the Act or the Attorney Act if five years have not passed from the date when it completed or was relieved from the execution of the sentence.
- (ii) a corporation whose designation under Article 52-62, paragraph (1) of the Act was revoked pursuant to the provisions of Article 52-84, paragraph (1) of the Act if five years have not passed from the date of that revocation or a corporation whose designation set forth in any of the items of Article 16-9 of the Order was revoked if five years have not passed from the date of that revocation;
- (iii) a corporation, any of whose officers in charge of its business (if an officer is a corporation, including a person responsible for performing the duties thereof; hereinafter the same applies in this item) falls under any of the following:
  - (a) a person that was sentenced to imprisonment without work or a severer punishment or sentenced to punishment pursuant to the provisions of the Act or the Attorney Act if five years have not passed from the date when the person completed or was relieved from the execution of the sentence;
  - (b) a person that was an officer of a corporation within one month prior to the date on which the designation of that corporation under Article 52-62, paragraph (1) of the Act was revoked pursuant to the provisions of Article 52-84, paragraph (1) of the Act if five years have not passed from the date of the revocation; or a person that was an officer of a corporation within one month prior to the date on which the designation of that corporation as set forth in any of the items of Article 16-9 of the Order was revoked, if five years have not passed..

(Person Equivalent to a Corporation Which Holds Said Single Person Itself as a Combined Subsidiary Corporation, etc.)

Article 13-9 The person specified by Cabinet Office Order that is provided for in Article 4, paragraph (1), item (i), (b) of the Order is the parent company of the single person itself (meaning the single person itself prescribed in that paragraph) that is a company, or the parent company of a corporation, etc. that holds the single person itself as a combined subsidiary corporation, etc. (meaning the combined subsidiary corporation, etc. prescribed in paragraph (2) of that Article; hereinafter the same applies in this Article) (limited to the cases in which the single person itself or the corporation, etc. falls within the category of company submitting consolidated financial statements (which means the person prescribed in Article 2, item (i) of the Regulation on Consolidated Financial Statements; hereinafter the same applies in this Article, item (i) of the following Article, and Article 13-11, paragraph (1), item (i))) (the

parent company mentioned herein means the parent company prescribed in Article 8, paragraph (3) of the Regulation on Financial Statements, etc.; excluding a corporation, etc. that holds the single person itself (limited to one that is a company submitting consolidated financial statements) as a combined subsidiary corporation, etc.).

(Corporation, etc. Subject to Obligor Consolidation Standards)

Article 13-10 The person specified by Cabinet Office Order as a corporation, etc. that is required to prepare its financial statements and any other documents on a consolidated basis, as provided in the parentheses in Article 4, paragraph (2), item (i) of the Order, means a corporation, etc. that falls under any of the following items:

- (i) a company submitting consolidated financial statements;
- (ii) a bank which is required to prepare documents pursuant to the provisions of the first sentence of Article 21, paragraph (2) of the Act or any other person that is required to prepare its financial statements and any other documents on a consolidated basis pursuant to the provisions of other laws and regulations similar to the provisions of the first sentence of that paragraph (excluding the person set forth in the preceding item); or
- (iii) a person that is required to prepare its financial statements and any other documents on a consolidated basis pursuant to the provisions of the laws and regulations of a foreign state equivalent to the provisions of the Regulation on Consolidated Financial Statements or of the laws and regulations referred to in the preceding item (excluding the persons set forth in the preceding two items).

(Corporation, etc. That Controls a Decision-Making Organization and a Combined Affiliated Corporation, etc.)

Article 13-11 (1) The corporation, etc. that controls the decision-making organization of another corporation which is specified by Cabinet Office Order, as provided for in Article 4, paragraph (2), item (i) of the Order, means a person as specified in the relevant of the following items for the category of corporation, etc. subject to obligor consolidation standards (meaning the corporation, etc. subject to obligor consolidation standards prescribed in item (i) of that paragraph; hereinafter the same applies in this Article) set forth in that item:

- (i) in the case of the person set forth in item (i) of the preceding Article (excluding a foreign company prescribed in Article 1-3 of the Regulation on Financial Statements, etc.; specified company complying with designated international accounting standards referred to in Article 93 of the Regulation on Consolidated Financial Statements which is allowed to follow the

- designated international accounting standards prescribed in that Article for the terminology, forms and preparation methods of consolidated financial statements submitted thereby pursuant to the provisions of that Article, and which follows those standards; a specified company complying with Japan's modified international standards referred to in Article 94 of the Regulation on Consolidated Financial Statements which is allowed to follow Japan's modified international standards for the terminology, forms and preparation methods of consolidated financial statements submitted thereby pursuant to the provisions of that Article, and which follows those standards; and a company submitting consolidated financial statements which is allowed to follow the terminology, forms, and preparation methods required with regard to issuance, etc. of American Depositary Receipts for the terminology, forms and preparation methods of consolidated financial statements submitted thereby pursuant to the provisions of Article 95 of the Regulation of Consolidated Financial Statements, and which follows the relevant terminology, forms and preparation methods regarding American Depositary Receipts): a company submitting consolidated financial statements that controls a decision-making organization (meaning the decision-making organization prescribed in Article 8, paragraph (3) of the Regulation on Financial Statements, etc.; hereinafter the same applies in this paragraph) of another company, etc. (meaning the company, etc. prescribed in Article 1, paragraph (3), item (v) of the Regulation on Financial Statements, etc.; hereinafter the same applies in this paragraph) pursuant to the provisions of Article 8, paragraph (4) of the Regulation on Financial Statements, etc. (excluding a company submitting consolidated financial statements if it is found to be clear, from the relevant financial, operational, or business relationships, that that company does not control the decision-making organization of the other corporation, etc.); and
- (ii) in cases other than the case set forth in the preceding item: a person similar to the one specified in that item.
- (2) The person specified by Cabinet Office Order that is provided for in Article 4, paragraph (3) of the Order means a person as specified in the relevant of the following items for the category set forth in that item (in the case of a person subject to consolidated credit amount (meaning the person subject to consolidated credit amount prescribed in paragraph (1) of that Article), excluding the one specified by the Commissioner of the Financial Services Agency):
- (i) in the case set forth in item (i) of the preceding paragraph: an affiliated company (meaning the affiliated company prescribed in Article 2, item (vii) of the Regulation on Consolidated Financial Statements) of a corporation, etc. subject to obligor consolidation standards; and

- (ii) in the case set forth in item (ii) of the preceding paragraph: a person similar to the one specified in the preceding item.

(Credit Extended to a Single Person)

Article 14 (1) The things that Cabinet Office Order prescribes to be loans which are provided for in Article 4, paragraph (4), item (i) of the Order means fund lending or the discounting of bills and notes that have been recorded in a loan account of a balance sheet (hereinafter referred to as a "balance sheet" in this Article) as prescribed in item (iii) of the appended form (or, item (iii)-2 of the appended form, in case of a bank with a specified transaction account; or item (iv) of the appended form, in the case of a foreign bank branch (or, item (iv)-2 of the appended form, in a case in which that foreign bank branch corresponded to a case set forth in Article 35, paragraph (1), item (xviii) and submitted a notification under Article 53 of the Act (hereinafter referred to as a "foreign bank branch that submitted notification of a specified transaction account"))).

(2) The things that Cabinet Office Order prescribes to be the guaranteeing of a debt as provided in Article 4, paragraph (4), item (ii) of the Order means anything recorded in the guarantee endorsements account of the Balance Sheet.

(3) The things that Cabinet Office Order prescribes to be the making of a contribution as provided in Article 4, paragraph (4), item (iii) of the Order means anything recorded as shares or contributions (including rights presented on securities or certificates issued by a foreign corporation that have the nature of shares or a contribution) in the securities account item of the balance sheet.

(4) The things that Cabinet Office Order prescribes which are provided for in Article 4, paragraph (4), item (iv) of the Order means those specified in the following items:

- (i) holding of corporate bonds that are recorded as corporate bonds in the securities account item of the balance sheet, and of which the solicitation of an offer for acquisition of the company bonds at the time of issuance corresponded to a private placement of securities as prescribed in Article 2, paragraph (3) of the Financial Instruments and Exchange Act;
- (ii) the things that are recorded as corporate bonds in the securities account item of the balance sheet, and that are those other than holdings of corporate bonds as set forth in the preceding item;
- (iii) anything recorded as a promissory note, as prescribed in Article 2, paragraph (1), item (xv) of the Financial Instruments and Exchange Act (referred to as a "promissory note" in the following item), in the monetary claims purchased account of the balance sheet;
- (iv) anything recorded as a promissory note or as short-term bonds, etc. in a

- specified transaction account of the balance sheet;
- (v) anything calculated as an extension of credit in connection with a derivatives transaction in accordance with standards specified by the Commissioner of the Financial Services Agency; or
- (vi) anything recorded in the lease-based investment account of the balance sheet (including incidental costs that are needed in order to allow the use of the leased article prescribed in Article 10, paragraph (2), item (xviii), (a) of the Act, if the amount of those incidental costs is not recorded in the lease-based investment account).

(Necessary Matters Concerning Application of the Provisions of Article 13, paragraph (1) of the Act)

Article 14-2 (1) The amount in which a bank extends credit or makes contributions to a single person as prescribed in Article 13, main clause of paragraph (1) of the Act (meaning the extension of credit or the making of a contribution as prescribed in the main clause of that paragraph; hereinafter the same applies in this Article to Article 14-6) (referred to as the "total amount of credit and contributions to a single entity" in Article 14-5, paragraph (2)) is to be calculated by deducting the total amount as set forth in the following items in relation to the single person from the total amount in which the relevant bank has extended credit or made contributions that is recorded or calculated pursuant to the provisions of each paragraph of the preceding Article in relation to a single person:

- (i) total amount of the following amount pertaining to a loan as prescribed in paragraph (1) of the preceding Article:
  - (a) the amount of security out of the amount of loans secured by claims pertaining to a deposit, etc. of the bank,;
  - (b) the amount of the security out of the amount of loans secured by national government bonds or local government bonds;
  - (c) the amount of security out of the amount of loans secured by insurance claims based on the general trade insurance prescribed in Article 44, paragraph (2) of the Trade and Investment Insurance Act (Act No. 67 of 1950) which is to cover the losses referred to in item (ii) of that paragraph (excluding losses incurred by a trade intermediary prescribed in Article 2, paragraph (4) of that Act due to the inability to collect the purchase monies or lease fees for the trade goods for a reason falling under any of sub-items (a) through (e) of Article 44, paragraph (2), item (ii) of that Act, if the trade intermediary sells or leases trade goods based on an intermediary trade contract prescribed in paragraph (3) of that Article), and the trade payment loan insurance prescribed in Article 51, paragraph (2) of that Act which is to cover the losses incurred by a person that has acquired claims

- for loans that are allocated for use as funds that are allocated to the payment of the fees, etc. set forth in Article 13, item (i) or item (iii) of that Article by a Japanese corporation or Japanese national, or, foreign corporation or foreign national, to a foreign government, etc. prescribed in Article 2, paragraph (5) of that Act, foreign corporation, or foreign national, due to the person's inability to collect the loans, etc. prescribed in Article 51, paragraph (2) of that Act for a reason falling under any of the items of that paragraph; or the insured amount out of the amount of loans insured by the overseas united loan insurance prescribed in Article 71, paragraph (2) of that Act;
- (d) the amount of loans (limited to those for which maturity of payment occurs within six months after the receipt of shipping documents pertaining to goods) in Japanese currency pertaining to settlement of the price of the goods (including transportation cost or insurance premiums pertaining to the goods) to an importer of the goods; and
  - (e) the amount of insurance payment among the amount of loans for which debt is guaranteed by a credit guarantee corporation and the guarantee is insured by the Japan Finance Corporation;
- (ii) total amount of the following amount pertaining the guaranteeing of a debt prescribed in paragraph (2) of the preceding Article:
- (a) the amount of the guaranteeing of a debt associated with a person's actions as agent for the services of a corporation for which a budget must obtain a resolution or an approval of the Diet, pursuant to the provisions of laws;
  - (b) the amount of accepting or endorsement of bills and notes which is paid by a bank or other financial institution;
  - (c) the amount that the bank provides as guarantees for security, etc. of suspension of collection of national tax or local tax or for deferred payment of national tax or local tax;
  - (d) the amount of guaranteeing or accepting of bills and notes associated with import transactions; and
  - (e) the amount of insurance payment among the amount of guarantees insured with overseas united loan insurance as prescribed in Article 71, paragraph (2) of the Trade and Investment Insurance Act;
- (iii) the difference between balance sheet amount and book value if shares or contributions as prescribed in paragraph (3) of the preceding Article are other securities as prescribed in Article 8, paragraph (22) of the Regulation on Financial Statements, etc. and the amount recorded in the balance sheet exceeds the book value;
- (iv) the amount equivalent to the guaranteeing of a debt of a credit guarantee corporation in relation to corporate bonds as set forth in paragraph (4), item

- (i) of the preceding Article (limited to the amount equivalent to insurance payment out of the amount of the guarantees insured by the Japan Finance Corporation);
  - (v) total amount of the following amounts in relation to those particulars set forth in paragraph (4), items (i) through (iv) of the preceding Article:
    - (a) the amount of security out of things secured by a claim pertaining to a deposit, etc. of the bank; and
    - (b) the amount of security out of things secured by national government bonds or local government bonds;
  - (vi) the amount of things specified by the Commissioner of the Financial Services Agency as those equivalent to an amount as set forth in each preceding item.
- (2) The amount of equity capital as prescribed in Article 13, main clause of paragraph (1) of the Act is the amount of equity capital calculated in accordance with the standards set forth in Article 14-2, item (i) of the Act to which the amount of necessary adjustments are added pursuant to as specified by the Commissioner of the Financial Services Agency.
- (3) A bank, in whatever name it is performed, must not transact or act in order to evade the prohibitions under Article 13, main clause of paragraph (1) of the Act.

(Cases with a Compelling Reason for Exceeding the Limit on Extensions of Credit)

- Article 14-3 (1) A business of vital importance to the national economy as specified by Cabinet Office Order that is provided for in Article 4, paragraph (7), item (ii) of the Order means the general electricity transmission and distribution business prescribed in Article 2, paragraph (1), item (viii) of the Electricity Business Act (Act No. 170 of 1964).
- (2) The reason specified by Cabinet Office Order that is provided for in Article 4, paragraph (7), item (iv) of the Order means any of the following reasons:
- (i) the referenced bank obtains an approval as specified in Article 61, paragraph (1) or Article 126-29, paragraph (1) of the Deposit Insurance Act or mediation as specified in Article 62, paragraph (1) or Article 126-30 of that Act, and then conducts a merger, etc., as prescribed in Article 59, paragraph (2) of that Act or a specified merger, etc. prescribed in Article 126-28, paragraph (2) of that Act;
  - (ii) the amount of equity capital is reduced temporarily due to reduction of stated capital of the bank (but only if the situation in which the credit and contributions exceed their limit will be immediately resolved due to a capital increase, etc.); and
  - (iii) other things found to be appropriate as equivalent to the preceding two items by the Commissioner of the Financial Services Agency.

- (3) If a bank intends to obtain an approval to extend credit or make a contribution to a single person pursuant to Article 13, proviso of paragraph (1) of the Act in an amount that exceeds the limit on credit and contributions, as prescribed in the main clause of that paragraph, the bank must attach the following documents to the written application for approval and submit them to the Commissioner of the Financial Services Agency, etc.:
- (i) a written statement of reasons;
  - (ii) a document stating the financial plan of the person to which credit will be extended or to which a contribution will be made; and
  - (iii) other documents giving particulars found to be necessary by the Commissioner of the Financial Services Agency.

(Person Uniquely Related to the Referenced Bank)

Article 14-4 A person uniquely related to a bank as specified by Cabinet Office Order that is provided for in the first sentence of Article 13, paragraph (2) of the Act means a subsidiary corporation, etc. (which means a subsidiary corporation, etc., as prescribed in Article 4-2, paragraph (2) of the Order; hereinafter the same applies in this Chapter, Article 17-7-3, paragraph (1) and paragraph (3), Article 21, Article 34-32, and Article 35, paragraph (1)) or an affiliated corporation, etc. (which means an Affiliated Corporation, etc., as prescribed in Article 4-2, paragraph (3) of the Order; the same applies hereinafter in this Chapter and Article 17-7-3, paragraph (3)) of the bank.

(Necessary Matters Concerning Application of Provisions of Article 13, paragraph (2) of the Act)

Article 14-5 (1) The total amount in which credit has been extended or contributions have been made to a single person by the bank and its subsidiary company, etc., or just by its subsidiary company, etc. as prescribed in Article 13, first sentence of paragraph (2) of the Act is to be calculated by deducting the amount subject to the adjustment pertaining to the single person from the total amount of consolidated credit and contributions.

(2) The term "total amount of consolidated credit and contributions" as prescribed in the preceding paragraph means the total amount of the amounts as set forth in each of the following items:

- (i) the total amount of credit and contributions to a single entity calculated pursuant to the provisions of Article 14-2, paragraph (1) with regard to the bank; and
- (ii) total amount in which credit has been extended or contributions have been made calculated with regard to each subsidiary corporation, etc. and each affiliated corporation, etc. of the bank, pursuant to examples in the provisions of Article 14-2, paragraph (1).

- (3) The term "amount subject to adjustment" as prescribed in paragraph (1) means the amount secured by the bank or other subsidiary company, etc. among the amount of funds lent by the subsidiary company, etc. (which means a subsidiary company, etc., as prescribed in Article 13, first sentence of paragraph (2) of the Act; hereinafter the same applies in this Article) and other amounts as specified by the Commissioner of the Financial Services Agency.
- (4) Net total amount of equity capital as prescribed in Article 13, first sentence of paragraph (2) of the Act is the amount of equity capital calculated in accordance with the standards set forth in Article 14-2, item (ii) of the Act to which the amount of necessary adjustments are added pursuant to as specified by the Commissioner of the Financial Services Agency.
- (5) A bank, in whatever name it is performed, must not transact or act in order to evade the prohibitions pursuant to the provisions of Article 13, the first sentence of paragraph (1) of the Act.

(Cases with a Compelling Reason for Exceeding the Consolidated Limit on Extensions of Credit)

- Article 14-6 (1) The provisions of Article 14-3, paragraph (2) apply mutatis mutandis to reasons as specified by Cabinet Office Order that are provided for in Article 4, paragraph (10), item (v) of the Order (including as applied mutatis mutandis pursuant to Article 16-2-2, paragraph (5) of the Order). In this case, the term "the bank" in Article 14-3, paragraph (2), item (i) and item (ii) is deemed to be replaced with "the bank or its subsidiary company, etc."; the term "amount of equity capital" in item (ii) of that paragraph is deemed to be replaced with "net total amount of equity capital"; and the term "limit on credit and contributions" in that item is deemed to be replaced with "consolidated limit on credit and contributions"
- (2) A Bank, when intending to obtain an approval, pursuant to the provisions of Article 13, proviso of paragraph (1) of the Act as applied mutatis mutandis pursuant to paragraph (2), second sentence of that Article, for the Bank and its subsidiary companies, etc. or its subsidiary company, etc. to extend credit or make a contribution to a single person that exceeds the consolidated limit on credit and contributions as prescribed in the (2) If a bank intends to obtain an approval under Article 13, proviso of paragraph (1) of the Act as applied mutatis mutandis pursuant to second sentence of paragraph (2) of that Article, for either the bank and its subsidiary companies, etc. or just its subsidiary company, etc. to extend credit or make a contribution to a single person that exceeds the consolidated limit on credit and contributions as prescribed in the first sentence of paragraph (2) of that Article, the bank must attach the documents as set forth in each item of Article 14-3, paragraph (3) to a written application for approval and submit them to the Commissioner of the Financial

Services Agency, etc.

(A Specified Related Party of a Bank)

Article 14-7 (1) A person as specified by Cabinet Office Order that is provided for in Article 4-2, paragraph (2) of the Order means a corporation, etc. (which means a corporation, etc. as prescribed in that paragraph; hereinafter the same applies in this Article) as set forth in the following items; provided, however, that this does not apply when it found to be clear, from the relevant financial, operational, or business relationships, that the person does not control the decision-making organization (which means a decision-making organization as prescribed in that paragraph; hereinafter the same applies in this paragraph) of the second corporation, etc.:

- (i) a corporation, etc. that holds majority of the voting rights of the second corporation, etc. (excluding the second corporation, etc.; that is granted an order for commencement of bankruptcy proceedings, an order for commencement of rehabilitation proceedings, or an order for commencement of corporate reorganization proceedings, or that is otherwise equivalent to the above; and that is found to have no effective parent-subsidary relationship with others; hereinafter the same applies in this paragraph) under its own account;
- (ii) a first corporation, etc. whose voting rights in second corporation, etc. under its own account are no less than forty percent and not more than fifty percent of all of those voting rights and that corresponds to any of the following requirements:
  - (a) the voting rights that are held by the first corporation, etc. under its own account make up a majority of voting rights in the second corporation, etc., when the first corporation's, etc. voting rights are combined with the voting rights held by persons that it is found will exercise voting rights in line with the intention of the corporation, etc. due to being closely related thereto through contributions, personnel, funding, technology, transactions, etc., and with the voting rights held by persons that have agreed to exercise voting rights in line with the intentions of the corporation, etc.;
  - (b) those of the first corporation's, etc. officers, members and employees engaged in executive operations, and persons formerly assigned to those positions, who enable the first corporation, etc. to influence the financial and operational or business policy decisions of the second corporation, etc., make up the majority of members of the board of directors or other equivalent organization of the second corporation, etc.;
  - (c) a contract, etc. that controls the financial and operational or business policy decisions of the second corporation, etc. exists between the first corporation, etc. and the second corporation, etc.;

- (d) the first corporation, etc. finances (including the guaranteeing of a debt and provision of security; hereinafter the same applies in this Article) a majority of the total amount of financing (limited to that which is recorded in the liabilities of the balance sheet) of the second corporation, etc. (including the cases in which the first corporation, etc. finances a majority of the total amount of financing of the second corporation if the amount of first corporation's, etc. financing is combined with the amount of financing provided by a person that has a close relationship with the first corporation, etc., with regard to a contribution, personnel affairs, funds, technologies, transactions, etc.); and
  - (e) there exists other fact from which it can be conjectured that the first corporation, etc. controls the decision-making organization of the second corporation, etc.;
  - (iii) a first corporation, etc.; whose voting rights in the second corporation, etc. under its own account make up a majority of voting rights of the second corporation, etc. if those voting rights in the second corporation, etc. are combined with those held by a persons that it is found will exercise voting rights in line with the intention of the first corporation, etc. due to being closely related thereto through contributions, personnel, funding, technology, transactions, etc., and are combined with those held by persons that have agree to exercise voting rights in line with the intentions of the first corporation, etc., (including a case in which the first corporation, etc. does not hold those voting rights in the second corporation, etc. under its own account); and that corresponds to any of the requirements set forth in sub-item (b) to sub-item (e) of the preceding item.
- (2) The person specified by Cabinet Office Order that is provided for in Article 4-2, paragraph (3) of the Order means one as set forth in one of the following items; provided, however, that this does not apply if it is found to be clear, from the relevant financial, operational, or business relationships that a first corporation, etc. (inclusive of its subsidiary corporations, etc.) is unable to materially influence the financial and operational or business policy decisions of a second corporation, etc. not constituting its subsidiary corporation, etc.:
- (i) the second corporation, etc. other than a subsidiary corporation, etc. of the first corporation etc. if the first corporation, etc. (including a subsidiary corporation, etc. of the first corporation, etc.) holds twenty percent or more of voting rights of the second corporation, etc. other than a subsidiary corporation, etc. (excluding a person that is the second corporation, etc. other than a subsidiary corporation, etc.; which is granted an order for commencement of bankruptcy proceedings, an order for commencement of rehabilitation proceedings, or an order for commencement of corporate reorganization proceedings, or is equivalent to the above; and which is found

- to be unable to materially influence financial and operational or business policy decisions; hereinafter the same applies in this paragraph) under its own account;
- (ii) the second corporation, etc. other than a subsidiary corporation, etc. of the first corporation etc.; if the first corporation, etc. (including a subsidiary corporation, etc. of the first corporation, etc.) holds no less than forty percent and not more than fifty percent of the voting rights of the second corporation, etc. other than a subsidiary corporation, etc. under its own account; and if that second corporation, etc. other than a subsidiary corporation, etc. of the first corporation etc. corresponds to any of the following requirements:
    - (a) those of the corporation's, etc. officers, members and employees engaged in executive operations, and persons formerly assigned to such positions, who enable the corporation, etc. to influence the second corporation's, etc. financial and operational or business policy decisions, are assumed to be its representative director, other director or any position equivalent to the above;
    - (b) the second corporation, etc. is granted material financing by the first corporation, etc.;
    - (c) the second corporation, etc. is provided material technology by the first corporation, etc.;
    - (d) the second corporation, etc. carries out a material sale, procurement, or other transactions concerning its operation or business with the first corporation, etc.; or
    - (e) there exists other fact from which it can be conjectured that the corporation, etc. is able to materially influence financial and operational or business policy decisions;
  - (iii) the second corporation, etc. other than the first corporation's etc. subsidiary corporation, etc.; if the voting rights in the second corporation, etc. that are held by that first corporation, etc. (including the first corporation's etc. subsidiary corporation, etc.) under its own account make up twenty percent or more of voting rights in the second corporation, etc. other than the first corporation's, etc. subsidiary corporation, etc. if those voting rights in the second corporation, etc. are combined with the voting rights held by persons that it is found will exercise voting rights in line with the intentions of the first corporation, etc. due to being closely related thereto through contributions, personnel, funding, technology, transactions, etc., and with the voting rights held by persons that have agreed to exercise voting rights in line with the intentions of the first corporation, etc. (including the cases in which the first corporation, etc. does not hold those voting rights in the second corporation etc. under its own account); and if the second corporation, etc. other than the first corporation's, etc. subsidiary corporation, etc.

corresponds to any of the requirements set forth in sub-items (b) through (e) of the preceding item.

- (3) Notwithstanding the provisions of paragraph (1), the person specified by Cabinet Office Order that is provided for in Article 4-2, paragraph (2) of the Order in connection with a person that prepares consolidated financial statements pursuant to the provisions of the Regulation on Consolidated Financial Statements instead of following the business accounting standards that are generally accepted as fair and appropriate prescribed in Article 1, paragraph (1) of the Regulation on Consolidated Financial Statements (hereinafter referred to as a "corporation, etc. subject to special business accounting standards, etc.") means a corporation, etc. that is treated under the business accounting standards adopted thereby in the same manner as the corporation, etc. set forth in the items of paragraph (1).
- (4) Notwithstanding the provisions of paragraph (2), the person specified by Cabinet Office Order that is provided for in Article 4-2, paragraph (3) of the Order in connection with a corporation, etc. subject to special business accounting standards, etc. means a corporation, etc. that is treated under the business accounting standards adopted thereby in the same manner as the corporation, etc. set forth in the items of paragraph (2).
- (5) If a special purpose company (which means a specified purpose company as prescribed in Article 2, paragraph (3) of the Act on Securitization of Assets (Act No. 105 of 1998) and a business entity that carries out a business similar to the specified purpose company for which a change of content of business is restricted; hereinafter the same applies in this paragraph) is incorporated with a purpose to provide a profit generated from an asset accepted at a proper value for an owner (including a creditor pertaining to specified borrowing as prescribed in paragraph (12) of that Article) of securities issued by the special purpose company, and the business of the special purpose company is carried out appropriately in accordance with that purpose, the special purpose company is deemed to be independent from a corporation, etc. (hereinafter referred to as the "transferor corporation, etc." in this paragraph) that transferred its assets to the special purpose company, and, notwithstanding the provisions of paragraph (1), is presumed not to correspond to a subsidiary corporation, etc. of the transferor corporation, etc.

(Compelling Reason for Carrying out Transactions with Specified Related Parties)

Article 14-8 (1) The compelling reason as specified by Cabinet Office Order that is provided for in the proviso of Article 13-2 of the Act means one of the following reasons:

- (i) the referenced bank is undertaking transactions or activities, with a

- specified financial institution (which means a bankrupt financial institution (which means a bankrupt financial institution as prescribed in Article 2, paragraph (4) of the Deposit Insurance Act; hereinafter the same applies in this item) and a financial institution that succeeds to all or part of the rights and obligations of a bankrupt financial institution) that constitutes that bank's specified related party (which means a specified related party as prescribed in the main clause of Article 13-2 of the Act; hereinafter the same applies in this Article through Article 14-11), that put the bank at a disadvantage in light of the ordinary conditions of its transactions, and it is likely that an impediment would arise to hinder the specified financial institution from continuing to be in operation or in business if the bank does not undertake those transactions or activities;
- (ii) the bank has a foreign bank as its subsidiary corporation, etc. or affiliated corporation, etc. (limited to cases in which there is a compelling reason that the bank is unable to establish a branch office or other business office in a state where the foreign bank is located), and it is likely that an impediment would arise to hinder the foreign bank from continuing to be in operation or in business if the bank does not undertake those transactions or activities with the foreign bank under the same conditions as a transaction or activity undertaken between the bank's head office and its branch office or other business office; or
  - (iii) the bank is undertaking a transaction or activity that puts the bank at a disadvantage in light of the ordinary conditions of its transactions based on a streamlined business improvement plan with its specified related party whose business situation has been worsening, and it is projected that the transaction or activity will be essential for improving the management of that specified related party; or
  - (iv) the bank undertakes a transaction or activity with its specified related party that puts the bank at a disadvantage in light of the ordinary conditions of its transactions beyond as set forth in the preceding three items, and this constitutes a case that the Commissioner of the Financial Services Agency specifies in advance as one in which this is necessary.
- (2) The requirements specified by Cabinet Office Order that is provided for in the proviso to Article 13-2 of the Act is that all of the following requirements be met in connection with transactions and activities undertaken between the relevant bank and a subsidiary company (limited to a bank other than the relevant bank) of the bank holding company (limited to one that is not itself a subsidiary company of another bank or bank holding company) that has the relevant bank as its subsidiary company, which puts the bank at a disadvantage in light of the ordinary conditions of its transactions (hereinafter referred to as a "specified transaction, etc." in this paragraph):

- (i) the performance of the specified transaction, etc. by the bank is unlikely to damage the soundness of the management of the bank; and
- (ii) the bank clearly specifies the conditions for the specified transaction, etc.

(Application of Approval for Transactions with Specified Related Parties)

Article 14-9 (1) When a bank intends to obtain an approval with regard to the existence of compelling reasons pursuant to the provisions of the proviso of Article 13-2 of the Act, it must attach a written statement of reasons and other documents giving particulars found to be necessary by the Commissioner of the Financial Services Agency to the written application for approval and submit them to the Commissioner of the Financial Services Agency, etc.

(2) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the bank that filled the application has a compelling reason as set forth in paragraph (1) of the preceding Article for carrying out transactions or actions as set forth in each item of Article 13-2 of the Act.

Article 14-9-2 (1) If a bank intends to obtain an approval with regard to the satisfaction of the requirement under the proviso to Article 13-2 of the Act, it must attach the following documents to a written application for approval and submit them to the Commissioner of the Financial Services Agency, etc.:

- (i) a written statement of reasons;
- (ii) the following documents concerning the bank:
  - (a) the latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of business, assets, and profit and loss; and
  - (b) a document stating an estimation of income and expenditures after obtaining the approval;
- (iii) a document stating the conditions prescribed in Article 14-8, paragraph (2), item (ii);
- (iv) if the determination of the conditions prescribed in Article 14-8, paragraph (2), item (ii) requires a resolution at a meeting of the board of directors, the minute of the meeting of the board of directors concerning this matter; and
- (v) other documents giving particulars found to be necessary by the Commissioner of the Financial Services Agency.

(2) When an application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the bank that filed the application satisfies all of the requirements set forth in Article 14-8, paragraph (2).

(Transactions with Specified Related Parties)

Article 14-10 The transaction specified by Cabinet Office Order that is provided for in Article 13-2, item (i) of the Act means a transaction that the bank effects under conditions that are disadvantageous to the bank in comparison to the conditions of a transaction that would be established if it effected a transaction of the same type and the same volume under the same circumstances as the transaction in question with a person that does not constitute its specified related party but that is found to be the same in terms of the type, scope, creditworthiness, and other aspects of the business in which it engages.

(Transaction with a Customer of a Specified Related Party)

Article 14-11 The transaction or activity specified by Cabinet Office Order that is provided for in Article 13-2, item (ii) of the Act means those specified in the following items:

- (i) a transaction between a bank and a customer of its specified related party that the bank effects under conditions that are disadvantageous to the bank in comparison to the conditions of a transaction that would be established if it effected a transaction of the same type and the same volume under the same circumstances as the transaction in question with a person that does not constitute the customer of its specified related party but that is found to be the same in terms of the type, scope, creditworthiness, and other aspects of the business in which it engages (limited to transactions that are conditional upon that specified related party and the customer thereof concluding a contract involving the business in which that specified related party engages);
- (ii) a transaction undertaken with the specified related party under conditions that are found to wrongfully put the specified related party at a disadvantage in light of the ordinary conditions of transactions by that bank;  
or
- (iii) a transaction or activity to evade a prohibition under Article 13-2 of the Act, regardless of the name by which it is called.

(Conduct Unlikely to Result in Insufficient Customer Protection)

Article 14-11-2 The conduct specified by Cabinet Office Order as being unlikely to result in insufficient customer protection that is provided for in Article 13-3, item (iii) of the Act means conduct that does not constitute a bank's wrongfully extending or promising to extend credit on the condition that a customer effect a transaction.

(Prohibited Conduct in Connection with Bank Services)

Article 14-11-3 The conduct specified by Cabinet Office Order that is provided for in Article 13-3, item (iv) of the Act means:

- (i) not conveying to a customer, commensurate with the substance of the bank's services and its business methods, a particular that is material in light of that customer's knowledge, experience, financial status, or purpose for undertaking a transaction, or conveying something to the customer that is likely to lead to a misunderstanding;
- (ii) wrongfully extending or promising to extend credit to a customer on the condition that the customer effect a transaction with a business operator that the bank designates (this excludes conduct set forth in Article 13-3, item (iii) of the Act); or
- (iii) wrongfully using its advantageous position in the transaction as a bank to put a customer at a disadvantage as concerns a condition or implementation of a transaction.

(Scope of Business Pertaining to the Development of a System for Protection of Customers' Interests)

Article 14-11-3-2 The services specified by Cabinet Office Order that are provided for in Article 13-3-2, paragraph (1) of the Act means services that it is permissible for a bank to perform (hereinafter referred to as "bank-related services").

(Measures Necessary to Prevent a Customer's Interests from Being Wrongfully Harmed)

Article 14-11-3-3 (1) A bank must take the following measures, in connection with transactions conducted by the bank, bank agent having the bank as its principal bank, or a parent financial institution, etc. (which means a parent financial institution, etc. as prescribed in Article 13-3-2, paragraph (2) of the Act; the same applies hereinafter in this Article) or subsidiary financial institution, etc. (which means a subsidiary financial institution, etc. as prescribed in paragraph (3) of that Article; the same applies hereinafter in this Article) of the bank, to prevent the customers' interests pertaining to bank-related services conducted by the bank, a bank agent having the bank as its principal bank, or a subsidiary financial institution, etc. of the bank from being wrongfully harmed:

- (i) development of a system to identify the subject transactions in an appropriate manner;
- (ii) development of a system to properly ensure the protection of the customer by the following or any other methods:
  - (a) method for separating the department conducting subject transactions and the department conducting transactions with the customer;
  - (b) method for changing the conditions or method of subject transactions or transactions with the customer;

- (c) method for interrupting subject transactions or transactions with the customer;
- (d) method for appropriately disclosing to the customer that the customer's interests may be wrongfully harmed in connection with subject transactions;
- (iii) formulation of the policy of implementation of the measures set forth in the preceding two items and disclosure of their outline by an appropriate method;
- (iv) keeping the following records on file:
  - (a) records pertaining to the identification of subject transactions conducted under the system prescribed in item (i);
  - (b) records pertaining to measures to appropriately ensure the protection of customers conducted under the system prescribed in item (ii).
- (2) The record prescribed in item (iv) of the preceding paragraph must be kept on file for five years from the date of creation.
- (3) The term "subject transactions" in paragraph (1) means such transactions, when the interests of the customer pertaining to bank-related services conducted by a bank, a bank agent having the bank as its principal bank, or a subsidiary financial institution, etc. of the bank may be wrongfully harmed in connection with transactions conducted by the bank, the bank agent having the bank as its principal bank, or the parent financial institution, etc. or subsidiary financial institution, etc. of the bank.

(Specified Deposit)

Article 14-11-4 The deposits, etc. specified by Cabinet Office Order that are provided for in Article 13-4 of the Act are any of the following:

- (i) a deposit, etc. that requires to pay a penalty or other condition equivalent to this (hereinafter referred to as a "penalty, etc." in this item) if a depositor, etc. terminates the deposit, etc. before maturity, and that the amount arrived at when the amount of the penalty, etc. is deducted from the balance of the deposit, etc. at the time of the termination is likely to fall below the deposited amount due to changes in money rate, value of currencies, quotations on a financial instruments market, and other indicators;
- (ii) a deposit, etc. that is indicated in a foreign currency; or
- (iii) a deposit, etc. which a transaction for concluding an acceptance of is accompanied by a transaction (limited to transactions pertaining to purchase and sale of currencies) set forth in Article 2, paragraph (22), item (iii) (excluding (b)) of the Financial Instruments and Exchange Act.

(Type of Contract)

Article 14-11-5 What is specified by Cabinet Office Order as provided in Article

34 of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, means a specified deposit, etc. contract (which means a specified deposit, etc. contract, as prescribed in Article 13-4 of the Act; the same applies hereinafter).

#### Article 14-11-6 Deleted

(Information for Inclusion in the Documents to Be Delivered to a Professional Investor Who Has Made a Request)

Article 14-11-7 The particulars specified by Cabinet Office Order as provided in Article 34-2, paragraph (3), item (iv) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act means an indication that the applicant (which means the applicant prescribed in that paragraph) is to be treated as a customer other than a professional investor (which means a professional investor prescribed in Article 2, paragraph (31) of the Financial Instruments and Exchange Act; the same applies hereinafter) with regard to the subject contract (which means a subject contract prescribed in Article 34-2, paragraph (2) of that Act; the same applies in Article 14-11-9-2) only by a bank that accepted the application under that paragraph.

(Provision by Use of Information and Communications Technology)

Article 14-11-8 (1) The means that is specified by Cabinet Office Order as provided in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act (including cases in which it is applied mutatis mutandis pursuant to Article 34-3, paragraph (12) (including cases in which it is applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act); Article 34-4, paragraph (3); Article 37-3, paragraph (2); or Article 37-4, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; hereinafter the same applies in this Article), as applied mutatis mutandis pursuant to Article 13-4 of the Act, is one of the following:

- (i) one of the following means of employing an electronic data processing system:
  - (a) a means that causes the information that is required be given in a document (hereinafter referred to as "required information" in this Article) to be transmitted over a telecommunications line that connects the computer used by a bank (including a person that prepares a file on a computer under its administration based on a contract with a bank which provides persons with the particulars prescribed in Article 34-2, paragraph

- (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, and makes the file available for use by the persons to which the bank provides those particulars (hereinafter each such person is referred to as a "customer" in this Article) or by that bank; hereinafter the same applies in this Article) and the computer used by a customer, etc. (meaning a customer or a person that prepares a customer file (which means a file that is made available exclusively for use by a customer; hereinafter the same applies in this Article) on a computer under its administration based on a contract with the customer; hereinafter the same applies in this Article), and to be recorded in a customer file that has been prepared on the computer used by the customer, etc. (for consent indicating that a person is willing, or a notice indicating that a person is not willing, to be provided with information by the means prescribed in the preceding paragraph, this means a means that causes what has been indicated to be recorded in a file that has been prepared on a computer used by a bank which provides persons with the particulars prescribed in that paragraph);
- (b) a means that uses a telecommunications line to make the required information that has been recorded into a file which has been prepared on a computer used by a bank available for a customer to inspect and causes that required information to be recorded in the customer file for that customer that has been prepared on a computer used by the customer, etc. (for consent indicating that a person is willing, or a notice indicating that a person is not willing, to be provided with information by the means prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, this means a means that causes what has been indicated to be recorded in a file that has been prepared on a computer used by a bank);
- (c) a means that uses a telecommunications line to make the required information that has been recorded into a customer file which has been prepared on a computer used by a bank available for a customer to inspect;  
or
- (d) a means that uses a telecommunications line to make the required information that has been recorded in an inspection file (meaning a file that has been prepared on a computer used by a bank into which required information is recorded so that it can be made available for multiple customers to inspect simultaneously) available for a customer to inspect.
- (ii) a means of delivering to the relevant person a record of the required information that has been recorded into a file created using a magnetic disk, CD-ROM, or other object with an equivalent means of reliably storing fixed sets of data.

- (2) The means set forth in each item of the preceding paragraph must conform to the following standards:
- (i) it enables the customer to create a document by outputting what has been recorded in the customer file or inspection file;
  - (ii) if using a means as set forth in item (i), sub-item (a), sub-item (c), or sub-item (d) of the preceding paragraph (excluding a means that causes required information to be recorded in a customer file that has been prepared on a computer used by the customer), the relevant person notifies the customer that the required information will be or has been recorded in the customer file or inspection file; provided, however, that this does not apply if it has confirmed that the customer has inspected the required information;
  - (iii) if using the means set forth in item (i), sub-item (c) and sub-item (d) of the preceding paragraph, the relevant person cannot delete or modify the following information for five years after the final date on which a transaction set forth in the required information is carried out (or, if a complaint involving that required information is filed by the day on which that period ends, the relevant information cannot be deleted or modified until the date on which that period ends or the date on which that complaint is resolved, whichever occurs later); provided, however, that if the relevant person delivers, in writing, the required information that it has made available for inspection; if the relevant person obtains the customer's consent (meaning consent by a means as prescribed in Article 4-3 of the Order) and provides the relevant information by a means set forth in item (i), sub-item (a) or sub-item (b) of the preceding paragraph or item (ii); or if the customer instructs the relevant person to delete the required information; the person may delete that required information:
    - (a) the required information recorded in the customer file, in connection with a means as set forth in item (i), sub-item (c) of the preceding paragraph; or
    - (b) the required information recorded in the inspection file, in connection with a means as set forth in item (i), sub-item (d) of the preceding paragraph;
  - (iv) if the relevant person uses the means as set forth in item (i), sub-item (d) of the preceding paragraph, that means conforms to the following standards:
    - (a) it causes the information that a customer needs to have in order to inspect the inspection file to be recorded in the customer file; and
    - (b) it allows the customer file into which, pursuant to sub-item (a), the relevant person has recorded the information that a customer needs to have in order to inspect the inspection file, as well as the inspection file itself, to be maintained in a state that allows persons to connect to them using a telecommunications line until the end of the period prescribed in the preceding item; provided, however, that this does not apply if a

customer that has been given access to those files has notified the relevant person that it is not necessary to maintain them in a state that allows the customer to connect to them.

- (3) The term "electronic data processing system" as used in paragraph (1), item (i) means an electronic data processing system that uses a telecommunications line to connect the computer used by the bank and the computer on which the customer file has been prepared that is used by the customer, etc., or the bank.

(Type and Substance of Electronic or Magnetic Means)

Article 14-11-9 The type and substance of the means that the bank is required to indicate pursuant to the provisions of Article 4-3, paragraph (1) and Article 4-4, paragraph (1) of the Order means the following particulars:

- (i) those of the means set forth in each item of paragraph (1) of the preceding Article or each item of Article 14-11-9-3, paragraph (1) that the bank will use; and
- (ii) the formalities used to record data to the file.

(Information for Inclusion in Documents to Which a Person Who Has Made a Request for Reinstatement as a Professional Investor Gives its Consent)

Article 14-11-9-2 The particulars specified by Cabinet Office Order that are provided for in Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are the following particulars:

- (i) the date when acceptance is gained (which is referred to as the "approval date" in item (iv) and item (v)) pursuant to the provisions of Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act;
- (ii) an indication that a subject contract is a specified deposit, etc. contract;
- (iii) an indication that the person requesting reinstatement (which means the person requesting reinstatement prescribed in Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; hereinafter the same applies in this Article) understands the following particulars:
  - (a) an indication that the provisions set forth in the items of Article 45 (excluding item (iii) and item (iv)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are not applicable if the person requesting reinstatement in a subject contract is a person prescribed in any of those items (excluding the cases prescribed in the proviso of Article 45 of the Financial Instruments and Exchange Act);
  - (b) an indication that, if a person whom it is inappropriate to treat as a

- professional investor in a subject contract in light of the person's knowledge, experience, and financial status, is treated as a professional investor, it is likely to result in insufficient protection for that person;
- (iv) an indication that the person requesting reinstatement is to be treated again as a professional investor if the person requesting reinstatement is solicited to conclude or concludes a subject contract on or after the approval date;
  - (v) an indication that, at any time on or after the approval date, the person requesting reinstatement may make an application under Article 34-2, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act.

(Obtainment of Consent by the Use of Information and Communications Technology)

Article 14-11-9-3 (1) The means specified by Cabinet Office Order that is provided for in Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (3) of the Financial Instruments and Exchange Act (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act), as applied mutatis mutandis pursuant to Article 13-4 of the Act; hereinafter the same applies in this Article), as applied mutatis mutandis pursuant to Article 13-4 of the Act, means:

- (i) one of the following means of employing an electronic data processing system:
  - (a) a means that causes information to be transmitted over a telecommunications line that connects a computer used by a bank and a computer used by a person from whom the bank is seeking to obtain consent pursuant to the provisions of Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act (hereinafter referred to as the "customer" in this Article), and to be recorded in a file that has been prepared on the computer used by the recipient; or
  - (b) a means that uses a telecommunications line to make information about a customer's consent recorded in a file that has been prepared on a computer used by a bank available for a customer to inspect and causes that information about the customer's consent to be recorded in a file that has been prepared on a computer used by the bank;
- (ii) a means by which the relevant person obtains a record of the particulars of the consent that has been recorded into a file created using a magnetic disk, CD-ROM, or other object with an equivalent means of reliably storing fixed

sets of data.

- (2) The means set forth in each item of the preceding paragraph must enable a bank to prepare a document by outputting what has been recorded in the file.
- (3) The term "electronic data processing system" as used in paragraph (1), item (i) means an electronic data processing system that uses a telecommunications line to connect the computer used by the bank and the computer used by the customer.

(End Date If a Corporation, Who Is a Customer Other than a Professional Investor, Is Deemed to Be a Professional Investor)

Article 14-11-10 (1) The case specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act means the case in which a bank specifies a certain date and publicly discloses the following particulars by posting in a place that facilitates public viewing in a business office of that bank or by another appropriate method:

(i) that date; and

(ii) an indication that the end date (which means an end date as prescribed in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; the same applies in paragraph (2), item (i) of the following Article and Article 14-11-12) is the date as prescribed in the following paragraph.

- (2) The date specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, is a date that is specified by a bank pursuant to the provisions of the preceding paragraph and that is the last date within one year from the approval date (which means the approval date prescribed in Article 34-3, paragraph (2), item (i) of the Financial Instruments and Exchange Act; the same applies in paragraph (2), item (iii) of the following Article and Article 14-11-12) .

(Information for Inclusion in Documents to Which a Corporation, Which Is a Customer Other than the Professional Investor That Has Made a Request, Gives Its Consent)

Article 14-11-11 (1) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (iv), (a) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are that the provisions set forth in each item of Article 45 (excluding item (iii) and item (iv)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act do not apply if an applicant (which means an applicant as prescribed in Article

34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; the same applies in the following paragraph) in a subject contract (which means a subject contract as prescribed in Article 45, item (ii) of the Financial Instruments and Exchange Act; this applies in the following paragraph and Article 14-11-12-2) is a person as prescribed in each of those items of Article 45 of the Financial Instruments and Exchange Act (excluding cases as prescribed in the proviso of Article 45 of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act).

(2) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (vii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are the following particulars:

(i) an indication that an applicant is treated as a professional investor, with regard to an act performed based on the provisions of laws or regulations or the stipulations of a contract in relation to a subject contract concluded before the end date, even if this act is performed after the end date; and

(ii) an indication that an applicant is treated as a professional investor in a subject contract only by a bank that has provided an approval under Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act.

(iii) an indication that, at any time on or after the approval date, an applicant may make an application under Article 34-3, paragraph (9) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act.

(Period Necessary for a Corporation, Which Is a Customer Other than the Professional Investor That Has Made a Request, to Make a Request for Renewal)

Article 14-11-12 (1) The period specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (7) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, is 11 months (or, the period prescribed in the following items in the cases set forth in the those respective items).

(i) the period between the approval date and the end date is less than one year (excluding the cases set forth in the following item); a period obtained by deducting one month from that period;

(ii) the period between the approval date and the end date does not exceed one month; one day;

(2) In applying the provisions of the preceding paragraph in the cases prescribed in Article 34-3, paragraph (8) of the Financial Instruments and Exchange Act,

as applied mutatis mutandis pursuant to Article 13-4 of the Act, the term "approval date" in the items of that paragraph is deemed to be replaced with "the day immediately following the previous end date".

(Information for Inclusion in Documents to Be Delivered to a Corporation That Has Made a Request for Reinstatement as a Customer Other than a Professional Investor)

Article 14-11-12-2 The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (11) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are the following particulars:

- (i) the date when acceptance is made pursuant to the provisions of Article 34-3, paragraph (10) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act (which is referred to as the "approval date" in item (iii));
- (ii) an indication that the subject contract is a specified deposit, etc. contract;
- (iii) an indication that a corporation that has made a request under Article 34-3, paragraph (9) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, is treated again as a customer other than a professional investor if that corporation is solicited to conclude or concludes a subject contract on or after the approval date.

(Business Person Who May Offer to Be Treated as a Professional Investor)

Article 14-11-13 (1) The excluded individuals specified by Cabinet Office Order who are provided for in Article 34-4, paragraph (1), item (i) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, means one meeting any of the following requirements:

- (i) the individual has not obtained consent from all silent partners with regard to filing an offer as prescribed in Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; or
  - (ii) the total amount of contributions based on the silent partnership agreement as prescribed in Article 535 of the Commercial Code (Act No. 48 of 1899) that the individual has concluded is less than 300 million yen.
- (2) The individual specified by Cabinet Office Order who is provided for in Article 34-4, paragraph (1), item (i) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, means one of the following persons:
- (i) an individual who is a partner that concluded a partnership agreement as prescribed in Article 667, paragraph (1) of the Civil Code and who is entrusted with the execution of business of the partnership (limited to a

person that corresponds to all of the following requirements):

- (a) the individual who has not obtained the consent of all other partners with regard to filing an offer under Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; and
  - (b) the total amount of contributions based on the partnership agreement that the individual has concluded is 300 million yen or more;
- (ii) an individual who is a partner that concludes an agreement of a limited liability business partnership as prescribed in Article 3, paragraph (1) of the Limited Liability Partnership Act (Act No. 40 of 2005), participates in decisions of execution of material business of the partnership, and executes the business personally (limited to a person that corresponds to all of the following requirements):
- (a) the individual who has not obtained the consent of all other partners with regard to filing an offer under Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; and
  - (b) the total amount of contributions based on the limited liability business partnership agreement that the individual has concluded is 300 million yen or more.

(An Individual Who May Offer to Be Treated as a Professional Investor)

Article 14-11-14 The requirement specified by Cabinet Office Order that is provided for in Article 34-4, paragraph (1), item (ii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, is that all of the following requirements be met:

- (i) judging reasonably from the condition of transactions and other circumstances, the amount arrived at when the total amount of liabilities is deducted from the total amount of assets of the applicant (which means an applicant as prescribed in Article 34-4, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; hereinafter the same applies in this Article and Article 14-11-16) on the approval date (which means the approval date as prescribed in Article 34-3, paragraph (2), item (i) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; the same applies in the following item, paragraph (2) of the following Article, Article 14-11-16, paragraph (2), item (iii), and Article 14-11-16-2) is estimated to be 300 million yen or more;
- (ii) judging reasonably from the condition of transactions and other circumstances, the total amount of assets (limited to those as set forth in the

following items) of an applicant on the approval date is estimated to be 300 million yen or more:

- (a) securities (excluding those set forth in sub-item (e) and those set forth in sub-item (f) (limited to those based on a contract concluded with a special enterprise operator prescribed in Article 2, paragraph (7) of the Act on Specified Joint Real Estate Ventures (Act No. 77 of 1994));
- (b) rights pertaining to derivatives transactions (which means derivatives transactions as prescribed in Article 2, paragraph (20) of the Financial Instruments and Exchange Act; the same applies in Article 34-2-14, item (ii), (b));
- (c) a specified deposit, etc. as prescribed in Article 13-4 of the Act (hereinafter referred to as a "specified deposit, etc.", except in item (c) and Article 34-2-14, item (ii), item (c)) ; specified savings, etc., as prescribed in Article 11-5 of the Agricultural Co-operatives Act; specified savings, etc., as prescribed in Article 11-9 of the Fisheries Cooperatives Act; specified deposit, etc., as prescribed in Article 6-5-2 of the Act on Financial Businesses by Cooperative (Act No. 183 of 1949); specified deposit, etc., as prescribed in Article 89-2 of the Shinkin Bank Act (Act No. 238 of 1951); specified deposit, etc., as prescribed in Article 17-2 of the Long-Term Credit Bank Act; specified deposit, etc., as prescribed in Article 94-2 of the Labor Bank Act (Act No. 227 of 1953); specified deposit, etc., as prescribed in Article 59-3 of the Norinchukin Bank Act (Act No. 93 of 2001); and specified deposit, etc. as prescribed in Article 29 of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007);
- (d) rights pertaining to an insurance payment, mutual aid insurance money, refund, or other payment based on a specified mutual aid insurance contract as prescribed in Article 11-27 of the Agricultural Co-operatives Act, a specified mutual aid insurance contract prescribed in Article 12-3, paragraph (1) of the Consumer Cooperatives Act (Act No. 200 of 1948), a specified mutual aid insurance contract prescribed in Article 15-7 of the Fisheries Cooperatives Act, a specified mutual aid insurance contract as prescribed in Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949), and a specified mutual aid insurance contract as prescribed in Article 300-2 of the Insurance Business Act;
- (e) a beneficiary right of trust pertaining to a specified trust contract as prescribed in Article 24-2 of the Trust Business Act (Act No. 154 of 2004);
- (f) a right based on a real property specified joint enterprise contract as prescribed in Article 2, paragraph (3) of the Act on Specified Joint Real Estate Ventures ; and
- (g) a right pertaining to a transaction on a commodity market (meaning the

transaction on a commodity market prescribed in Article 2, paragraph (10) of the Commodity Derivatives Act; the same applies in Article 34-2-14, item (ii), (g)), a foreign commodity market transaction (meaning the foreign commodity market transaction prescribed in Article 2, paragraph (13) of that Act; the same applies in sub-item (g) of that item), and an over-the-counter commodity derivative transaction (meaning the over-the-counter commodity derivative transaction as prescribed in Article 2, paragraph (14) of that Act; the same applies in sub-item (g) of that item);

(iii) one year has elapsed from the date that an applicant concluded a specified deposit, etc. contract for the first time with the bank.

(End Date in the Case of an Individual Who Is a Customer Other than a Professional Investor Is Deemed to Be a Professional Investor)

Article 14-11-15 (1) The case specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, means the case in which a bank specifies a certain date and publicly discloses the following particulars by posting in a place that facilitates public viewing in a business office of that bank or by another appropriate method:

(i) that date; and

(ii) an indication that the date (which means an end date as prescribed in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; the same applies in paragraph (2), item (i) of the following Article and Article 14-11-16-2) is the date as prescribed in the following paragraph.

(2) The date specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, means the latest of the dates specified by a bank pursuant to the provisions of the preceding paragraph that is within one year from the approval date.

(Information for Inclusion in Documents to Which an Individual, Who Is a Customer Other than a Professional Investor That Has Made a Request, Gives Its Consent)

Article 14-11-16 (1) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (iv), (a) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to

Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, mean an indication that the provisions set forth in each item of Article 45 (excluding item (iii) and item (iv)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, do not apply when an applicant in the subject contract (which means a subject contract as prescribed in item (ii) of Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act; the same applies in the following paragraph and Article 14-11-16-3) is a person specified in those items of Article 45 of the Financial Instruments and Exchange Act (excluding cases as prescribed in the proviso of Article 45 of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act).

(2) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (vii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are the following particulars:

- (i) an indication that an applicant is treated as a professional investor, with regard to an act performed based on the provisions of laws or regulations or the stipulations of a contract in relation to a subject contract concluded before the last date, even if this act is performed after the last date; and
- (ii) an indication that an applicant is treated as a professional investor in a subject contract only by a bank that provides an approval under Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act.
- (iii) an indication that, at any time on or after the approval date, an applicant may make an application under Article 34-4, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act.

(Period Necessary for an Individual, Who Is a Customer Other than the Professional Investor That Has Made a Request, to Make a Request for Renewal)

Article 14-11-16-2 (1) The period specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (7) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, is 11 months (or, the periods prescribed in the following items in the cases set forth in those respective items).

- (i) the period between the approval date and the end date is less than one year

- (excluding the cases set forth in the following item); a period obtained by deducting one month from the period;
- (ii) the period between the approval date and the end date does not exceed one month; one day;
- (2) In applying the provisions of the preceding paragraph in the cases prescribed in Article 34-3, paragraph (8) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, the term "approval date" in that paragraph is deemed to be replaced with "the day immediately following the previous end date".

(Information for Inclusion in Documents to Be Delivered to an Individual Who Has Made a Request for Reinstatement as a Customer Other than a Professional Investor)

Article 14-11-16-3 The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (11) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are the following particulars:

- (i) the date when acceptance is made pursuant to the provisions of Article 34-4, paragraph (5) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act (which is referred to as the "approval date" in item (iii));
- (ii) an indication that the subject contract is a specified deposit, etc. contract;
- (iii) an indication that an individual who has made a request under Article 34-4, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, is treated again as a customer other than a professional investor if that individual is solicited to conclude or concludes a subject contract on or after the approval date.

(Acts Similar to Advertising)

Article 14-11-17 The acts specified by Cabinet Office Order that are provided for in each paragraph of Article 37 of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, means providing information with the same content to many persons by postal mail, correspondence (which means correspondence as prescribed in Article 2, paragraph (2) of the Act on Letter service by Private Business operators (Act No. 99 of 2002) provided by a general letter service business operator as prescribed in paragraph (6) of that Article or a specified letter service business operator as prescribed in paragraph (9) of that Article; the same applies in Article 34-2-17 and Article 34-53-2), or using a facsimile device, by electronic

mail (which means electronic mail as prescribed in Article 2, item (i) of the Act on Regulation of Transmission of Specified Electronic Mail (Act No. 26 of 2002); the same applies in Article 34-2-17 and Article 34-53-2), by distributing fliers or pamphlets, or by other means (excluding the following means):

- (i) distributing documents prepared based on laws and regulations or based on the disposition of an administrative government agency pursuant to laws and regulations;
- (ii) distributing materials concerning analysis or evaluation of an individual enterprise, which are not used for solicitation for the conclusion of a specified deposit, etc. contract; or
- (iii) providing persons with premiums or other goods that only show all the following information (limited to goods on which the information set forth in sub-items (b) through (d) is shown clearly and properly) (if any of this information is not indicated on a premium or other good, this includes providing such a premium or other good together as a single unit with any other goods that shows that information):
  - (a) the name of goods (including its alias);
  - (b) the name or alias of a bank that provides information with the same content to many persons by a means as prescribed in this item;
  - (c) information as set forth in Article 4-5, paragraph (2), item (i) of the Order (limited to information conveyed using characters and numerals of a size that is not significantly different from the largest size used to show characters and numerals conveying information other than the information in question); and
  - (d) an indication to thoroughly read the content of the one of the following documents:
    1. documents as prescribed in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act (hereinafter referred to as a "document to be delivered prior to the conclusion of a contract" in this Article through Article 14-11-30);
    2. documents of a foreign currency deposit, etc. as prescribed in Article 14-11-25, paragraph (1), item (i);
    3. documents of a contract change as prescribed in Article 14-11-25, paragraph (1), item (iii), (b).

(Indication Method of Advertisement Pertaining to the Substance of Business of Conclusion of a Specified Deposit, etc. Contract)

Article 14-11-18 (1) If a bank runs an advertisement or performs an act as prescribed in the preceding Article with regard to the substance of its services in conclusion of specified deposit, etc. contracts (which is referred to as an

"advertisement, etc." in the following paragraph), the particulars set forth in each item of Article 37, paragraph (1) (excluding item (ii)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, must be indicated clearly and properly.

- (2) If a bank runs an advertisement, etc. about the substance of its services in the conclusion of specified deposit, etc. contracts, any characters or numerals that convey the information set forth in Article 4-5, paragraph (1), item (ii) of the Order are to be shown in a size that is not significantly different from the largest size used to show characters and numerals that convey information other than the information in question.
- (3) If a bank runs an advertisement about the substance of its services in the conclusion of specified deposit, etc. contracts, by causing something to be broadcast using the broadcasting equipment of a basic broadcaster (meaning a basic broadcaster as prescribed in Article 2, item (xxiii) of the Broadcast Act (Act No. 132 of 1950), and excluding the Nippon Hoso Kyokai and the Open University of Japan Foundation (meaning the Open University of Japan Foundation prescribed in Article 3 of the Act on the Open University of Japan (Act No. 156 of 2002)); the same applies hereinafter), or by a method set forth in any of the items of Article 14-11-21, paragraph (1) (excluding a broadcasting method by voice), notwithstanding the provisions of the preceding paragraph, any characters or numerals that convey the information set forth in Article 4-5, paragraph (2), item (i) of the Order are to be shown in a size that is not significantly different from the largest size used to show characters and numerals that convey information other than the information in question.

(Particulars of Compensation to Be Paid by a Customer)

Article 14-11-19 The particulars specified by Cabinet Office Order that are provided for in Article 4-5, paragraph (1), item (i) of the Order, are a breakdown of the amounts by category of compensation that a customer is to pay in connection with a specified deposit, etc. contract, regardless of whether this is referred to as a fee, consideration, charge, or any other term (hereinafter referred to as a "fee, etc.") or their maximum limits, or an overview of the way these are calculated (including the percentage of fee, etc. as compared to the principal amount pertaining to the specified deposit, etc. contract) and a breakdown of the total of those amounts or maximum limits, or an overview of the way these are calculated; provided, however, that if these cannot be given, this means an indication of this and the reasons therefor.

(Material Particulars That Impact Customers' Judgment)

Article 14-11-20 The particulars specified by Cabinet Office Order that are provided for in Article 4-5, paragraph (1), item (iii) of the Order means the

following particulars:

- (i) an indication that the specified deposit, etc. of which the referenced bank holds a right to extend the deposit period is likely to be disadvantageous to the customer due to the money rate of the specified deposit, etc. falling below the money market rate, if that right is exercised; or
- (ii) any other fact regarding the material particulars of the specified deposit, etc. contract that may become disadvantageous to the customer.

(Means Equivalent to Causing Something to Be Broadcast Using the Broadcasting Equipment of a Basic Broadcaster)

Article 14-11-21 (1) The means specified by Cabinet Office Order that is provided for in Article 4-5, paragraph (2) of the Order are:

- (i) causing something to be broadcast using the broadcasting equipment of a general broadcaster (meaning the general broadcaster prescribed in Article 2, item (xxv) of the Broadcasting Act; the same applies in Article 34-2-21, paragraph (1), item (i) and Article 34-53-6, paragraph (1), item (i));
  - (ii) making the substance of information recorded in a file that has been prepared on a computer used by a bank or a person entrusted with the bank's services involving the advertisement, etc. (limited to information of the same substance as the particulars provided by causing something to be broadcast using the broadcasting equipment of a basic broadcaster or by a means set forth in the preceding item) available for a customer to inspect using a telecommunications line; or
  - (iii) causing something to be indicated to the public regularly or continually for a certain period inside or outside a building by having it installed or indicated on a signboard, standing signboard, placard and label, advertising tower, advertising board, building, or other structure, etc. or by any equivalent means.
- (2) The particulars specified by Cabinet Office Order that are provided for in Article 4-5, paragraph (2), item (ii) of the Order are the particulars set forth in Article 14-11-17, item (iii), (d).

(Particulars That Must Not Be Exaggerated)

Article 14-11-22 The particulars specified by Cabinet Office Order that are provided for in Article 37, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are the following particulars:

- (i) the particulars of termination of a specified deposit, etc. contract;
- (ii) the particulars of the share of all or part of a loss pertaining to a specified deposit, etc. contract or the particulars of guaranteeing the profits pertaining to a specified deposit, etc. contract;

- (iii) the particulars of liquidated damages (including a penalty) pertaining to a specified deposit, etc. contract; and
- (iv) the particulars of the amount of the fee, etc. that a customer is to pay in connection with a specified deposit, etc. contract or the calculation method of this, the payment method, the payment time, and the payee.

(Method of Entry of a Document to be Delivered Prior to the Conclusion of a Contract)

Article 14-11-23 (1) In a document to be delivered prior to the conclusion of a contract, the particulars set forth in each item of Article 37-3, paragraph (1) (excluding item (ii) and item (vi)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, must be entered clearly and properly by using characters and numerals of the size of eight points or larger as defined in Japanese Industrial Standard Z 8305 based on the Industrial Standardization Act (Act No. 185 of 1949) (hereinafter referred to as "Japanese Industrial Standard").

(2) Notwithstanding the provisions of the preceding paragraph, in a document to be delivered prior to the conclusion of a contract, the following particulars are to be entered clearly and properly in lines by using printed characters and numerals of the size of 12 points or larger as defined in Japanese Industrial Standard Z 8305, and are to be entered following the particulars prescribed in the following paragraph:

- (i) a summary of the particulars set forth in Article 37-3, paragraph (1), item (iv) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act and the particulars set forth in item (v) of that paragraph, and Article 14-11-27, paragraph (1), item (xi); and
- (ii) the particulars set forth in Article 14-11-27, paragraph (1), item (xii).

(3) In a document to be delivered prior to the conclusion of a contract, a bank is to enter those of the particulars set forth in Article 14-11-27, paragraph (1), item (i) and each item of Article 37-3, paragraph (1) (excluding item (ii) and item (vi)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act that are of particular materiality in their impact on customers' judgment in plain language, using printed characters and numerals of size 12 points or larger as defined in Japanese Industrial Standard Z 8305 at the beginning of the document.

(Methods of the Provision of Information)

Article 14-11-24 The provision of information as prescribed in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, is to be implemented by the delivery of a document to be delivered prior to the conclusion of a contract.

(When Delivery of a Document to Be Delivered Prior to the Conclusion of a Contract Is Not Required)

Article 14-11-25 (1) The case specified by Cabinet Office Order that is provided for in Article 37-3, proviso of paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act means:

- (i) a case in which the bank has delivered a document in which the particulars set forth in Article 37-3, paragraph (1), item (i) and items (iii) through (v) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, and the particulars set forth in Article 14-11-27, paragraph (1), item (i), item (xi), item (xvii), and item (xviii), with regard to the specified deposit, etc. contract, are entered by a method equivalent to that as prescribed in Article 14-11-23, to the customer within one year before the conclusion of a specified deposit, etc. contract in relation to the particulars set forth in Article 14-11-4, item (ii) (excluding particulars corresponding to those set forth in item (i) or item (iii) of that Article; hereinafter referred to as a "foreign currency deposit, etc.") (limited to cases in which the customer has declared the intention not to require the delivery of the document to be delivered prior to the conclusion of a contract) (hereinafter such a document is referred to as a "document of foreign currency deposit, etc." from this Article through Article 14-11-30);
- (ii) a case in which the bank has delivered a document to be delivered prior to the conclusion of a contract in relation to a specified deposit, etc. contract having the same content as another specified deposit, etc. contract, to the customer within one year before the conclusion of that other contract (including cases in which the bank has not delivered the document to be delivered prior to the conclusion of a contract with regard to the specified deposit, etc. contract having the same content, pursuant to provisions of the preceding item); and
- (iii) a cases as set forth in the following if the bank intends to conclude a specified deposit, etc. contract for changing a part of another specified deposit, etc. contract that has been already effected:
  - (a) a case in which no particulars written in the document to be delivered prior to the conclusion of a contract in relation to that other specified deposit, etc. contract that has been effected are to be changed along with the change of that other contract; and
  - (b) if some particulars written in the document to be delivered prior to the conclusion of a contract in relation to that other specified deposit, etc. contract that has been already effected are to be changed along with the change of that other contract, a case in which the bank has delivered a

document (referred to as a "contract change document" in the following paragraph and Article 14-11-30-2, item (ii), (c)) in which those particulars to be changed are written, to the customer.

- (2) The provisions of Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; the provisions of Article 4-3 of the Order; and the provisions of Article 14-11-8 apply mutatis mutandis to delivery of a document of foreign currency deposit, etc., under item (i) of the preceding paragraph and delivery of a contract change document under item (iii), (b) of that paragraph.
- (3) If the bank concludes a specified deposit, etc. contract in relation to a foreign currency deposit, etc. within one year from the date when the bank has delivered a document of foreign currency deposit, etc. (including the date when the bank is deemed to have delivered a document of foreign currency deposit, etc. pursuant to the provisions of this paragraph) (limited to the cases in which the customer has declared the intention not to require delivery of a document to be delivered prior to the conclusion of a contract), the bank is deemed to deliver that document of foreign currency deposit, etc. on the date of the conclusion of the specified deposit, etc. contract, and the provisions of paragraph (1), item (i) apply.
- (4) If the bank concludes a specified deposit, etc. contract having the same content as another specified deposit, etc. contract in relation to a document delivered prior to the conclusion of a contract within one year from the date when the bank has delivered that document (this date includes; the date of the conclusion of a specified deposit, etc. contract if the bank does not deliver a document to be delivered prior to the conclusion of a contract with regard to that specified deposit, etc. contract, pursuant to the provisions of paragraph (1), item (i); and the date when the bank is deemed to have delivered a document to be delivered prior to the conclusion of a contract pursuant to the provisions of this paragraph), the bank is deemed to deliver that document on the date of the conclusion of that contract having the same content as the other contract, and the provisions of paragraph (1), item (ii) apply.

(Particulars of Compensation to Be Paid by a Customer)

Article 14-11-26 The particulars specified by Cabinet Office Order that are provided for in Article 37-3, paragraph (1), item (iv) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are the amounts by category of fee, etc. that the customer is to pay for a specified deposit, etc. contract, regardless of whether this is referred to as a fee, consideration, charge, or any other term, or their maximum limits, or the way these are calculated (including the percentage of fee, etc. as compared to the principal amount in relation to the specified

deposit, etc. contract; hereinafter the same applies in this Article), and the total of those amounts or maximum limits, or the way these are calculated; provided, however, that when these cannot be given, this means an indication of this and the reasons therefor.

(Information for Inclusion in a Document to be Delivered Prior to the Conclusion of a Contract)

Article 14-11-27 (1) The particulars specified by Cabinet Office Order that are provided for in Article 37-3, paragraph (1), item (vii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are the following particulars:

- (i) the indication to thoroughly read the content of the one the document to be delivered prior to the conclusion of a contract;
- (ii) the name of the financial instrument (including its alias);
- (iii) distinction as to whether the contract is subject to an insurance payment as prescribed in Article 53 of the Deposit Insurance Act;
- (iv) scope of the persons subject to the bank's acceptance of their deposits;
- (v) period of deposit (including an indication whether the deposit will be renewed automatically, or not);
- (vi) minimum amount of deposit, unit of deposit, and any other particulars of the deposit;
- (vii) method of repayment of what is deposited;
- (viii) method of establishing interest, payment method of interest, calculation method of interest, and other particulars of interest;
- (ix) the particulars of any special provisions that may be added;
- (x) handling in the case of the termination of the contract during the period of depositing (including the calculation methods of interest and fees);
- (xi) the following particulars, if there is a risk for a loss to arise that has as its direct cause fluctuations in the money rate, the value of currencies, quotations on a financial instruments market, or any other indicator, as regards the specified deposit, etc. contract into which the customer will enter:
  - (a) the indicator in question; and
  - (b) the reasons that fluctuations in that indicator could give rise to a loss;
- (xii) an indication that a specified deposit, etc., of which the referenced bank holds a right to extend the deposit period is likely to be disadvantageous to the customer due to the money rate of the specified deposit, etc. falling below the money market rate if that right is exercised;
- (xiii) in the case of handling a financial instrument in which the full amount paid at the time of depositing for the combination of the specified deposit, etc. with the followings is not guaranteed to be repaid at its expiry, a detailed

explanation stating that the full amount paid at the time of depositing is not guaranteed to be repaid at its expiry and any other detailed explanations concerning the financial instrument:

- (a) market derivatives transactions or foreign market derivatives transactions (excluding transactions corresponding to securities-related derivatives transactions);
- (b) a financial derivatives transaction as prescribed in Article 10, paragraph (2), item (xiv) of the Act;
- (c) a futures foreign funds transfer transaction;
- (d) a securities-related derivatives transaction (excluding a transaction set forth in Article 2, paragraph (21), item (i) of the Financial Instruments and Exchange Act and a similar transaction in a foreign financial instruments market to that as set forth in that item); and
- (e) a transaction set forth in Article 2, paragraph (21), item (i) of the Financial Instruments and Exchange Act or a similar transaction in a foreign financial instruments market to that as set forth in that item (limited to a National Government Bond Certificate, etc. and securities set forth in paragraph (1), item (xvii) of that Article pertaining to those that have characteristics as prescribed in item (i) of that paragraph);
- (xiv) if the way of establishing an indicator to be the standard for establishing a money rate of a floating rate deposit and of establishing money rate is specified, the particulars of the standards, method, and money rate;
- (xv) a description of the taxation concerning the specified deposit, etc. contract;
- (xvi) the methods to contact the bank by the customer;
- (xvii) whether or not there is the certified investor protection organization (limited to the certified investor protection organization the recognized business of which covers the specified deposit, etc. contract (this business means the recognized business prescribed in Article 79-10, paragraph (1) of the Financial Instruments and Exchange Act); the same applies in Article 34-53-12, paragraph (1), item (xvii)) that has the bank as its covered operator (which means a covered operator as prescribed in Article 79-11, paragraph (1) of that Act; the same applies hereinafter) (or, the name of a certified investor protection organization if the bank is one that the certified investor protection organization has as its covered operator);
- (xviii) the matters prescribed in sub-item (a) or sub-item (b) below for the categories of cases set forth in those sub-items.
  - (a) if there exists a designated dispute resolution organization; the trade name or name of the designated dispute resolution organization which is the other party to the basic contract for the implementation of dispute resolution procedures, prescribed in Article 12-3, paragraph (1), item (i) of the Act, if the bank takes a measure to conclude that basic contract;

(b) if there is no designated dispute resolution organization; the details of the complaint handling measures and the dispute resolution measure of the bank as prescribed in Article 12-3, paragraph (1), item (ii) of the Act; and (xix) other information found to be of reference concerning the deposit of the specified deposit, etc.

(2) Notwithstanding the provisions of the preceding paragraph, a bank is not required to enter particulars set forth in each item of that paragraph in the document to be delivered prior to the conclusion of a contract, if the bank or its bank agent must deliver a document under Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 and Article 52-45-2 of the Act to a customer, pursuant to that paragraph with regard to conclusion of a single specified deposit, etc. contract, and the bank agent carries out the delivery of the document.

(Information for Inclusion in a Document to be Delivered upon the Conclusion of a Contract)

Article 14-11-28 (1) The following matters must be entered in a document which is prescribed in Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act (this document is referred to as a "document to be delivered upon the conclusion of a contract" in the following paragraph and the following Article) and is to be prepared when a specified deposit, etc. contract is effected:

- (i) trade name of the bank;
- (ii) amount of deposit (or, amount of the principal indicated in a foreign currency if the principal amount is indicated in the foreign currency);
- (iii) distinction as to whether the contract is subject to insurance payment as prescribed in Article 53 of the Deposit Insurance Act;
- (iv) date of deposit and date of expiry (including whether the deposit will be renewed automatically, or not);
- (v) method of repayment;
- (vi) method of establishing interests, payment method of interests, calculation method of interests, and other items concerning interests;
- (vii) handling in the case of the termination of the contract during the period of depositing (including the calculation methods of interest and fees);
- (viii) date when the specified deposit, etc. contract is effected;
- (ix) the particulars of a fee, etc. in relation to the specified deposit, etc. contract
- (x) name of customer; and
- (xi) a method for the customer to contact the bank.

(2) Notwithstanding the provisions of the preceding paragraph, the bank is not required to enter particulars set forth in items (ii) through (vii) of that

paragraph in the document delivered upon the conclusion of a contract, if the bank or its bank agent must deliver a document under Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 and Article 52-45-2 of the Act to a customer, pursuant to that paragraph with regard to conclusion of a single specified deposit, etc. contract, and the bank agent carries out the delivery of the document.

(When Delivery of a Document to Be Delivered upon the Conclusion of a Contract Is Not Required)

Article 14-11-29 (1) The case specified by Cabinet Office Order that is provided for in Article 37-4, proviso of paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act regarding a document to be delivered upon the conclusion of a contract means:

- (i) a case in which the bank has delivered a document of foreign currency deposit, etc. to the customer within one year before conclusion of a specified deposit, etc. contract in relation to a foreign currency deposit, etc. (limited to cases in which the customer has declared the intention not to require delivery of a document to be delivered upon the conclusion of a contract);
- (ii) a case in which the bank has delivered a document to be delivered upon the conclusion of a contract in relation to a specified deposit, etc. contract having the same content as another specified deposit, etc. contract, to the customer within one year before the conclusion of that other contract (including cases in which the bank has not delivered the document to be delivered upon the conclusion of a contract with regard to the specified deposit, etc. contract having the same content, pursuant to the provisions of the preceding item); and
- (iii) a cases as set forth in the following if a specified deposit, etc. contract for changing a part of another specified deposit, etc. contract that has been already effected is effected:
  - (a) a case in which no particulars written in in the document delivered upon the conclusion of a contract in relation to that other specified deposit, etc. contract that has been already effected are to be changed along with the change of that other contract; and
  - (b) if some particulars written in the document to be delivered upon the conclusion of a contract in relation to that other specified deposit, etc. contract that has been already effected are to be changed along with change of that that other contract, a case in which the bank has delivered a document in which those particulars to be changed are written to the customer.

(2) The provisions of Article 34-2, paragraph (4) of the Financial Instruments and

Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act; and the provisions of Article 4-3 of the Order; and the provisions of Article 14-11-8 of the Order, apply mutatis mutandis to delivery of documents pursuant to the provisions of item (iii), (b) of the preceding paragraph.

- (3) If the bank concludes a specified deposit, etc. contract in relation to a foreign currency deposit, etc. within one year from the date when the bank has delivered a document of foreign currency deposit, etc. (including the date when the bank is deemed to have delivered a document of foreign currency deposit, etc. pursuant to the provisions of this paragraph) (limited to the cases in which the customer declared the intention not to require delivery of a document to be delivered upon the conclusion of a Contract), the bank is deemed to deliver that document of foreign currency deposit, etc. on the date of the conclusion of the specified deposit, etc. contract, and the provisions of paragraph (1), item (i) apply.
- (4) If the bank concludes a specified deposit, etc. contract having the same content as another specified deposit, etc. contract in relation to a document to be delivered upon the conclusion of a contract within one year from the date when the bank has delivered that document (this date includes: the date of the conclusion of a specified deposit, etc. contract if the bank does not deliver a document to be delivered upon the conclusion of a contract with regard to that specified deposit, etc. contract, pursuant to the provisions of paragraph (1), item (i); and the date when the bank is deemed to have delivered a document to be delivered upon the conclusion of a contract pursuant to the provisions of this paragraph), the bank is deemed to deliver that document on the date of the conclusion of that contract having the same content as the other contract, and the provisions of paragraph (1), item (ii) apply.

(Significance of Registration of a Credit Rating Agency and Other Matters)

Article 14-11-30 (1) The particulars specified by Cabinet Office Order as the significance of registration in Article 66-27 of the Financial Instruments and Exchange Act and other particulars, that are provided for in Article 38, item (iii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are those set forth in the following:

- (i) the significance of registration under Article 66-27 of the Financial Instruments and Exchange Act;
- (ii) the particulars set forth in the following with regard to a person that gave a credit rating (which means the credit rating prescribed in Article 2, paragraph (34) of the Financial Instruments and Exchange Act; hereinafter the same applies in this Article, Article 34-2-30, and Article 34-53-17):
  - (a) their trade name or name;

- (b) their officers' name if that person is a corporation (including an organization without legal personality that appoints a representative or an administrator) (or, their representative or administrator's name for an organization without legal personality that appoints a representative or an administrator);
  - (c) names and locations of the head office and other principal business offices or offices.
  - (iii) the outline of the policy and method that the person that gave the credit rating uses to give that credit rating;
  - (iv) the premise, significance, and limitations of credit rating.
- (2) Notwithstanding the provisions of the preceding paragraph, the particulars specified by Cabinet Office Order as significance of registration under Article 66-27 of the Act and other particulars, that are provided for in Article 38, item (iii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, with regard to credit ratings given by a specified associated corporation (meaning specified associated corporation prescribed in Article 116-3, paragraph (2) of the Cabinet Office Order on Financial Instruments Business; the same applies in this paragraph, Article 34-2-30, paragraph (2) and Article 34-53-17, paragraph (2)) are the following:
- (i) the significance of registration under Article 66-27 of the Financial Instruments and Exchange Act;
  - (ii) a trade name, name and registration number of a credit rating agency whose associated corporation (meaning a associated corporation prescribed in Article 295, paragraph (3), item (x) of the Cabinet Office Order on Financial Instruments Business; the same applies in Article 34-2-30, paragraph (2), item (ii) and Article 34-53-17, paragraph (2), item (ii)) is designated by the Commissioner of the Financial Services Agency as the specified associated corporation pursuant to the provisions of Article 116-3, paragraph (2) of the same Cabinet Office Order;
  - (iii) a name used by the specified associated corporation as a representation of the credit rating business (meaning the credit rating business provided in Article 2, paragraph (35) of the Financial Instruments and Exchange Act; the same applies in Article 34-2-30, paragraph (2), item (iii) and Article 34-53-17, paragraph (2), item (iii));
  - (iv) the outline of the policy and method that the specified associated corporation that gave the credit rating uses to give the credit rating, or the way to obtain information on that outline from the credit rating agency specified by item (ii);
  - (v) the premise, significance, and limitations of credit rating.

(Prohibited Acts)

Article 14-11-30-2 The acts specified by Cabinet Office Order that are provided for in Article 38, item (viii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, are the following acts:

- (i) acts as set forth in each item of Article 14-11-3;
- (ii) an act to conclude a specified deposit, etc. contract without explaining particulars (or, particulars that are written in a document as set forth in item (c) and are in relation to the particulars set forth in items (iii) through (v) and item (vii) of that paragraph, if the bank delivers that document) set forth in Article 37-3, paragraph (1), items (iii) through (v) and item (vii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act to a customer (excluding a professional investor (excluding a person that is deemed to be a customer other than a professional investor pursuant to the provisions of Article 34-2, paragraph (5) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, and including a person that is deemed to be a professional investor pursuant to the provisions of Article 34-3, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act (including a cases in which it is applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act)); hereinafter the same applies in this item) in advance, with regard to delivery of the following documents, by using a necessary method and to degree for the understanding of the customer in light of the customer's knowledge, experience, condition of assets, and purpose for concluding the specified deposit, etc. contract:
  - (a) a document to be delivered prior to the conclusion of a contract;
  - (b) a document of foreign currency deposit, etc.; and
  - (c) a contract change document;
- (iii) an act to give a false indication, or to give an indication that may cause misunderstanding of material particulars, with regard to conclusion of a specified deposit, etc. contract and its solicitation;
- (iv) an act to promise the provision of special profit to a customer or a person specified by the customer, or to provide special profit to a customer or a third person, with regard to a specified deposit, etc. contract ( including an act to order a third party to promise the provision of special profit or to provide special profit); and
- (v) an act to solicit with regard to conclusion or termination of a specified deposit, etc. contract by making a phone call or making a visit to a customer (limited to an individual) on the time when that customer finds it annoying.

(Exemption of Exclusion from Application of Behavior Regulation)

Article 14-11-31 The case specified by Cabinet Office Order that is provided for in the proviso of Article 45 of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, with regard to application of provisions of Article 37-4 of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 of the Act, is if a system for responding immediately to an inquiry concerning a specified deposit, etc. contract that a customer concluded has not been developed.

(Subsidiary Company of a Bank)

Article 14-12 A company uniquely related to a bank as specified by Cabinet Office Order as provided in Article 14-2, item (ii) of the Act means:

- (i) a subsidiary corporation, etc. of that bank; and
- (ii) an affiliated corporation, etc. of that bank.

(Application of Approval for Holidays)

Article 15 (1) When a bank intends to obtain an approval for the non-business days under Article 5, paragraph (2), item (ii) of the Order, the bank must attach the following documents to a written application for approval and submit them to the Commissioner of the Financial Services Agency, etc.:

- (i) a written statement of reasons; and
- (ii) a document stating the method of posting notice under Article 5, paragraph (3) of the Order.

(2) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether it conforms to the following standards:

- (i) it is not likely to cause problems with the system that processes domestic funds transfer transactions between financial institutions by using communication lines;
- (ii) it does not harm in the extreme the convenience of a customer of a business office to which the application pertains; and
- (iii) a business office to which the application pertains does not carry out current deposit service.

(3) If a foreign bank branch files an application for approval under Article 32, paragraph (2) by submitting a written application including the state to the effect that a day other than those as set forth in each item of Article 5, paragraph (1) and paragraph (2), item (i) of the Order (which are referred to as a "designated non-business day" in the following paragraph) be a non-business day on its business office that does not carry out current deposit service, the Commissioner of the Financial Services Agency, etc. is to examine whether the

day conforms to the standards as set forth in each item of the preceding paragraph, in addition to examinations as prescribed in paragraph (3) of that Article.

- (4) If a bank obtains an authorization as prescribed in Article 47-3 of the Act based on a written application as specified in the preceding paragraph, with regard to determining a day other than a designated non-business day as a non-business day holiday on a business office as prescribed in the preceding paragraph, the bank is deemed to be approved as prescribed in Article 5, paragraph (2), item (ii) of the Order.

(Business Hours)

Article 16 (1) Business hours of a bank are 9:00 a.m. to 3:00 p.m.

- (2) Business hours as prescribed in the preceding paragraph may be lengthened due to the convenience of business.

- (3) A bank may change business hours with regard to its business office, if that business office corresponds to all of the following (excluding cases corresponding to the preceding paragraph):

- (i) if it requires to set different business hours from business hours as prescribed in paragraph (1) due to special circumstances in the locality of the business office or in the location where it has been established, or due to other circumstances; and
- (ii) if it does not harm in the extreme the convenience of customers of the business office.

- (4) If a bank changes business hours pursuant to the provisions of the preceding paragraph, it must display the following particulars in front of the relevant business office:

- (i) the business hours after the change;
- (ii) the period during which the business hours referred to in the preceding item apply (limited to the case in which such a period is set); and
- (iii) the name, location, telephone number and other contact information of the business office closest to the relevant business office.

- (5) Notwithstanding the provisions of each item of the preceding paragraph, business hours of a of a bank's business office located in a foreign state are the times to be approved pursuant to laws and regulations of the location of the business office.

(Notification of Temporary Suspension of Business)

Article 17 (1) If a bank intends to file a notification to the effect that the bank suspends all or part of its business, or resumes all or part of it, pursuant to the provisions of Article 16, paragraph (1) of the Act, the bank must attach the following documents to the written notice and submit them to the

Commissioner of the Financial Services Agency, etc.:

- (i) a written statement of reasons;
  - (ii) a document stating the method of posting pursuant to the provisions of Article
  - (iii) other documents giving particulars that the Commissioner of the Financial Services Agency finds to be necessary.
- (2) The case specified by Cabinet Office Order that is provided for in Article 16, paragraph (1) of the Act means:
- (i) if all or part of bank services are ordered to be suspended pursuant to the provisions of Article 26, paragraph (1); Article 27; or paragraph (1) or paragraph (4) of Article 52-34 of the Act;
  - (ii) if all or part of business implemented by a cash dispenser or other machine specified separately by the Commissioner of the Financial Services Agency (hereinafter referred to as a "cash dispenser, etc.") is suspended on a bank's business day as prescribed in Article 15, paragraph (1) of the Act, at a bank's business office that carries out all or part of business;
  - (iii) if all or part of business at a unmanned business office of a bank is suspended (excluding cases corresponding to the preceding paragraph);
  - (iv) if all or part of business of a bank located in a foreign state, or all or part of business of a person that is entrusted by the bank to engage in the bank's services, is suspended at a business office that carries out their business; and
  - (v) if all or part of the bank's services is suspended due to suspension of all or part of business of bank agency services in which a bank agent (including a bank, etc. (which means a bank, etc. as prescribed in paragraph (1) of the Article 52-61 of the Act) that is deemed to be a bank agent pursuant to the provisions of paragraph (2) of that Article; the same applies in the following paragraph) that has the bank as its principal bank performs for the benefit of that bank.
- (3) If a bank posts a notification pursuant to the provisions of Article 16, paragraph (1) of the Act, the bank must have that notification posted in front of the business office corresponding to the categories as set forth in each item of the following until the day specified in each the item:
- (i) posting pursuant to the provisions of first sentence of paragraph (1) of Article 16 of the Act: the day on which the bank resumes all or part of business at a business office where it suspended all or part of its business temporarily;
  - (ii) posting pursuant to the provisions of second sentence of paragraph (1) of Article 16 of the Act: the day on which one month has elapsed after the day on which the bank resumes all or part of business at a business office where it suspended all or part of business temporarily.
- (4) The case specified by Cabinet Office Order that is provided for in Article 16,

paragraph (2) of the Act means any of the following cases:

- (i) if a bank temporarily suspends all or part of its business at an unmanned business office;
  - (ii) a case that falls under paragraph (2), item (ii), item (iv), or item (v); and
  - (iii) if the suspension period is one business day or less and business is reliably projected to be resumed immediately.
- (5) The case specified by Cabinet Office Order that is provided for in Article 16, paragraph (3) of the Act means any of the following cases:
- (i) if a bank temporarily suspends part of its business at an unmanned business office; or
  - (ii) if the suspension period is one business day or less and business is reliably projected to be resumed immediately.

### **Chapter III Subsidiary Company**

(Business of a Specialized Subsidiary Company)

Article 17-2 (1) The services specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (1), item (iii) of the Act means the following, apart from the services through which the relevant person performs the actions set forth in Article 35, paragraph (1), items (i) through (x) and (xiii) of the Financial Instruments and Exchange Act and the business as set forth in paragraph (2), items (i) through (iii) of that Article:

- (i) services as set forth in any of the items of paragraph (1) of the following Article which that the relevant person performs for the benefit of the services performed by a bank, its subsidiary company, or a person set forth in any of the items of paragraph (4) based on standards prescribed by the Commissioner of the Financial Services Agency;
- (ii) services as set forth in any of the items of paragraph (2) of the following Article; provided, however, that, with regard to services as set forth in any of items (xix) through (xxiii) of that paragraph, this is limited to if the relevant person has a securities subsidiary company, etc. (which means the security subsidiary company, etc. prescribed in Article 16-2, paragraph (2), item (vi) of the Act); with regard to services as set forth in any of items (xxiv) through (xxxiv) of paragraph (2) of the following Article, this is limited to if the relevant person has an insurance subsidiary company, etc. (which means the insurance subsidiary company, etc. prescribed in Article 16-2, paragraph (2), item (vii) of the Act); the same applies in item (iii) of the following paragraph, and paragraph (3), item (v); and with regard to services as set forth in any of items (xxxv) through (xxxvii) of paragraph (2) the following Article, this is limited to if the relevant bank is a trust bank (which means a trust bank prescribed in Article 16-2, paragraph (2), item (viii), (a) of the Act;

the same applies hereinafter) or if the that bank has a trust subsidiary company, etc. (which means a trust subsidiary company, etc. prescribed in Article 16-2, paragraph (2), item (viii) of the Act; the same applies hereinafter).

- (2) The services specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (1), item (iii) of the Act means the following services, apart from services through which the relevant person performs the actions set forth in Article 35, paragraph (1), items (i) through (x) and item (xiii) of the Financial Instruments and Exchange Act and services set forth in paragraph (2), items (i) through (iii) of that Article (limited to, with regard to the services set forth in item (i) of that paragraph, the services set forth in Article 13-2-3, paragraph (1), item (i) and item (iii) (limited to the part pertaining to item (i) of that paragraph) and the services through which it accept the consignment of a transaction on a commodity market, etc. as prescribed in Article 2, paragraph (21) of the Commodity Derivatives Act; and limited to, with regard to the business set forth in Article 35, paragraph (2), item (ii) of the Financial Instruments and Exchange Act, the business set forth in Article 13-2-3, paragraph (1), item (i) and item (iii) (limited to the part pertaining to item (i) of that paragraph)):
- (i) services through which it performs the actions set forth in Article 2, paragraph (8), item (vii), and items (xi) through (xvii) of the Financial Instruments and Exchange Act and actions prescribed in Article 1-12 of the Order of Enforcement of the Financial Instruments and Exchange Act;
  - (ii) services as set forth in the items of paragraph (1) of the following Article (except item (xxiii)) that it performs based on the standards specified by the Commissioner of the Financial Services Agency to benefit the services performed by a bank, its subsidiary company, or a person as set forth in each item of paragraph (4); or
  - (iii) services as set forth in each item of paragraph (2) of the following Article (excluding business corresponding to that as set forth in item (i)); provided, however, that: with regard to services as set forth in items (xxiv) through (xxxiv) of that paragraph, this is limited to if the relevant person has an insurance subsidiary company, etc.; and with regard to services as set forth in paragraph (2), items (xxxv) through (xxxvii) of the following Article, this is limited to if a bank is a trust bank or has a trust subsidiary company, etc.
- (3) The services specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (1), item (iv) of the Act means any of the following services, apart from services through which the relevant person performs the actions set forth in Article 35, paragraph (1), item (x) and item (xiii) of the Financial Instruments and Exchange Act and services as set forth in paragraph (2), items (i) through (iii) of that Article:

- (i) services through which it performs the actions set forth in Article 2, paragraph (8), item (xi), item (xii) and item (xiv) of the Financial Instruments and Exchange Act and the actions prescribed in Article 1-12 of the Order of Enforcement of the Financial Instruments and Exchange Act;
  - (ii) acting as intermediary in the conclusion of an accumulated investment contract (which means an accumulated investment contract as prescribed in Article 35, paragraph (1), item (vii) of the Financial Instruments and Exchange Act);
  - (iii) acting as intermediary in the lending of securities as prescribed in Article 35, paragraph (1), item (i) of the Financial Instruments and Exchange Act;
  - (iv) services set forth in item (ii) of the preceding paragraph; and
  - (v) services set forth in each item of paragraph (2) of the following Article (excluding business corresponding to that as set forth in item (i)); provided, however, that: with regard to services as set forth in items (xxiv) through (xxxiv) of that paragraph, this is limited to if the relevant person has an insurance subsidiary company, etc.; and with regard to business as set forth in items (xxxv) through (xxxvii) of that paragraph, this is limited to if a bank is a trust bank or has a trust subsidiary company, etc.
- (4) The entity specified by Cabinet Office Order that is provided for in Article 16-2, paragraph (1), item (xi) of the Act means:
- (i) the relevant bank's bank-holding specified subsidiary bank (which means a subsidiary company (limited to a bank or a company as set forth in Article 52-23, paragraph (1), item (i) or item (vi) of the Act, and excluding that relevant bank and its specified subsidiary bank (which means a company as set forth in Article 16-2, paragraph (1), item (i), item (ii), or item (vii) of the Act among the subsidiary companies of that relevant bank; the same applies in the following item and item (iv))) of a bank holding company that has that relevant bank as its subsidiary company; the same applies in item (iv));
  - (ii) a group of banks of the relevant bank (which means a group of that relevant bank and its subsidiary companies, or a group of specified subsidiary banks of that relevant bank and subsidiary companies other than the specified subsidiary banks of that relevant bank; the same applies in item (iv));
  - (iii) a group of bank holding companies of the relevant bank (limited to a group that includes a bank or companies as set forth in Article 52-23, paragraph (1), item (i) or item (vi) of the Act among a group of two or more subsidiary companies of a bank holding company that holds that relevant bank as a subsidiary company and a group of that relevant bank holding company and its subsidiary companies; and excluding groups as set forth in the preceding item; the same applies in the following item);
  - (iv) the relevant bank or, its specified subsidiary bank, a bank-holding

specified subsidiary bank, a group of banks, or a group of bank holding companies, and the following persons:

- (a) a bank, etc.;
- (b) a group of banks, etc.;
- (c) a group of bank holding companies; or
- (d) a group of long-term credit bank holding companies of a long-term credit bank.

(5) The meanings of the terms "bank, etc.", "group of banks, etc.", and "group of long-term credit bank holding companies of a long-term credit bank" as prescribed in item (iv) of the preceding paragraph are as prescribed respectively in the following:

- (i) a Bank, etc.: the following persons:
  - (a) a bank or a long-term credit bank (including a foreign company that performs banking among subsidiary companies of the bank or the long-term credit bank);
  - (b) a Shinkin Bank, credit cooperatives, or a labor bank (including a bank or a foreign company that performs banking, among federations organized with these corporations or their subsidiary companies);
  - (c) an agricultural cooperative, a federation of agricultural cooperatives, a fisheries cooperative, a federation of fisheries cooperatives, a fishery processing cooperative, a federation of fishery processing cooperative (including a subsidiary company (limited to a bank) of federation of agricultural cooperatives, a federation of fisheries cooperatives, and a federation of fishery processing cooperatives, with regard to the federation of agricultural cooperatives, the federation of fisheries cooperatives, and a federation of fishery processing cooperatives); and
  - (d) the Norinchukin Bank (including a bank or a foreign company that performs banking among the Norinchukin Bank's subsidiary companies);
  - (e) the Shoko Chukin Bank Limited
- (ii) a group of banks, etc.: a group of the bank, etc., as prescribed in the preceding item and its subsidiary companies, or a group of subsidiary banks, etc. of the bank, etc. (which means a bank, long-term credit bank, or a foreign company that performs banking, among subsidiary companies of the bank, etc.; hereinafter the same applies in this item) and subsidiary companies other than the subsidiary banks, etc. of the bank, etc.;
- (iii) a group of long-term credit bank holding companies: limited a group that includes a long-term credit bank or companies as set forth in Article 16-4, paragraph (1), item (i) or (vi) of the Long-Term Credit Bank Act among a group of two or more subsidiary companies of a long-term credit bank holding company (which means a long-term credit bank holding company as prescribed in Article 16-4, paragraph (1) of the Long-Term Credit Bank Act;

the same applies hereinafter) or a group of the long-term credit bank holding company and its subsidiary companies; and excluding a group as specified in the preceding item.

(6) The company specified by Cabinet Office Order that is provided for in Article 16-2, paragraph (1), item (xii) and Article 16-3, paragraph (7) of the Act means a company falling under one of the following items, other than one that is an issuer of shares listed on a financial instruments exchange or shares registered in a registry of over-the-counter traded securities as prescribed in Article 67-11, paragraph (1) of the Financial Instruments and Exchange Act:

(i) a small and medium-sized enterprise operator (meaning a small and medium-sized enterprise operator prescribed in Article 2, paragraph (1) of the Small and Medium-sized Enterprises Business Enhancement Act (Act No. 18 of 1999); hereinafter the same applies in this paragraph and paragraph (12)), if five years have not elapsed since the date of incorporation or the date of its commencement of new business activities (meaning new business activities such as the development or production of new goods, development or provision of new services, introduction of a new method of producing or selling goods, and introduction of a new method of providing services, which are different in type from the business in which the company currently engages; the same applies in the following item and item (iii)); and if the percentage of its amount set forth in sub-item (a) to its amount set forth in sub-item (b) exceeds three percent in the preceding business year or preceding year:

- (a) total amount of testing and research expenses and other expenses specially paid for recruitment of new technology or new management organization, market cultivation, or commencement of new business;
- (b) the amount that is the result of deducting the income amount by transfer of fixed assets or securities as prescribed in Article 2, item (xxi) of the Corporation Tax Act (Act No. 34 of 1965) from the total income amount;

(ii) a small and medium-sized enterprise operator, if two years have not elapsed since the date of its incorporation or the date of its commencement of new business activities; if it has two or more full-time workers engaged in its new business activities (limited to the persons who are engaged in the new business activities such as the development or production of new goods, development or provision of new services, introduction of a new method of producing or selling goods, and introduction of a new method of providing services, and who do not fall under the category of researchers; hereinafter the same applies in this item); and if the percentage of the number of those workers engaged in the new business activities to the total number of its full-time officers and employees is ten percent or more;

(iii) a small or medium-sized enterprise operator, if one year has not elapsed

- since the date of its incorporation or date of its commencement of new business activities; if it has two or more full-time researchers; and if the percentage of the number of those researchers to the total number of its full-time officers and employees is ten percent or more; or
- (iv) a company that is certified as prescribed in Article 10, paragraph (1) of the Small and Medium-sized Enterprises Business Enhancement Act.
- (7) The company specified by Cabinet Office Order that is provided for in Article 16-2, paragraph (1), item (xii)-2 of the Act means a company falling under one of the following items, other than one that is an issuer of shares listed on a financial instruments exchange or shares registered in a registry of over-the-counter traded securities referred to in Article 67-11, paragraph (1) of the Financial Instruments and Exchange Act:
- (i) a company which has obtained approval prescribed in Article 8, paragraph (1) of the Small and Medium-sized Enterprises Business Enhancement Act;
- (ii) a company subject to an order confirming a rehabilitation plan under the provisions of Article 174, paragraph (1) of the Civil Rehabilitation Act (Act No. 225 of 1999);
- (iii) a company subject to an order confirming a reorganization plan under the provisions of Article 199, paragraph (1) of the Corporate Reorganization Act (Act No. 154 of 2002);
- (iv) a company subject to a decision of assistance for revitalization prescribed in Article 25, paragraph (4) of the Act on Regional Economy Vitalization Corporation of Japan (Act No. 63 of 2009);
- (v) a company subject to a decision of assistance prescribed in Article 19, paragraph (4) of the Act on Corporation for Revitalizing Earthquake-affected Business (Act No. 113 of 2011);
- (vi) a company which has obtained assistance from an industrial recovery organization prescribed in Article 59, paragraph (1) of the Act on Corporation for Revitalizing Earthquake-affected Business;
- (vii) a company which has obtained an approval referred to in Article 24, paragraph (1) or Article 26, paragraph (1) of the Act on Strengthening Industrial Competitiveness (Act No. 98 of 2013), or a company which has succeeded to the business in accordance with a plan for SME rehabilitation through succession referred to in Article 121, paragraph (1) of that Act pertaining to the approval referred to in that paragraph;
- (viii) a company which implements a streamlined business improvement plan (limited to a plan in which a bank etc. prescribed in Article 52-61, paragraph (1) of the Act, Shoko Chukin Bank Ltd., an insurance company (including a foreign insurance company, etc.), a bank holding company, a long-term credit bank holding company or an insurance holding company prescribed in Article 2, paragraph (16) of the Insurance Business Act, or a subsidiary company of

- any of these (hereinafter referred to as a "specified financial institution, etc." in this item) implements any of the following measures with regard to obligations a company owes to the specified financial institution, etc., and the implementation of these measures is expected to improve the condition of the business management of the company within a reasonable period of time):
- (a) measures to release the company from all or part of the obligations;
  - (b) measures to acquire shares of the company in order to extinguish all or part of the obligations; and
  - (c) measures to make all or part of the claims pertaining to the obligations subordinated to other claims against the company (limited to the case in which the specified financial institution, etc. also implements measures so that the company will lose its benefit of time if a financial indicator of the company falls short of a certain level fixed in advance by the specified financial institution, etc. and the company).
- (8) The requirements specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (1), item (xii)-2 of the Act are the requirements specified in the following items in accordance with the categories of cases set forth in those items:
- (i) if a bank or its subsidiary company acquires voting rights in the company prescribed in the preceding paragraph (limited to one that falls under item (viii) of that paragraph) by taking the measures set forth in sub-item (b) of that item: the company falls under any of the following:
    - (a) the parties have reached special conciliation prescribed in Article 2, paragraph (3) of the Act on Special Conciliation for Expediting Arrangement of Specified Debts (Act No. 158 of 1999)
    - (b) the company is subject to an order confirming a rehabilitation plan under the provisions of Article 174, paragraph (1) of the Civil Rehabilitation Act;
    - (c) the company is subject to an order confirming a reorganization plan under the provisions of Article 199, paragraph (1) of the Corporate Reorganization Act; or
    - (d) a corporate rehabilitation plan has been prepared through the specified certified dispute resolution procedures prescribed in Article 2, paragraph (16) of the Act on Strengthening Industrial Competitiveness; and
  - (ii) in cases other than those set forth in the preceding item: the company falls under any of sub-items (a) through (c) of that item.
- (9) In addition to a company as prescribed in paragraph (6), a company that constituted a company as prescribed in paragraph (6) at the time that its voting rights were acquired by a bank or its subsidiary company (including a company that is to become a subsidiary company; hereinafter the same applies in this paragraph) due to a cause other than the acquisition of shares, etc.

through the exercise of a security right or a cause as set forth in Article 17-4, paragraph (1), item (i) (if the voting rights in the company are acquired by the bank or its subsidiary company on two or more occasions: on the latest occasion of the acquisition due to causes other than the acquisition of shares, etc. through the exercise of the security right and the cause set forth in that item) is also treated as constituting a company as specified by Cabinet Office Order that is provided for in Article 16-2, paragraph (1), item (xii) of the Act in connection with that bank, unless the voting rights are newly acquired by the bank or its subsidiary company due to a cause other than the acquisition of shares, etc. through the exercise of a security right or the cause set forth in Article 17-4, paragraph (1), item (i).

- (10) The provisions of the preceding paragraph apply mutatis mutandis to a company that constituted to a company prescribed in paragraph (7). In this case, the phrase "Article 16-2, paragraph (1), item (xii)" in the preceding paragraph is deemed to be replaced with "Article 16-2, paragraph (1), item (xii)-2."
- (11) Notwithstanding the provisions of paragraph (6) through the preceding paragraph (excluding paragraph (8)), if a specified subsidiary company (meaning a company prescribed in paragraph (13); hereinafter the same applies in this paragraph, the following paragraph, and Article 17-7-3, paragraph (2)) does not dispose of the voting rights acquired thereby in a company prescribed in paragraph (6) or paragraph (9) (hereinafter referred to as a "company cultivating new business field" in this paragraph), or in a company prescribed in paragraph (7) or company that constitutes a company specified by Cabinet Office Order referred to in paragraph (9), as applied mutatis mutandis pursuant to the preceding paragraph following the deemed replacement of terms (hereinafter referred to as a "company in the business revitalization process" in this Chapter and Article 35, paragraph (1), item (xiii)), by the base disposition date (meaning the day on which fifteen years have elapsed from the date of the acquisition of the voting rights in a company cultivating new business field, or the day on which ten years have elapsed from the date of the acquisition of the voting rights in a company in the business revitalization process (if the voting rights are voting rights in a company prescribed in paragraph (7) (limited to one that falls under item (v) or item (vi) of that paragraph), and the period during which the company receives the assistance exceeds ten years from the date of the acquisition of the voting rights: the day on which the assistance ends); hereinafter the same applies in this paragraph), the company cultivating new business field or company in the business revitalization process (hereinafter referred to as a "company cultivating new business field, etc." in this paragraph, Article 17-6, paragraph (1), item (ix), and Article 17-7-3, paragraph (3)) is to be treated as not

constituting a company as specified by Cabinet Office Order that is provided for in Article 16-2, paragraph (1), item (xii) of the Act in connection with that bank in the case of a company cultivating new business field, or a company as specified by Cabinet Office Order that is provided for in item (xii)-2 of that paragraph in connection with that bank in the case of a company in the business revitalization process, respectively, from the day following the base disposition date; provided, however, that this does not apply to the case in which; the number of voting rights in the company cultivating new business field, etc. held by the bank or its subsidiary company falls below the base number of voting rights as of the base disposition date (meaning the number of voting rights obtained by multiplying the number of the voting rights of all shareholders, etc. by five percent, with regard to voting rights in a domestic company (meaning the domestic company prescribed in Article 16-4, paragraph (1) of the Act; the same applies hereinafter in this Chapter and Chapter V) and voting rights in a company in the business revitalization process (limited to one that satisfies the requirements specified in paragraph (8); the same applies in the following paragraph, Article 17-6, paragraph (1), item (ix), Article 17-7-3, paragraph (3), and Article 35, paragraph (1), item (xiii)); and meaning the number of voting rights obtained by multiplying the number of the voting rights of all shareholders, etc. by fifty percent, with regard to voting rights in a foreign company; hereinafter the same applies in this paragraph and the following paragraph) if the disposition is performed; and the specified subsidiary company disposes of a portion of voting rights exceeding the base number of voting rights as of the base disposition date among the voting rights in the company cultivating new business field, etc. held by the bank or its subsidiary company, during the period from the date of the acquisition to the base disposition date.

- (12) Notwithstanding the provisions of paragraphs (7) and (10), if a bank or its subsidiary company other than a specified subsidiary company does not dispose of the voting rights acquired thereby in a company in the business revitalization process by the base disposition date (meaning the day on which the period specified in the following items has elapsed from the date of the acquisition of the voting rights in accordance with the categories of voting rights set forth in those items; hereinafter the same applies in this paragraph), the company in the business revitalization process is to be treated as not corresponding to a company specified by Cabinet Office Order that is provided for in Article 16-2, paragraph (1), item (xii)-2 of the Act in connection with the bank from the day following the base disposition date; provided, however, that this does not apply to the case in which; the number of voting rights in the company in the business revitalization process held by the bank or its subsidiary company other than a specified subsidiary company falls below the

base number of voting rights as of the base disposition date, if the disposition is performed; and the bank or its subsidiary company other than a specified subsidiary company disposes of a portion of voting rights exceeding the base number of voting rights as of the base disposition date among the voting rights in the company in the business revitalization process held by the bank or its subsidiary company other than a specified subsidiary company, during the period from the date of the acquisition to the base disposition date:

(i) voting rights from shares, etc. issued by a small and medium-sized enterprise operator: five years; or

(ii) voting rights from shares, etc. issued by a company other than a small and medium-sized enterprise operator: three years.

(13) The company specified by Cabinet Office Order that is provided for in Article 16-2, paragraph (1), item (xii) of the Act means a company that only performs business as set forth in paragraph (2), item (xii) of the following Article and business incidental to this.

(14) A holding company as specified by Cabinet Office Order that is provided for in Article 16-2, paragraph (1), item (xiii) of the Act means one as follows; provided, however, that if the relevant holding company performs business as set forth in each item of paragraph (1) of the following Article, it must perform that business, based on the standards specified by the Commissioner of the Financial Services Agency, for the benefit of the business performed mainly by a bank, its subsidiary company, or a person as set forth in each item of paragraph (4):

(i) a holding company that only performs business to manage the business of the subsidiary company and business incidental to this, and business as set forth in each item of paragraph (1) and each item of paragraph (2) of the following Article (excluding items (xxiv) through (xxxiv)) (limited to the cases in which the holding company does not hold, as a subsidiary company, a company as prescribed in Article 16-2, paragraph (1), item (i), item (ii), item (v), item (v)-2, item (vii), and item (ix); the same applies hereinafter except for the following item and item (iii)), if that holding company holds, as a subsidiary company, a company specialized in securities business as prescribed in Article 16-2, paragraph (1), item (iii) of the Act (hereinafter referred to as a "company specialized in securities business"), a company specialized in securities introducing brokerage services as prescribed in item (iv) of that paragraph (hereinafter referred to as a "company specialized in securities introducing brokerage services") or a foreign company (excluding a foreign company constituting that which performs banking) performing securities-related business as prescribed in item (viii) of that paragraph, and a company specialized in trust business as prescribed in item (vi) of that paragraph (hereinafter referred to as a "company specialized in trust

- business"), or a foreign company (excluding a foreign company constituting that which performs banking) that performs trust business as prescribed in item (x) of that paragraph;
- (ii) a company as prescribed in Article 16-2, paragraph (1), item (i), item (ii), items (v) through (vii), item (ix) and item (x)), if that holding company holds, as its subsidiary company, a company specialized in securities, a company specialized in securities intermediation, or a foreign company (excluding a foreign company corresponding to that which carries out banking) engaging in securities services as prescribed in Article 16-2, paragraph (1), item (viii) of the Act, a holding company that only performs business to manage the business of the subsidiary company and business incidental to this, and business as set forth in each item of paragraph (1) and each item of paragraph (2) of the following Article (excluding items (xxiv) through (xxxvii)) (limited to the cases in which a holding company does not hold, as its subsidiary company);
  - (iii) a holding company that only performs business to manage the business of the subsidiary company and business incidental to this, and business as set forth in each item of paragraph (1) and each item of paragraph (2) of the following Article (excluding items (xix) through (xxxiv)) (limited to the cases in which the holding company does not hold, as its subsidiary company, a company as prescribed in Article 16-2, paragraph (1), item (i), item (ii), items (iii) through (v)-2, and items (vii) through (ix)), if that holding company holds, as its subsidiary company, a company specialized in trust business or a foreign company (excluding a foreign company corresponding to that which carries out banking) engaging in trust business as prescribed in Article 16-2, paragraph (1), item (x) of the Act;
  - (iv) with regard to a holding company that holds a company as prescribed in Article 16-2, paragraph (1), item (ii)-2 or items (xi) through (xii)-3 of the Act as its subsidiary company, a holding company that only performs business to manage the business of the subsidiary company and business incidental to this, and business as set forth in each item of paragraph (1) and each item of paragraph (2) of the following Article (excluding items (xix) through (xxxvii));
  - (v) a holding company that only performs business to manage the business of the subsidiary company of a holding company and business incidental to this, and business as set forth in each item of paragraph (1) and each item of paragraph (2) of the following Article (excluding items (xxiv) through (xxxvii)), with regard to that holding company as specified in paragraph (6) of the following Article among companies that are a subsidiary company of a company specialized in securities business or a company specialized in securities intermediation that is a subsidiary company of the bank as prescribed in Article 16-2, paragraph (2), item (vi), (c) of the Act;

- (vi) with regard to a holding company as specified in paragraph (7) of the following Article among companies that are a subsidiary company of an insurance company or a small amount and short-term insurance company (which means a small amount and short-term insurance provider as prescribed in Article 2, paragraph (18) of the Insurance Business Act; the same applies hereinafter) that are a subsidiary company of the bank as prescribed in Article 16-2, paragraph (2), item (vii), (c) of the Act, a holding company that only performs business to manage the business of a subsidiary company of the holding company and business incidental to this, and business as set forth in each item of paragraph (1) and each item of paragraph (2) of the following Article (excluding items (xix) through (xxiii), and items (xxxv) through (xxxvii));
  - (vii) a holding company that only performs business to manage the business of a subsidiary company of the holding company and business incidental to this, and business as set forth in each item of paragraph (1) and each item of paragraph (2) of the following Article (excluding items (xix) through (xxxiv)), with regard to a holding company as specified in paragraph (8) of the following Article among companies that are a subsidiary company of a trust bank or a company specialized in trust business that is a subsidiary company of the bank as prescribed in Article 16-2, paragraph (2), item (viii), (d) of the Act.
- (15) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to voting rights as prescribed in paragraph (8), paragraph (9) (including as applied mutatis mutandis pursuant to paragraph (10) following the deemed replacement of terms), paragraph (11) and paragraph (12).

(Scope of a Subsidiary Company of a Bank)

Article 17-3 (1) The services specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (2), item (i) of the Act means:

- (i) services for renting out real property (as a general rule, limited to real property for business acquired or leased from a bank that has the person in question as subsidiary company, or its subsidiary company) for another business operator, or for maintaining, inspecting, or otherwise managing real property or its accompanying equipment that is owned by another business operator;
- (ii) services for performing the administrative processes involved in a benefit or welfare program for officers or employees of another business operator;
- (iii) services for purchasing or managing goods for use in another business operator's administrative processes;
- (iv) services for printing or bookbinding of documents, vouchers, or other documentation connected with the administrative processes of another

- business operator;
- (v) services for advertising or promoting the business of another business operator;
  - (vi) services for operating, maintaining, inspecting, or otherwise managing automobiles for another business operator;
  - (vii) services for investigating or providing information as necessary for the services of another business operator (except for that corresponding to item (x));
  - (viii) services for maintaining, inspecting, or otherwise managing cash dispensers, etc. of another business operator;
  - (ix) services for preparing or sending off postcards or sealed documents that solicit persons to enter into contracts in connection with the business of another business operator or that explain the contents of those contracts;
  - (x) services for evaluating property that is the object of security for a claim connected to the lending of funds or other extension of credit by another business operator, for maintaining the property that is the object of the security, or for undertaking other necessary administrative processes in connection with that property;
  - (x)-2 services of acting as agent or intermediary in the sale and purchase of property (excluding real property) that is the object of security on behalf of another business operator, if it is necessary for the other business operator to exercise a security right in order to collect on a claim connected to the lending of funds or other extension of credit;
  - (xi) services to provide consultations for the lending of funds by another business operator (limited to the lending of the necessary funds to purchase a home or any other lending of funds to consumers), or services to broker the administrative processes for the lending of funds by another business operator or to undertake any other administrative process that is necessary in connection with the lending of funds by another business operator;
  - (xii) services involving foreign funds transfer transactions carried out by another business operator, letters of credit, or traveler's checks, or services for undertaking the necessary administrative processes involved in the lending of funds that are directly necessary for import or export or any other international transactions, discounting of bills and notes, a debt guarantee, or the acceptance of bills and notes;
  - (xiii) services for undertaking calculations in connection with the administrative processes of another business operator;
  - (xiv) services for preparing, arranging, storing, sending off, or delivering documents, vouchers, or any other documentation connected with the administrative processes of another business operator;
  - (xv) services for brokering administrative processes between another business

- operator and customers of that other business operator;
- (xvi) staffing services as prescribed in Article 2, item (iii) of the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (Act No. 88 of 1985) or employment placement services that is carried out after obtaining a permission based on the provisions of Article 30, paragraph (1) of the Employment Security Act (Act No. 141 of 1947);
  - (xvii) services for undertaking administrative processes involving computers for another business operator (including services for designing or maintaining a system that functions using a computer, or for designing, developing, or selling a software program (including selling peripherals that are necessary in association with the sale of a software program) or for maintaining it);
  - (xviii) services for providing education or training to the officers or employees of another business operator;
  - (xix) services for transporting the cash, checks, bills and notes, or securities of another business operator (except those corresponding to the following item and item (xxi));
  - (xx) services for collecting and delivering cash, checks, bills and notes, or certificates to major clients of another business operator;
  - (xxi) services for accepting and delivering securities in connection with the services of another business operator to and from a major client of that business operator;
  - (xxii) services for organizing cash, checks, bills and notes, or securities, confirming their amounts or counts, or retaining custody temporarily on behalf of another business operator;
  - (xxiii) services for investing on behalf of an insurance company (which means an insurance company as prescribed in Article 16-2, paragraph (1), item (v) of the Act; the same applies hereinafter) that has the person in question as a subsidiary company;
  - (xxiv) services for purchasing the property that is the object of security for a security right to collect on a claim connected to the lending of funds or other extension of credit, at an appropriate price, for a bank that has the person in question as a subsidiary company or for a subsidiary company of such a bank that itself is a bank, long-term credit bank, or insurance company (hereinafter referred to as a "parent bank, etc." in this item), and services for holding ownership of the purchased property, managing it, and undertaking any other necessary administrative processes in connection with it, if it is necessary for the parent bank, etc. to exercise a security right to collect on that claim;
  - (xxv) other services specified by the Commissioner of the Financial Services

- Agency as equivalent to the services set forth in the preceding items; or (xxvi) services incidental to the services set forth in each of the preceding items (limited to business carried out by a person that engages in business as set forth in each the item).
- (2) The services specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (2), item (ii) of the Act means:
- (i) acting as agent or intermediary for the services (excluding services as set forth in item (i)-5) of a Bank, a long-term credit bank or a Shinkin bank, Credit Cooperatives or Labor Bank (including federations organized with these corporations);
  - (i)-2 acting as agent or intermediary for trust business (excluding business as set forth in item (i)-5) that is as prescribed in Article 11, paragraph (2) of the Agricultural Co-operatives Act and is carried out by an agricultural cooperative or a federation of agricultural cooperatives; trust business (excluding a business as set forth in that item) that is as prescribed in Article 54-2, paragraph (2) of the Fishery Cooperative Act and is carried out by a fisheries cooperative or a federation of fisheries cooperatives, or a fishery processing cooperative or a federation of fishery processing cooperative; or a business (excluding a business as set forth in that item) of the Norinchukin Bank;
  - (i)-3 acting as agent or intermediary for the services of a foreign company that carries out banking (limited to intermediation of custody of securities, settlement concerning transactions of securities based on the instruction of customers, transfer of profits, etc. pertaining to the securities in custody, lending of the securities in custody to a third party based on the instruction, or exercise of rights of the securities in custody based on the instruction, or intermediation of services incidental to the above, in the cases of carrying out business in Japan);
  - (i)-4 acting as agent or intermediary for a fund transfer service operated by a fund transfer service provider;
  - (i)-5 services as agent for a trust contract as prescribed in Article 2, paragraph (8) of the Trust Business Act (excluding what is set forth in Article 3, item (ii) of the Order for Enforcement of the Act on Engagement in Trust Business Activities by Financial Institutions and Article 3, paragraph (1), item (ii) of the Regulation for Enforcement of the Act on Engagement in Trust Business Activities by Financial Institutions);
  - (i)-6 acting as agent or intermediary for the conclusion of a contract for being entrusted with the business that a financial institution engaging in trust business performs and that is set forth in Article 1, paragraph (1), items (iii) through (vii) of the Act on Engagement in Trust Business Activities by Financial Institution (excluding business as set forth in Article 3, item (iii) of

- the Order for Enforcement of the Act on Engagement in Trust Business Activities by Financial Institutions, and business as set forth in Article 3, paragraph (1), items (iii) to (v) of the Regulation for Enforcement of the Act on Engagement in Trust Business Activities by Financial Institutions);
- (ii) intermediation of the lending or borrowing of money (including intermediation for the granting of money by the discounting of bills and notes, by security by way of transfer, or by another method similar to these, or intermediation for delivery or receipt of money by those methods) that is carried out in the course of trade (excluding business as set forth in items (i) through (i)-3);
- (ii)-2 services involving a transaction other than the money lending, but equivalent to the monetary lending (limited to services in which the receiving of interest is forbidden by religious discipline and which is conducted based on the judgment of a council comprised of persons with expert knowledge on religious discipline with regard to the transaction being a transaction other than the money lending).
- (iii) services as prescribed in Article 10, paragraph (2) of the Act (excluding services as set forth in items (viii), (viii)-2 and (xviii) of that paragraph, securities-related business, and other services corresponding to services as specified by the Commissioner of the Financial Services Agency);
- (iii)-2 services as prescribed in Article 2, paragraph (2) of the Act on Special Measures Concerning Servicer (Act No. 126 of 1998), and services as set forth in each item of Article 12 of that Act (in the cases of carrying out business as prescribed in item (ii) of that Article, limited to the cases in which all standards specified by the Commissioner of the Financial Services Agency are satisfied);
- (iii)-3 defined contribution pension plan operational management as prescribed in Article 2, paragraph (7) of the Defined Contribution Pension Act (Act No. 88 of 2001) or services for undertaking the administrative processes set forth in each item of Article 61, paragraph (1) of that Act;
- (iii)-4 solicitation for insurance prescribed in Article 2, paragraph (26) of the Insurance Business Act (referred to as "solicitation for insurance" in item (xxvii) and Article 34-48, paragraph (1)).
- (iv) services for acting as set forth in Article 2, paragraph (8), item (vii), item (xiii), and item (xv) of the Financial Instruments and Exchange Act;
- (v) [deleted];
- (vi) a commodity investment management as prescribed in Article 2, paragraph (3) of the Act on Control for Business Pertaining to Commodity Investment;
- (vii) services for delivering or granting an object such as a card, or a mark such as a number or symbol which entitles a holder thereof to purchase certain goods or rights or to receive services from a specific distributor or service

- provider by presentation or notification thereof or in exchange therefor (hereinafter referred to as a "card, etc." in this item and the following item), to a person that intends to purchase goods or rights or to receive services by the use of that card, etc. (hereinafter referred to as a "user" in this item and the following item); for receiving money equivalent to the price of the goods or rights or the consideration for the services from the user; and for delivering that money to the distributor or the service provider (this includes delivering that money to the distributor or the service provider through a person other than that distributor or service provider), when the user has purchased goods or rights or received services from the specific distributor or service provider by presentation or notification of or in exchange for the card, etc.;
- (viii) services for delivering money equivalent to the price of goods or rights or the consideration for services to a specific distributor or service provider (this includes delivering that money to the distributor or the service provider through a person other than that distributor or service provider) on the condition that a user purchase goods or rights or receive service from that distributor or service provider without using a card, etc.; and for receiving that amount of money from the user;
  - (ix) services for issuing prepaid payment instruments for one's own business as prescribed in Article 3, paragraph (4) of the Payment Services Act or services for issuing prepaid payment instruments for third-party business prescribed in paragraph (5) of that Article, or services for selling these means of payment.
  - (x) deleted
  - (xi) services for renting out machinery or other articles (limited to the cases in which the services set forth in Article 10, paragraph (2), item (xviii) of the Act are mainly carried out pursuant to the standards as specified by the Commissioner of the Financial Services Agency):
  - (xii) services for providing another stock company with the funds that are necessary for its business by undertaking the following actions:
    - (a) lending funds to that company;
    - (b) acquiring bonds issued by that company (excluding short-term bonds set forth in Article 10, paragraph (3), item (i) of the Act);
    - (c) acquiring share options issued by that company;
    - (d) acquiring shares issued by that company for the purpose of receiving dividends pertaining to shares or gaining profit from a sale pertaining to those shares;
    - (e) concluding a partnership agreement as prescribed in Article 667, paragraph (1) of the Civil Code, or an investment business limited partnership contract as prescribed in Article 3, paragraph (1) of the

- Limited Partnership Act for Investment, with the purpose to perform any of the acts as set forth in items (a) to (d);
- (xiii) services undertaken as an investment trust management company or an asset management company (or, as entities similar to these, in a case of a foreign state; including services for managing real property that belongs to investment trust assets for which an investment trust management company instructs its management, or assets of an investment corporation whose assets are managed by an asset management company);
  - (xiv) investment advisory business (which means an investment advisory business as prescribed in Article 28, paragraph (6) of the Financial Instruments and Exchange Act) or services involved in a discretionary investment contract;
  - (xiv)-2 services for managing money or other property for others (including its instruction), as an investment in assets set forth in Article 3, item (i) and item (ii), and items (vi) through (viii) of the Enforcement Order of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000) (these services excludes services corresponding to item (iv) and the preceding two items);
  - (xiv)-3 services to provide consultations concerning a transfer of business, merger, company split, share exchange, or share transfer by another business operator, or for brokering these;
  - (xv) services to provide consultations concerning management of another business operator;
  - (xvi) services for conducting financial or other economic investigations or research;
  - (xvii) services to provide consultations concerning asset-building by individuals;
  - (xviii) services to mainly process data concerning business of a bank holding company, a long-term credit bank holding company, a company corresponding to a company eligible to be a subsidiary company (which means a company eligible to be a subsidiary company as prescribed in Article 16-2, paragraph (1) of the Act, or a company eligible to be a subsidiary company as prescribed in Article 52-23, paragraph (1) of the Act; the same applies in the following item and item (xxxii)), or other financial institution as specified by the Commissioner of the Financial Services Agency, or data concerning finance of a business operator; and services for acting to transmit these data;
  - (xviii)-2 the services for mainly creating or selling a software program for a computer (this includes selling peripherals that are necessary in association with the sale of a software program) concerning the services of a bank holding company, a long-term credit bank holding company, or a company

- that constitutes a company eligible to be a subsidiary company, or other financial institution as specified by the Commissioner of the Financial Services Agency, or concerning finances of a business operator; or services of entrusted calculation (excluding those corresponding to item (xxxii));
- (xviii)-3 services for calculating premiums or benefits in connection with a defined benefit corporate pension as prescribed in Article 2, paragraph (1) of the Defined Benefit Corporate Pension Act (Act No. 50 of 2001) or other pension equivalent to this, and services involved in the preparation or transfer of documents, etc. in connection with those premiums or benefits;
- (xviii)-4 services as set forth in Article 11, item (iv) of the Act;
- (xviii)-5 electronic monetary claims recording business prescribed in Article 51, paragraph (1) of Electronically Recorded Monetary Claims Act (Act No. 102 of 2007);
- (xix) services for brokering administrative processes concerning securities between an owner and issuer of those securities;
- (xx) acting as the agent of a customer in connection with securities;
- (xxi) services for conducting advertising, promotions, or investigations in connection with a stock company with the purpose of facilitating business funding through the issuance of shares in that stock company, or other services that contribute to improving the reputation of an investor in that stock company;
- (xxii) providing information or advisory services concerning securities (excluding business corresponding to item (xix) and the preceding item);
- (xxiii) services undertaken as an intermediary, as brokerage or as an agent in the conclusion of a partnership agreement as prescribed in Article 667, paragraph (1) of the Civil Code or a silent partnership agreement as prescribed in Article 535 of the Commercial Code (excluding services corresponding to securities-related business);
- (xxiv) acting as agent for services connected to insurance business of an insurance company or a small amount and short-term insurance company (excluding business corresponding to that as set forth in item (iii)-4), or undertaking administrative processes on its behalf
- (xxv) deleted;
- (xxvi) services for undertaking investigations into the particulars of an accident covered by insurance or other insurance contract;
- (xxvii) services to teach persons undertaking solicitation for insurance;
- (xxviii) services for filling a role connected with welfare facilities for the elderly, etc. (which means a welfare facility for the elderly as prescribed in Article 5-3 of the Old Age Welfare Act (Act No. 133 of 1963) and a fee-charging home for the aged as prescribed in Article 29, paragraph (1) of that Act), and other roles connected with the welfare of persons who are aged,

- physically disabled, etc.;
- (xxix) services for managing facilities for exercise in order to maintain or improve health, or facilities for the promotion of maintaining or improving health by use of a hot spring;
  - (xxx) services for undertaking investigations or analysis or providing advice in order to prevent occurrence of accidents or other risks, to prevent or reduce damage due to occurrence of risks, or to evaluate the size, etc. of damage due to the occurrence of risks;
  - (xxxii) services for undertaking investigations or analysis or providing advice concerning health, welfare, or medical care;
  - (xxxiii) services to mainly create or sell a computer software program (these services includes selling peripherals that are necessary in association with the sale of a software program) concerning business of an insurance holding company, a small amount and short-term insurance holding company (which means a small amount and short-term insurance holding company as prescribed in Article 272-37, paragraph (2) of the Insurance Business Act), a company corresponding to a company eligible to be a subsidiary company (limited to an insurance company, small amount and short-term insurance company, or a foreign company that carries out insurance business), or an insurance agent; or the services of entrusted calculations;
  - (xxxiv) services for acting as intermediary for or for introducing persons to an automobile repairer, etc.;
  - (xxxv) services for brokering the reporting of accidents covered by insurance from an insurance contractor or services to provide consultations concerning an insurance contract;
  - (xxxvi) services for managing assets (excluding services corresponding to those as set forth in item (iii); for assets of the same type as the trust assets entrusted to a trust subsidiary company, etc. that holds voting rights in the company undertaking the relevant services, this is limited to services for undertaking their management based on the same management method for trust assets as that prescribed in a statement of operational procedures) or administrative processes as an agent in connection with those services;
  - (xxxvii) services as set forth in Article 1, paragraph (1), items (iv) through (vii) of the Act on Engagement in Trust Business Activities by Financial Institutions (these services excludes services corresponding to item (vi) and the preceding item of this Regulation; Article 3, item (iii) of the Enforcement Order of the Act on Engagement in Trust Business Activities by Financial Institutions; Article 3, paragraph (1), item (iii) and item (iv) of the Regulation for Enforcement of the Act on Engagement in Trust Business Activities by Financial Institutions; and these services are limited to services pertaining to those for which a trust subsidiary company, etc. has obtained

- an approval pursuant to the provisions of Article 21, paragraph (2) of the Trust Business Act with regard to the scope of the services in question, if there is no company equivalent to a trust bank among the trust subsidiary companies, etc. of; a bank that holds a company carrying out the services as its subsidiary company; or a bank which is a subsidiary company of a bank holding company that has a company carrying out the services as its subsidiary company);
- (xxxvii) services concerning evaluation of trusted assets (excluding real property) in the cases of accepting trust;
- (xxxviii) other services specified by the Commissioner of the Financial Services Agency as equivalent to the services set forth in the preceding items; or
- (xxxix) services incidental to the services set forth in each preceding item (limited to a business carried out by a person that carries out a business as set forth in each the item).
- (3) The services specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (2), item (iii) of the Act means:
- (i) services as set forth in items (xix) through (xxiii) of the preceding paragraph;
- (ii) other services as specified by the Commissioner of the Financial Services Agency as equivalent to the services set forth in the preceding item; or
- (iii) services as set forth in item (xxxix) of the preceding paragraph that are connected with services incidental to the services set forth in the preceding two items.
- (4) The services specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (2), item (iv) of the Act means:
- (i) services as set forth in paragraph (2), items (xxiv) through (xxxiv);
- (ii) other services as specified by the Commissioner of the Financial Services Agency as equivalent to services as set forth in the preceding item; or
- (iii) services as set forth in paragraph (2), item (xxxix) that are connected with services incidental to the services set forth in the preceding two items.
- (5) The services as specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (2), item (v) of the Act means:
- (i) services as set forth in paragraph (2), items (xxxv) through (xxxvii);
- (ii) other services as specified by the Commissioner of the Financial Services Agency as equivalent to the services set forth in the preceding item; or
- (iii) services as set forth in paragraph (2), item (xxxix) that are connected with services incidental to the services set forth in the preceding two items.
- (6) The companies as specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (2), item (vi), (c) of the Act means a holding company as prescribed in paragraph (1), item (xiii) of that Article in which a company specialized in securities or a company specialized in securities intermediation

that is a subsidiary company of the relevant bank holds voting rights exceeding fifty percent of voting rights of all shareholders, etc.

- (7) The companies as specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (2), item (vii), (c) of the Act means a holding company as prescribed in paragraph (1), item (xiii) of that Article in which an insurance company or a small amount and short-term insurance company that is a subsidiary company of the relevant bank holds voting rights exceeding fifty percent of voting rights of all shareholders, etc.
- (8) The companies as specified by Cabinet Office Order that are provided for in Article 16-2, paragraph (2), item (viii), (d) of the Act means a holding company as prescribed in paragraph (1), item (xiii) of that Article in which a trust bank or a company specialized in trust business that is a subsidiary company of the relevant bank holds voting rights exceeding fifty percent of voting rights of all shareholders, etc.
- (9) The provisions in Article 1-6, paragraph (3) apply mutatis mutandis to the voting rights held by the persons prescribed in these provisions in a case referred to in one of the preceding three paragraphs. In this case, the phrase "Article 147, paragraph (1) or Article 148, paragraph (1) (including as applied mutatis mutandis pursuant to Article 228, paragraph (1), Article 235, paragraph (1), Article 239, paragraph (1), and Article 276 (limited to the part pertaining to item (ii) of the Act))" in paragraph (3) of that Article, and the term "shares or contribution" in that paragraph are deemed to be replaced with "Article 147, paragraph (1) or Article 148, paragraph (1)" and "shares", respectively.

(Causes of Non-Applicability of the Provisions of Article 16-2, paragraph (1) of the Act)

Article 17-4 (1) The cause specified by Cabinet Office Order that is provided for in the main clause of Article 16-2, paragraph (3) of the Act means one of the following causes:

- (i) acquisition of shares, etc. by a bank's or its subsidiary company' acceptance of what is delivered in an accord and satisfaction;
- (ii) acquisition of voting rights from shares or equity in respect of which voting rights held by a bank or its subsidiary company cannot be exercised (limited to an acquisition due to occurrence of an event that is not based on the intension of the bank or its subsidiary company);
- (iii) conversion of shares (which means that the shares are acquired by an issuing company of those shares, and another type of share is granted in exchange for them; the same applies hereinafter) of a company in which shares are held by a bank or its subsidiary company (excluding the cases in which conversion is requested by that bank or its subsidiary company);

- (iv) consolidation or split of shares, etc. of a company in which shares, etc. are held by a bank or its subsidiary company, or an allotment of shares without contribution (which means an allotment of shares without a contribution as prescribed in Article 185 of the Companies Act; the same applies hereinafter);
  - (v) change of the content of rights or number of share units pertaining to shares, etc. due to a change of articles of incorporation of a company in which shares, etc. are held by a bank or its subsidiary company;
  - (vi) a company's acquisition of its own shares, etc. that are held by a bank or its subsidiary Company; or
  - (vii) acquisition of shares, etc. by a company set forth in Article 16-2, paragraph (1), item (xii) or item (xii)-2 of the Act that is a subsidiary company of a bank.
- (2) The cause specified by Cabinet Office Order that is provided for in the proviso to Article 16-2, paragraph (3) of the Act means the cause set forth in item (vii) of the preceding paragraph.
- (3) The cause specified by Cabinet Office Order that is provided for in Article 16-2, paragraph (8) of the Act means the acquisition of shares, etc. by a bank or its subsidiary company through the exercise of a security right or any of the causes as set forth in paragraph (1), items (i) through (vi).

(Companies Eligible to Be a Subsidiary Company That Is Excluded from Banks, etc. Eligible to Be Subsidiary Company)

Article 17-4-2 The company as specified by Cabinet Office Order that is provided for in Article 16-2, paragraph (7) of the Act means a company exclusively engaged in the following services:

- (i) services as set forth in Article 17-3, paragraph (2), items (i) through (xviii)-5;
- (ii) services specified by the Commissioner of the Financial Services Agency as being equivalent to those set forth in the preceding item; or
- (iii) services as set forth in Article 17-3, paragraph (2), item (xxxix) that are connected with services incidental to the services set forth in the preceding two items.

(Application of Authorization for Making a Bank Eligible to Be a Subsidiary Company a Subsidiary Company)

Article 17-5 (1) If a bank intends to obtain an authorization to make its subsidiary company out of a bank, etc. eligible to be a subsidiary company (meaning a bank, etc. eligible to be a subsidiary company as prescribed in Article 16-2, paragraph (7) of the Act, and excluding a company set forth in paragraph (1), item (xii)-3 of that Article (hereinafter referred to as an

"advanced banking service company" in this Chapter, Chapter V, and Article 35, paragraph (1), item (xii)); hereinafter the same applies in this Article), it must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) the following documents concerning the bank:
  - (a) its latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of its business, assets, and profit and loss;
  - (b) a document stating its expected income and expenditures after obtaining the authorization;
  - (c) the documents as set forth in the following if the bank, etc. eligible to be a subsidiary company would become its subsidiary company due to a share exchange:
    - 1. minutes of shareholders meetings or other documents certifying that necessary procedures are followed;
    - 2. a document stating the content of the share exchange contract; and
    - 3. a document stating the cost for the share exchange;
- (iii) the following documents concerning the bank and its subsidiary company, etc. (which means a subsidiary company, etc., as prescribed in Article 14-2, item (ii) of the Act; hereinafter the same applies in this item, the following paragraph, and the following Article):
  - (a) its latest balance sheet, profit and loss statement, and statement of changes in net assets in which the bank makes entries for the bank itself and its subsidiary company, etc. on a consolidated basis (including documents similar thereto; the same applies in paragraph (1), item (iii), (a) of the following Article), and other documents that provide the latest conditions of business, assets, and profit and loss of these companies; and
  - (b) a document stating an estimation of income and expenditures and the consolidated capital adequacy ratio (which means the percentage obtained by calculations pertaining to standards as prescribed in Article 14-2, item (ii) of the Act; the same applies in item (ii) of the following paragraph; paragraph (1), item (iii), (b) of the following Article; Article 19-3, item (ii) and item (iii); Article 22, paragraph (1), item (xii); Article 22-2, paragraph (1), item (xii); Article 23, paragraph (1), item (vii); and Article 35, paragraph (1)) of the bank and its subsidiary company, etc. (including the company to become a subsidiary company) after obtaining the authorization;
- (iv) the following documents concerning a bank, etc. eligible to be a subsidiary company subject to that authorization:
  - (a) a document stating the name and the location of its principal business

- office or its principal office;
  - (b) a document stating the content of business;
  - (c) the latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of its business, assets, and profit and loss; and
  - (d) a document stating the title and name of its officers (including a person responsible for performing the officer's duties, if that officer is a corporation);
  - (v) a document stating the name and content of business of a domestic company, if, by making its subsidiary company out of the bank, etc. eligible to be a subsidiary company to which the authorization pertains, the bank or its subsidiary company would come to hold voting rights in that domestic company in excess of the maximum threshold for voting rights held if their voting rights are combined (which means the maximum threshold for voting rights held as prescribed in Article 16-4, paragraph (1) of the Act; the same applies in paragraph (4), the following Article, Article 17-6, Article 17-7, and Articles 22 through 23); and
  - (vi) other documents giving information that should serve as a reference in an examination as prescribed in the following paragraph.
- (2) When an application of authorization pursuant to the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether it conforms to the following standards:
- (i) the amount of stated capital of the bank which has filed the application (hereinafter referred to as the "applicant bank" in this paragraph) is a sufficient amount to acquire or hold voting rights in the bank, etc. eligible to be a subsidiary company to which the application pertains;
  - (ii) the consolidated capital adequacy ratios of the applicant bank and its subsidiary companies, etc. (including the bank, etc. eligible to be a subsidiary company subject to that authorization) are expected to reach the proper levels;
  - (iii) the latest conditions of business, assets, and profit and loss of the applicant bank are positive;
  - (iv) the income and expenditures of the applicant bank and its subsidiary companies, etc. are satisfactory at the time of the application and are expected to also show positive movements after the bank, etc. eligible to be a subsidiary company subject to that authorization is made its subsidiary company;
  - (v) the applicant bank is able to take measures in order to secure sound and appropriate performance of business of the bank, etc. eligible to be a subsidiary company; and
  - (vi) the bank, etc. eligible to be a subsidiary company subject to the

- authorization is capable of performing its business properly and fairly.
- (3) If a bank intends to obtain an approval under Article 16-2, paragraph (5) of the Act for continuing to have a foreign company that does not constitute a company eligible to be a subsidiary company (meaning a company eligible to be a subsidiary company as prescribed in paragraph (1) of that Article; hereinafter the same applies in this paragraph ) as its subsidiary company, it must attach the following documents to the written application for approval and submit them to the Commissioner of the Financial Services Agency:
- (i) a written statement of reasons;
  - (ii) a document stating the policies on holding the voting rights in the foreign company not constituting a company eligible to be a subsidiary company for which approval is sought;
  - (iii) the following documents concerning the foreign company not constituting a company eligible to be a subsidiary company for which approval is sought:
    - (a) a document stating the name and the location of its principal business office or office;
    - (b) a document stating the details of its business;
    - (c) its latest balance sheet, profit and loss statement, and statement of changes in net assets (including documents similar thereto), and other documents that provide the latest conditions of its business, assets, and profit and loss; and
    - (d) a document stating the titles and names of its officers (including a person responsible for performing the officer's duties thereof, if the officer is a corporation);
  - (iv) other documents giving information that should serve as a reference in an examination regarding the approval under the provisions of Article 16-2, paragraph (5) of the Act.
- (4) The provisions of the paragraph (1) and the paragraph (2) apply mutatis mutandis to the authorization under the proviso to Article 16-2, paragraph (8) of the Act (excluding the authorization to continue to hold more than the maximum threshold for voting rights in respect to the voting rights in an advanced banking service company which they have acquired or come to hold in excess of that threshold if their voting rights are combined).
- (5) The provisions of paragraph (1) apply mutatis mutandis to an authorization pursuant to the provisions of Article 16-2, paragraph (9) of the Act.
- (6) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to voting rights as prescribed in paragraph (1), item (v) (including as applied mutatis mutandis pursuant to the preceding two paragraphs), paragraph (3), item (ii), and paragraph (4).

(Application for Authorization to Make an Advanced Banking Service Company

a Subsidiary Company)

Article 17-5-2 (1) If a bank intends to obtain authorization for it or its subsidiary companies to acquire or hold voting rights in an advanced banking service company in excess of the maximum threshold for voting rights if their voting rights are combined, it must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency:

(i) a written statement of reasons;

(ii) the following documents concerning the bank:

(a) the latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of its business, assets, and, profit and loss; and

(b) a document stating its expected income and expenditures after obtaining the authorization;

(c) the following documents if the bank or its subsidiary companies intends to acquire or hold voting rights in an advanced banking service company through a share exchange, in excess of the maximum threshold for voting rights if their voting rights are combined::

1. minutes of shareholders meetings or other documents certifying that necessary procedures are followed;

2. a document stating the content of the share exchange contract; and

3. a document stating the cost for the share exchange;

(iii) the following documents concerning the bank and its subsidiary companies:

(a) its latest consolidated balance sheet, profit and loss statement, statement of changes in net assets in which the bank makes entries for the bank itself and its subsidiary company, etc. on a consolidated basis, and other documents that provide the latest conditions of business, assets, and profit and loss of these companies; and

(b) a document stating an estimation of income and expenditures and the consolidated capital adequacy ratio of the bank and its subsidiary companies (including the company that is to become a subsidiary company, etc.) after obtaining the authorization;

(iv) the following documents concerning the advanced banking service company subject to that authorization:

(a) a document stating the name and the location of its principal business office or its principal office;

(b) a document stating the content of the business and the system for executing the business;

(c) the latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of its

- business, assets, and, profit and loss; and
  - (d) a document stating the titles and names of its officers (including a person responsible for performing the officer's duties, if the officer is a corporation);
  - (v) a document stating the name and content of business of a domestic company, if subsidiary companies subject to the authorization would come to hold voting rights in that domestic company in excess of the maximum threshold for voting rights if their voting rights are combined, by way of acquiring or holding voting rights in an advanced banking service company in excess of the maximum threshold for voting rights if their voting rights are combined; and
  - (vi) other documents giving information that should serve as a reference in an examination as prescribed in the following paragraph.
- (2) When an application of authorization is filed pursuant to the provisions of the preceding paragraph, the Commissioner of the Financial Services Agency is to examine whether it conforms to the following standards:
- (i) the amount of stated capital of the bank which has filed the application (hereinafter referred to as the "applicant bank" in this paragraph) is a sufficient amount to acquire or hold voting rights in the advanced banking service company to which the application pertains;
  - (ii) even if the whole amount of investment in the advanced banking service company to which the application pertains is lost, the conditions of assets, and profits and losses of the applicant bank and its subsidiary companies, etc. (excluding the company that is to become a subsidiary company, etc. based on the authorization) are expected to be positive;
  - (iii) the latest conditions of business, assets, and profit and loss of the applicant bank are positive;
  - (iv) the income and expenditure of the applicant bank and its subsidiary companies, etc. are positive at the time of the application and are expected to also show positive movements after the applicant bank or its subsidiary companies acquire or hold voting rights in the advanced banking service company subject to that authorization which exceed the maximum threshold for voting rights if their voting rights are combined;
  - (v) the advanced banking service company subject to the authorization is capable of conducting its business properly and fairly;
  - (vi) if the applicant bank or its subsidiary companies acquire or hold voting rights in the advanced banking service company subject to that authorization in excess of the maximum threshold for voting rights if their voting rights are combined, this is expected to contribute to increased sophistication in banking conducted by the applicant bank or to the enhanced convenience of bank users of the applicant bank;

- (vii) in light of the status of business of the applicant bank, there is found to be no serious risk that may affect the sound and appropriate management of the services of the applicant bank even after the applicant bank or its subsidiary companies acquire or hold voting rights in the advanced banking service company subject to that authorization which exceed the maximum threshold for voting rights if their voting rights are combined;
  - (viii) there is found to be no serious risk of the applicant bank wrongfully using its advantageous position as a bank in a transaction to put its customer at a disadvantage as concerns a condition or implementation of a transaction connected with its services; or there is found to be no serious risk of the advanced banking service company subject to the relevant authorization wrongfully using its advantageous position in a transaction that involves its services to put its customer at a disadvantage as concerns a condition or implementation of a transaction connected with its services; and
  - (ix) there is found to be no serious risk that the interests of customers of the services carried out by the applicant bank or by the advanced banking service company subject to the relevant authorization will be wrongfully harmed in connection with transactions conducted by the applicant bank or the advanced banking service company.
- (3) The provisions of the preceding two paragraphs apply mutatis mutandis to the authorization under the provisions of the proviso to Article 16-2, paragraph (8) of the Act (limited to the authorization to continue to hold more than the maximum threshold for voting rights in respect to the voting rights in an advanced banking service company which they have acquired or come to hold in excess of that threshold if their voting rights are combined).
- (4) The provisions of paragraph (1) apply mutatis mutandis to the authorization under Article 16-2, paragraph (10) of the Act.
- (5) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to the voting rights prescribed in paragraph (1) (including as applied mutatis mutandis pursuant to the preceding two paragraphs), paragraph (2), item (iv), item (vi) and item (vii), and paragraph (3).

(Content of Business Management of a Bank Group by a Bank)

- Article 17-5-3 (1) The policy specified by Cabinet Office Order as constituting the policy prescribed in Article 16-3, paragraph (2), item (i) of the Act means:
- (i) policies concerning risk management such as policies concerning income and expenditure, capital allocation and adequacy of equity capital regarding a bank group (meaning the bank group prescribed in Article 16-3, paragraph (1) of the Act; the same applies hereinafter); and
  - (ii) policies concerning the development of the bank group's crisis management systems in preparation for events such as disasters.

(2) The systems specified by Cabinet Office Order that are provided for in Article 16-3, paragraph (2), item (iii) of the Act means systems to ensure that the directors, executive officers, members in charge of executing business, persons in charge of performing the duties referred to in Article 598, paragraph (1) of the Companies Act, and other persons equivalent to these persons, and employees, all of whom belong to the companies that belong to the bank group, perform their respective duties in the bank in compliance with laws and regulations.

(3) The activities specified by Cabinet Office Order that are provided for in Article 16-3, paragraph (2), item (iv) of the Act mean formulating a reconstruction plan (meaning a plan for business reconstruction of a bank group that needs to improve the conditions of its business operation or assets; hereinafter the same applies in this paragraph) for the bank group (limited to a bank group designated by the Commissioner of the Financial Services Agency as one that needs to formulate a reconstruction plan), and ensuring the proper implementation thereof.

(Causes of Non-Applicability of the Provisions of Article 16-4, paragraph (1) of the Act Do Not Apply)

Article 17-6 (1) The cause specified by Cabinet Office Order that is provided for in Article 16-4, paragraph (2) of the Act means:

- (i) acquisition of shares, etc. by the exercise of the security right of a bank or its subsidiary company;
- (ii) acquisition of Shares, etc. by a bank's or its subsidiary company' acceptance of what is delivered in an accord and satisfaction;
- (iii) acquisition of shares, etc. (limited to an acquisition of shares, etc. that is for the extinguishment of the company's debt to the bank or to its subsidiary company and by which the status of the company's management is estimated to improve within a reasonable period of time) by a bank or its subsidiary company based on a streamlined business improvement plan of a company with which it has business dealings;
- (iv) acquisition of voting rights from shares or equity in respect of which voting rights held by a bank or its subsidiary company cannot be exercised (limited to an acquisition due to occurrence of an event that is not based on the intention of the bank or its subsidiary company);
- (v) conversion of shares of a company in which shares are held by a bank or its subsidiary company (excluding cases in which conversion is requested by that bank or its subsidiary company);
- (vi) consolidation or split of shares, etc. of a company in which shares, etc. are held by a bank or its subsidiary company, or an allotment of share without contribution;

- (vii) change of content of rights or number of share units pertaining to shares, etc. due to a change of articles of incorporation of a company in which shares, etc. are held by a bank or its subsidiary company;
  - (viii) company's acquisition of its own shares, etc. that are held by a bank or its subsidiary company;
  - (ix) that, if the bank or its subsidiary intends to dispose of voting rights in a company cultivating new business field, etc. pursuant to the provisions of Article 17-2, paragraph (11) or intends to dispose of voting rights in a company in the business revitalization process pursuant to the provisions of paragraph (12) of that Article, the bank or its subsidiary company are unable to dispose of those voting rights since it is extremely difficult to transfer those voting rights due to reasons that are found to be compelling; and
  - (x) a case in which an approval of the Commissioner of the Financial Services Agency is obtained in advance for the conversion of shares (excluding reasons corresponding those set forth in item (v)) which the bank or its subsidiary company have acquired based on a streamlined business improvement plan of a company with which the bank or its subsidiary company has business dealings, and whose conversion is necessary in order for them to be disposed of within a reasonable period of time due to improvement of the condition of that company's management; or, for something that has other reasonable grounds.
- (2) If the bank or its subsidiary companies intend to obtain an approval as prescribed in item (x) of the preceding paragraph, the bank or its subsidiary companies must attach the following documents to a written application for approval and submit them to the Commissioner of the Financial Services Agency:
- (i) a written statement of reasons;
  - (ii) a document stating the trade name of a domestic company to which the approval pertains and content of its business;
  - (iii) a document stating policies concerning methods of disposing of a portion of voting rights in a domestic company to which the approval pertains that the bank or its subsidiary companies have acquired or held in excess of its maximum threshold for voting rights held; and
  - (iv) other documents giving information that should serve as a reference in an examination as prescribed to the following paragraph.
- (3) When an application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether there are reasonable grounds for the bank filling the application to possess or hold voting rights in excess of the maximum threshold for voting rights held, and whether the policy the bank has submitted concerning the disposition method of a portion of voting rights that it has acquired or held in excess of the

maximum threshold for voting rights held is reasonable or not.

(Application of Approval for Holding Voting Rights in Excess of the Maximum Threshold for Voting Rights Held)

Article 17-7 (1) If a bank seeks an approval for holding voting rights in excess of the maximum threshold for voting rights held pursuant to the provisions of Article 16-4, proviso of paragraph (2) of the Act, it must attach the following documents to a written application for approval and submit them to the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) a document stating the name of a domestic company pertaining to the approval and content of its business;
- (iii) a document stating policies concerning the method of disposing of a portion of voting rights that the bank has acquired or held in excess of the maximum threshold for voting rights held among voting rights of a domestic company to which the approval pertains; and
- (iv) other documents giving information that should serve as a reference in an examination pursuant to the following paragraph.

(2) When an application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether the bank filling the application or its subsidiary company has what is found to be a compelling reason for holding voting rights in excess of the maximum threshold for voting rights held.

(3) The provisions of Article 2, paragraph (11) of the Act apply *mutatis mutandis* to voting rights prescribed in paragraph (1), item (iii).

(When Voting Rights May Be Held in Excess of the Maximum Threshold for Voting Rights Held)

Article 17-7-2 (1) The case specified by Cabinet Office Order that is provided for in Article 16-4, paragraph (4), item (i) of the Act means if the relevant bank makes its subsidiary company out of another bank, a long-term credit bank, a company specialized in securities, a company specialized in securities intermediation, an insurance company, or small amount and short-term insurance company after obtaining an approval under Article 16-2, item (vii) of the Act.

(2) The case specified by Cabinet Office Order that is provided for in Article 16-4, paragraph (4), item (v) of the Act means:

- (i) if the relevant bank has succeeded to the business of another bank or a long-term credit bank due to an absorption-type company split after obtaining an authorization under Article 30, paragraph (2) of the Act; or
- (ii) if the relevant bank makes its subsidiary company out of another bank, a

long-term credit bank, a company specialized in securities, a company specialized in securities intermediation, an insurance company, or a small amount and short-term insurance company, by succeeding to business due to an absorption-type company split after obtaining an authorization under Article 30, paragraph (2) of the Act (excluding cases as set forth in the preceding item).

(3) The case specified by Cabinet Office Order that is provided for in Article 16-4, paragraph (4), item (vi) of the Act means:

- (i) if the relevant bank makes a business acquisition of another bank or a long-term credit bank, or, a credit union, a credit cooperative, or a labor bank (including a federation organized with these corporations) after obtaining an approval under Article 30, paragraph (3) of the Act; or
- (ii) if the relevant bank makes its subsidiary company out of another bank, a long-term credit bank, a company specialized in securities, a company specialized in securities intermediation, an insurance company, or a small amount and short-term insurance company, by making a business acquisition after obtaining authorization under Article 30, paragraph (3) of the Act (excluding cases as set forth in the preceding item).

(Company Subject to Special Provisions)

Article 17-7-3 (1) The company specified by Cabinet Office Order that is provided for in Article 16-4, paragraph (8) of the Act means a company which has received capital contributions from an entity that falls under either of the following items or a company which prepares a business reconstruction plan with the involvement of regional economy vitalization corporation of Japan (limited to a company that does not constitute a subsidiary company, etc. of a bank; referred to as a "company in the business revitalization process under special provisions" in the following paragraph):

- (i) an investment limited partnership in which a stock company to be incorporated through the implementation of the activity set forth in Article 22, paragraph (1), item (viii) of the Act on Regional Economy Vitalization Corporation of Japan is an unlimited liability partner, and the bank or its subsidiary company is a partner of the investment limited partnership; or
  - (ii) an investment limited partnership in which a stock company to be incorporated through the implementation of the activity set forth in Article 22, paragraph (1), item (viii) of the Act on Regional Economy Vitalization Corporation of Japan is an unlimited liability partner, and the bank or its subsidiary company makes capital contributions to the stock company.
- (2) Notwithstanding the provisions of the preceding paragraph, if a specified subsidiary company does not dispose of the voting rights acquired thereby in a company in the business revitalization process under special provisions by the

base disposition date (meaning the day on which ten years have elapsed from the day of the acquisition of the voting rights; hereinafter the same applies in this paragraph), the company in the business revitalization process under special provisions is to be treated as not corresponding to a company specified by Cabinet Office Order as prescribed in Article 16-4, paragraph (8) of the Act which pertains to the bank from the day following the base disposition date; provided, however, that this does not apply to a case in which; the number of voting rights in the company in the business revitalization process under special provisions held by the bank or its subsidiary company falls below the base number of voting rights as of the base disposition date, if the disposition is performed (meaning the number of voting rights arrived at when the number of all shareholders', etc. voting rights is multiplied by five percent; hereinafter the same applies in this paragraph); and the specified subsidiary company disposes of a portion of voting rights which exceeds the base number of voting rights as of the base disposition among the voting rights in the company in the business revitalization process under special provisions held by the bank or its subsidiary company, during the period from the date of the acquisition to the base disposition date.

- (3) The company uniquely related to the relevant person as specified by Cabinet Office Order that is provided for in Article 16-4, paragraph (8) of the Act means a company which is a subsidiary company, etc. (meaning a subsidiary company, etc. and an affiliated corporation, etc.; the same applies in Article 34-23-2, paragraph (3)) of a company cultivating new business field or company in the business revitalization process, in which the bank or its subsidiary companies not constituting a company cultivating new business field nor company in the business revitalization process do not have the voting rights in excess of the number of voting rights arrived at when the number of all shareholders', etc. voting rights is multiplied by five percent if their voting rights are combined.
- (4) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to the voting rights prescribed in the preceding two paragraphs.

## **Chapter IV Accounting**

(Record of Reserve under Article 18 of the Act)

Article 17-7-4 (1) If a bank pays dividends from surplus, the amount of capital reserve after the payment of dividends from surplus is the amount arrived at when the amount specified in each of the following items for the category of cases as set forth in those items is added to the amount of capital reserve immediately before the payment of dividends from surplus:

- (i) if the amount of capital reserve or retained earnings reserve (hereinafter referred to generally as "reserve" in this Article) on the date of payment of

the dividends from surplus is equivalent to the amount of stated capital on the that date or more: nil;

- (ii) if the amount of reserve on the date of payment of the dividends from surplus is less than the amount of stated capital on that date: the amount arrived at when whichever amount is smaller of the amount as set forth in sub-item (a) or sub-item (b) is multiplied by the dividend rate of capital reserve (which means the percentage arrived at when the amount as set forth in item (i), (a) of the following Article is dividend by the amount as set forth in Article 446, item (vi) of the Companies Act):
  - (a) the upper limit of reserve to be recorded on the date of payment of dividends from surplus (which means the amount arrived at when the amount of reserve is deducted from the amount of stated capital; hereinafter the same applies in this Article);
  - (b) the amount arrived at when the amount as set forth in Article 446, item (vi) of the Companies Act is multiplied by twenty percent.
- (2) If the bank pays dividends from surplus, the amount of retained earnings reserve after the payment of dividends from surplus is the amount arrived at when the amount specified in each of the following items for the category of cases as set forth in those items is added to the amount of retained earnings reserve immediately before the payment of dividends from surplus:
  - (i) if the amount of reserve on the date of payment of the dividends from surplus is equal to the amount of stated capital on that date or more: nil;
  - (ii) if the amount of reserve on the date of payment of the dividends from surplus is less than the amount of stated capital on that date: the amount arrived at when whichever amount is smaller of the amounts as set forth in sub-item (a) or sub-item (b) is multiplied by the dividend rate of retained earnings reserve (which means the percentage arrived at when the amount as set forth in item (ii), (a) of the following Article is divided by the amount as set forth in Article 446, item (vi) of the Companies Act):
    - (a) the upper limit of reserve to be recorded on the date of payment of dividends from the surplus;
    - (b) the amount arrived at when the amount as set forth in Article 446, item (vi) of the Companies Act is multiplied by twenty percent.

(Amount of Surplus to Be Deducted)

Article 17-7-5 If a bank pays a dividend payment from surplus, the amount as set forth in each of the following items after the payment of dividends from surplus is the amount arrived at when the amount as specified in those items is deducted from the amount immediately before the payment of dividends from surplus:

- (i) amount of other stated capital surplus: the total of the amounts as set forth

in the following:

- (a) amounts specified by the bank to be deducted from other stated capital surplus among the amounts as set forth in Article 446, item (vi) of the Companies Act; and
  - (b) the amount as specified in paragraph (1), item (ii) of the preceding Article in the case as set forth in that item;
- (ii) amount of other retained earnings surplus: the total of the following amounts:
- (a) amounts specified by the bank to be deducted from other retained earnings surplus among the amounts as set forth in Article 446, item (vi) of the Companies Act; and
  - (b) the amount as specified in paragraph (2), item (ii) of the preceding Article in the case as set forth in that item.

(Business Report)

Article 18 (1) A bank must prepare an interim business report under Article 19, paragraph (1) of the Act, with regard to the condition of business and assets during the period from the beginning date of a business year to September 30 of that business year, by separating data into an interim summary statement of business, an interim balance sheet, an interim profit and loss statement, an interim statement of changes in net assets, and an interim cash flow statement (or, into an interim summary statement of business, an interim balance sheet, and an interim profit and loss statement in case of a foreign bank branch) pursuant to the appended form 1 (or, pursuant to the appended form 1-2 in case of a bank with specified transaction account; or, pursuant to the appended form 2 in case of a foreign bank branch (or, pursuant to the appended form 2-2 in case of a foreign bank branch that submitted notification of a specified transaction account)), and must submit that report to the Commissioner of the Financial Services Agency, etc. within three months after the close of that period.

(2) A bank must prepare an business report under Article 19, paragraph (1) of the Act by separating data into a summary statement of business, a balance sheet, a profit and loss statement, a statement of changes in net assets, and a cash flow statement (or, into a summary statement of business, a balance sheet, and a profit and loss statement in case of a foreign bank branch) pursuant to the appended form 3 (or, pursuant to the appended form 3-2 in case of a bank with specified transaction account; or, pursuant to the appended form 4 in case of a foreign bank branch, (or, pursuant to the appended form 4-2 in case of a foreign bank branch that submitted notification of a specified transaction account)), and must submit that report to the Commissioner of the Financial Services Agency, etc. within three months after the close of that period.

- (3) A bank must prepare an interim business report under Article 19, paragraph (2) of the Act pursuant to the appended form 5, with regard to the condition of business and assets of the bank and its subsidiary company, etc. (which means a subsidiary company, etc., as prescribed in Article 14-2, item (ii) of the Act; hereinafter the same applies in this Chapter, the following Chapter, and Article 35, paragraph (1)) for the period from the beginning date of a business year to September 30 of that business year, by separating data into an interim summary statement of business and an interim consolidated financial statements, and must submit that report to the Commissioner of the Financial Services Agency, etc. within three months after the close of that period.
- (4) A bank must prepare a business report under Article 19, paragraph (2) of the Act pursuant to the appended form 5-2 by separating data into a summary of business report and consolidated financial statements, and must submit that report to the Commissioner of the Financial Services Agency, etc. within three months after the close of the period.
- (5) If a bank is unable to submit an interim business report or a business report within the period specified in each of the preceding paragraphs due to compelling reasons, the bank may obtain an approval of the Commissioner of the Financial Services Agency (or, an approval of the Director General of the Local Finance Bureau that has jurisdiction over the location of the head office of that bank or an approval of the Director General of the Fukuoka Local Finance Branch Bureau, if the Director General of the Local Finance Bureau (or, the Director General of the Fukuoka Local Finance Branch Bureau if that location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau) receives those reports pursuant to the provisions of Article 17-2 of the Order), in advance, and may postpone that submission.
- (6) If a bank intends to obtain an approval under the preceding paragraph, the bank must attach a written statement of reasons to a written application for approval and submit them to the Commissioner of the Financial Services Agency, etc.
- (7) When an application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the bank filling the application has what is found to be a compelling reason to postpone the submission as under paragraph (5).

(Public Notice of Balance Sheet)

Article 19 (1) A bank must prepare an interim balance sheet, etc. which is to be prepared pursuant to the provisions of Article 20, paragraph (1) of the Act (which means an interim balance sheet, etc., as prescribed in that paragraph; and includes an electronic or magnetic record that is prepared pursuant to the provisions of paragraph (3) of that Article (which means an electronic or

magnetic record as prescribed in that paragraph; the same applies hereinafter); the same applies in paragraph (6)), pursuant to the appended form 6-1 (or, pursuant to the appended form 6-2-1 in case of a bank with specified transaction account; or, pursuant to the appended form 7-1 in case of a foreign bank branch (or, the appended form 7-2-1 in case of a foreign bank branch that submitted notification of a specified transaction account)); and must prepare a balance sheet, etc. (which means a balance sheet, etc., as prescribed in paragraph (1) of that Article; and includes an electronic or magnetic record prepared pursuant to the provisions of paragraph (3) of that Article; the same applies in paragraph (6)) pursuant to the appended form 6-3-1 (or, pursuant to the appended form 6-4-1 in case of a bank with specified transaction account; or, pursuant to the appended form 7-3-1 in case of a foreign bank branch (or, pursuant to the appended form 7-4-1 in case of a foreign bank branch that submitted notification of a specified transaction account)).

- (2) A bank must prepare an interim consolidated balance sheet, etc. which is to be prepared pursuant to the provisions of Article 20, paragraph (2) of the Act (which means the interim consolidated balance sheet, etc., as prescribed in that paragraph and includes an electronic or magnetic record that is prepared pursuant to the provisions of paragraph (3) of that Article; the same applies in paragraph (6)) pursuant to the appended form 8-1, and must prepare a consolidated balance sheet, etc. (which means the consolidated balance sheet, etc., as prescribed in paragraph (2) of that Article, and includes an electronic or magnetic record prepared pursuant to the provisions of paragraph (3) of that Article; the same applies in paragraph (6)) pursuant to the appended form 8-2-1.
- (3) The record specified by Cabinet Office Order that is provided for in Article 20, paragraph (3) of the Act means a record of data that has been recorded into a file created using a magnetic disk or other object with an equivalent means of reliably storing fixed sets of data.
- (4) If a bank intends to obtain an approval for postponement of public notice under proviso of paragraph (4) of Article 20 of the Act, the bank must attach a written statement of reasons to a written application for approval and submit them to the Commissioner of the Financial Services Agency, etc.
- (5) When an application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the bank filing the application has what is found to be a compelling reason to postpone the public notice as under the provisions of proviso of paragraph (4) of Article 20 of the Act.
- (6) The overview of an interim balance sheet, etc. which is to be provided by public notice by a bank pursuant to the provisions of Article 20, paragraph (5)

of the Act is to be as specified in the appended form 6-2 (or, in the appended form 6-2-2 in case of a bank with specified transaction account; or, in the appended form 7-2 in case of a foreign bank branch (or, in the appended form 7-2-2 in case of a foreign bank branch that submitted notification of a specified transaction account)), the overview of the balance sheet, etc. which is to be provided by public notice by a bank pursuant to that paragraph is to be as specified in the appended form 6-3-2 (or, in the appended form 6-4-2 in case of a bank with specified transaction account; or, in the appended form 7-3-2 in case of a foreign bank branch (or, in the appended form 7-4-2 in case of a foreign bank branch that submitted notification of a specified transaction account)), the overview of the interim consolidated balance sheet, etc. which is to be provided by public notice by a bank pursuant to that paragraph is to be as specified in the appended form 8-2, and the overview of the consolidated balance sheet, etc. which is to be provided by public notice by a bank pursuant to that paragraph is to be as specified in the appended form 8-2-2.

- (7) The means of employing an electronic data processing system or of applying any other information and communications technology that is specified by Cabinet Office Order as provided in Article 20, paragraph (6) of the Act means one of the following means:
- (i) a means of employing an electronic data processing system as set forth in sub-item (a) or sub-item (b):
    - (a) a means that causes information to be transmitted over a telecommunications line that connects the computer used by a sender and the computer used by a recipient, and to be recorded in a file that has been prepared on the computer used by the recipient; or
    - (b) a means that uses a telecommunications line to make the substance of the information recorded in a file that has been prepared on a computer used by the person transmitting it available for the person being provided with the information to inspect, and causes that information to be recorded in a file that has been prepared on a computer used by the person being provided with that information;
  - (ii) a means of delivering a record of data that has been recorded into a file created using a magnetic disk or other object with an equivalent means of reliably storing fixed sets of data.
- (8) The means set forth in each item of the preceding paragraph must enable the recipient to prepare a document by outputting what has been recorded in the file.
- (9) The measures under Article 20, paragraph (6) of the Act are to be taken by a means as set forth in paragraph (7), item (i), (b) that involves using an automatic public transmission server connected to the Internet (meaning an apparatus capable of connecting to a public telecommunications line in order to

automatically transmit to the public information recorded on a part of its recording medium that is used for automated public transmissions or information that is input into that apparatus; the same applies hereinafter).

(Public Inspection of Explanatory Documents Concerning the Condition of Business and Assets)

Article 19-2 (1) The particulars specified by Cabinet Office Order that are provided for in Article 21, first sentence of paragraph (1) of the Act are the particulars set forth in the following (excluding the particulars set forth in item (i), (a) through (h), item (ii), item (iii), (b), 11., item (iv) (excluding the part concerning sub-item (c)), item (v), (i), and item (vi) in case of preparing explanatory documents for an interim period of a business year (hereinafter referred to as "interim explanatory documents")); provided, however, that the particulars set forth in item (v), (e) are limited to those concerning a bank that has an overseas business location (meaning the overseas business location prescribed in Article 1, paragraph (3) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act; the same applies in the proviso to the following Article and the proviso to Article 34-26, paragraph (1)):

- (i) the following particulars concerning the summary and organization of a bank:
  - (a) the management organization (including systems for business management of a subsidiary company, etc. of the bank (excluding a subsidiary company, etc. that does not have a material effect on the content of the explanatory documents prescribed in the first sentence of Article 21, paragraph (2) of the Act), if the bank is not a subsidiary company of another bank or a bank holding company);
  - (b) the following particulars concerning the largest ten or more shareholders in order of the number of shares held:
    - 1. names of the shareholders (or names of a corporation or other organization, if the shareholder is the corporation or other organization);
    - 2. the number of shares held by each shareholder; and
    - 3. the percentage of shares held by each shareholder to the total number of issued shares;
  - (c) names and titles of its directors and company auditors (or, names and titles of its directors if the bank is a company with audit and supervisory committee; or names and titles of its directors and executive officers if the bank is a company with nominating committee, etc.);
  - (d) names of its accounting advisors if the bank is a company with accounting advisors;

- (e) names of its financial auditors;
- (f) names and locations of its business offices;
- (g) the following particulars concerning a bank agent that has the bank as its principal bank:
  - 1. the bank agent's trade name or name; and
  - 2. names of business offices or offices where the bank agent carries out its bank agency services for the bank;
- (h) the following particulars concerning a trustee of acts as set forth in each item of Article 2, paragraph (14) of the Act in a foreign state:
  - 1. the trustee's trade name or name; and
  - 2. names and locations of business offices or business offices where the trustee performs acts as set forth in each item of Article 2, paragraph (14) of the Act for the bank;
- (ii) the content of principal business of the bank (including the content of the trust business, in case of carrying out trust business);
- (iii) the following particulars concerning the principal business of the bank:
  - (a) summary of its business in the latest interim period of its business year or in the latest business year;
  - (b) the following particulars, as an indicator of the condition of the principal business in the latest three interim periods of business year and two business years, or, the latest five business years (but, stating the particulars set forth in sub-items 13 through 16 is limited to a case in which the bank carries out the trust business):
    - 1. its ordinary income;
    - 2. its ordinary profit or ordinary loss;
    - 3. its interim net income or interim net loss, or its net income for the period or net loss for the period;
    - 4. its stated capital and total number of issued shares;
    - 5. the amount of its net assets;
    - 6. the amount of its total assets;
    - 7. the balance of its deposits;
    - 8. the balance of its loans;
    - 9. the balance of its securities;
    - 10. its non-consolidated capital adequacy ratio (which means the ratio obtained by the formula pertaining to the standards as prescribed in Article 14-2, item (i) of the Act; the same applies in item (v); Article 22, paragraph (1), item (ix); and Article 22-2, paragraph (1), item (ix));
    - 11. its dividend payout rate;
    - 12. the number of its employees;
    - 13. its trust remuneration;
    - 14. the loan balance of its trust accounts;

- 15. the balance of securities of its trust accounts; and
- 16. the amount of its trust assets;
- (c) the particulars set forth in Appended Table 1 as an indicator of the condition of business in the latest two interim periods of business year or in the latest two business years;
- (iv) the following particulars concerning business management of the bank services:
  - (a) its risk management system; and
  - (b) its compliance system;
  - (c) the status of its efforts for the improvement of management of small and medium-sized enterprises and for regional revitalization;
  - (d) the particulars prescribed below for the categories of cases set forth respectively therein:
    - 1. if there is a designated dispute resolution organization: the trade name or name of the designated dispute resolution organization which is the other party to the basic contract for the implementation of dispute resolution procedures with which the bank takes a measure to conclude that contract, as prescribed in Article 12-3, paragraph (1), item (i) of the Act ;
    - 2. if there is no designated dispute resolution organization: the details of the complaint handling measures and the dispute resolution measure of the bank prescribed in Article 12-3, paragraph (1), item (ii) of the Act; and
- (v) the following particulars concerning the condition of assets of the bank in the latest two interim periods of business year or in the latest two business years:
  - (a) interim balance sheets, interim profit and loss statements, and interim statements of changes in net assets, or, balance sheets, profit and loss statements, and statements of changes in net assets;
  - (b) the amount as set forth in the following among loans, and the total of these amounts:
    - 1. loans corresponding to those from which claims against debtors in bankruptcy arise (these claims mean those arising from loans on which accrued interest has not been recorded since it is considered unlikely for the bank to collect the principal or interest or for the debtors to pay the principal or interest (excluding the portion of such a loan that has been written off as uncollectible; hereinafter referred to as a "loan with unrecorded accrued interest") because its payment has been delayed for a considerable period or because of other reasons, and regarding which there are grounds as set forth in Article 96, paragraph (1), item (iii), (a) through (e) of the Order for Enforcement of the Corporation

- Tax Act (Cabinet Order No. 97 of 1965) or ground as prescribed in item (iv) of that paragraph; the same applies hereinafter);
2. loans corresponding to those from which claims in arrears arise (these claims mean those arising from loans with unrecorded accrued interest that are other than those as set forth in sub-item 1 and other than those for which the bank has deferred a debtor's paying interest in order to facilitate reorganization of a debtor's management or support of the debtor; the same applies hereinafter);
  3. loans corresponding to those from which claims in arrears for three months or more arise (these claims mean loans (excluding those as set forth in sub-item 1 and sub-item 2) for which payment of principal or interest has been delayed for three months or more from the date following the agreed payment date; the same applies hereinafter); and
  4. loans corresponding to those from which claims with moderate loan conditions arise (these claims mean those arising from loans (excluding the loans as set forth in sub-item 1, sub-item 2 and sub-item 3) with agreement of a reduction of money rate, deferred payment of interest, deferred payment of principal, waiver of claim, or other agreement which becomes advantageous to a debtor, for the purpose of facilitating reorganization of a debtor's management or support of the debtor; the same applies hereinafter);
- (c) the amount of loans pertaining to a trust (including a trust that is re-entrusted for the management of trust assets) with a contract for compensation of principal that correspond to those from which claims to debtors in bankruptcy, claims in arrears, claims in arrears for three months or more, and claims with moderate loan conditions arise, and the total amount of those loans;
- (d) the particulars specified separately by the Commissioner of the Financial Services Agency concerning the condition of adequacy of equity capital;
- (e) the particulars specified separately by the Commissioner of the Financial Services Agency concerning the condition of soundness in management in terms of liquidity;
- (f) an acquisition price, a contract price, a current price, and an revaluation gain or loss of the followings:
1. securities;
  2. money trusts; and
  3. transactions as set forth in Article 13-3, paragraph (1), item (v), (a) through (e);
- (g) the balance at the end of business year and changes during the business year of the allowance for doubtful accounts;
- (h) the amount of loan amortization;

- (i) an indication that the documents (including an electronic or magnetic record prepared pursuant to the provisions of paragraph (3) of that Article) prepared pursuant to the provisions of Article 20, paragraph (1) of the Act have been audited by financial auditors pursuant to Article 396, paragraph (1) of the Companies Act if that is the case;
- (j) an indication that a bank has had an audit certification done by a certified public accountant (including a foreign certified public accountant prescribed in Article 16-2, paragraph (5) of the Certified Public Accountants Act (Act No. 103 of 1948); the same applies hereinafter) or auditing firm based on provisions of Article 193-2 of the Financial Instruments and Exchange Act for an interim balance sheet, an interim profit and loss statement, and an interim statement of changes in net assets, or, for a balance sheet, a profit and loss statement, and a statement of changes in net assets, if that is the case; or
- (k) an indication that an external audit has been conducted concerning the calculation of non-consolidated capital adequacy ratio, if that is the case.
- (vi) the particulars of remuneration, etc. (meaning remuneration, bonuses or any other type of economic benefit payable from the bank as consideration for performance of duties or wages prescribed in Article 11 of the Labor Standards Act (Act No. 49 of 1947)) which are specified separately by the Commissioner of the Financial Services Agency as particulars that may have a material impact on the conditions of business operation or assets of the bank; and
- (vii) an indication that, at the end of the business period (or, at the end of interim business period, in case of preparing interim explanatory documents), there exists an event or circumstances that cast serious doubt on the premise that the bank will continue its business in the future or any other event that may have a significant effect on the management of the bank (hereinafter referred to as a "material event, etc." in this item and in item (v) of the following Article) if that is the case, and, the details of that event, the results of analysis and examination of the material event, etc., and the specific measures to be taken to eliminate or improve the material event, etc.,
- (2) Notwithstanding the provisions of the preceding paragraph, the particulars specified by Cabinet Office Order that are provided for in the first sentence of Article 21, paragraph (1) of the Act regarding a foreign bank branch are the following particulars (excluding the particulars set forth in item (i), (a), in case of preparing interim explanatory documents).
  - (i) the following particulars concerning a summary of the foreign bank branch:
    - (a) the name and title of the representative person in Japan of the foreign bank branch;
    - (b) the following particulars concerning the largest ten or more owners of

shares, etc. in order of number of shares held, with regard to shares, etc. in a foreign bank to which a foreign bank branch pertains:

1. names of the owners (or, names of a corporation or other organization, if the owner is the corporation or other organization);
2. the number or amount of shares, etc. held by each owner of shares, etc.;
3. percentage of shares, etc. held by each owner of shares, etc. to issued shares, etc.;

(c) the name and location of its business offices;

(d) the following particulars concerning the bank agent which has the foreign bank branch as its principal bank:

1. the bank agent's trade name or name; and
2. names of business offices or offices where the bank agent carries out its bank agency services for the foreign bank branch;

(ii) summary of business of the foreign bank branch in the latest interim period of business year or in the latest business year; and

(iii) interim balance sheets and interim profit and loss statements of the foreign bank branch in the latest two interim periods of business year, or balance sheets and profit and loss statements of the foreign bank branch in the latest two business years.

(3) In addition to explanatory documents stating the particulars prescribed in the preceding paragraph, a foreign bank branch must keep documents (including those written in any language other than Japanese) giving particulars concerning the condition of business and assets of the company that is a foreign bank to which the foreign bank branch pertains or a holding company that has the foreign bank as its subsidiary company and is incorporated based on foreign laws and regulations (which is referred to as a "foreign bank holding company" in the following paragraph), at the foreign bank branch (excluding an unmanned business office; the same applies in the following paragraph), and must make the documents available for public inspection.

(4) If documents as prescribed in the preceding paragraph are written in a language other than Japanese, in addition to those documents, a foreign bank branch must prepare documents written in Japanese regarding the summary of business pertaining to a foreign bank or a foreign bank holding company to which the foreign bank branch pertains, and regarding its interim balance sheet and its interim profit and loss statement or its balance sheet and its profit and loss statement, must keep them at the foreign bank branch, and must make them available for public inspection.

(5) A business office as specified by Cabinet Office Order that is provided for in Article 21, first sentence of paragraph (1) of the Act is the following business offices:

- (i) a bank's unmanned business office; and

- (ii) a bank's business office located in a foreign state.

Article 19-3 The particulars specified by Cabinet Office Order that are provided for in Article 21, first sentence of paragraph (2) of the Act are the following particulars (excluding the particulars set forth in item (i), item (iii), (f), and item (iv), in case of preparing interim explanatory documents); provided, however, that the particulars set forth in item (iii), (d) are limited to those concerning a bank that has an overseas business location:

- (i) the following particulars concerning the summary of a bank and its subsidiary company, etc. (excluding a subsidiary company, etc. that does not have a material effect on the content of explanatory documents as prescribed in Article 21, first sentence of paragraph (2) of the Act; hereinafter the same applies in this Article):
  - (a) the content of principal business and organizational structure of the bank and its subsidiary company, etc.;
  - (b) the following particulars concerning the bank's subsidiary company, etc.:
    1. its name;
    2. the location of its principal business office or its principal office;
    3. its stated capital or its contribution in capital;
    4. the content of its business;
    5. the date of its establishment;
    6. percentage of the bank's voting rights in its subsidiary company, etc. to all shareholders' or all investors' voting rights; and
    7. percentage of voting rights in a single subsidiary company, etc. of the bank which are held by the bank's other subsidiary company, etc. not constituting that single subsidiary company, etc., to all shareholders', all members' or all investors' voting rights.
- (ii) the following particulars concerning the principal business of the bank and its subsidiary company, etc.:
  - (a) the summary of business in the latest interim period of business year or in the latest business year; and
  - (b) the following particulars, as an indicator of the condition of principal business in the latest three interim periods of consolidated fiscal year (which means a period pertaining to the preparation of interim consolidated financial statements; the same applies hereinafter) and the latest two consolidated fiscal years (which means a period pertaining to preparation of consolidated financial statements; the same applies hereinafter) or in the latest five consolidated fiscal years:
    1. its ordinary income or any amount equivalent thereto;
    2. its ordinary profit or ordinary loss, or any amount equivalent thereto;
    3. its interim net income attributable to the shareholders of the parent

- company or interim net loss attributable to the shareholders of the parent company, or, its net income for the period attributable to the shareholders of the parent company or net loss for the period attributable to the shareholders of the parent company;
4. its comprehensive income;
  5. the amount of its net assets;
  6. the amount of its total assets; and
  7. its consolidated capital adequacy ratio;
- (iii) the following particulars of the condition of assets of the bank and its subsidiary company, etc., in the latest two interim periods of consolidated fiscal year or in the latest two consolidated fiscal years:
- (a) interim consolidated balance sheets, interim consolidated profit and loss statements, and interim consolidated statements of changes in net assets, or consolidated balance sheets, consolidated profit and loss statements, and consolidated statements of changes in net assets (including documents similar thereto; the same applies in sub-item (g));
  - (b) the amounts as set forth in the following among loans, and the total of these amounts:
    1. loans corresponding to those from which claims against debtors in bankruptcy arise;
    2. loans corresponding to those from which claims in arrears arise;
    3. loans corresponding to those from which claims in arrears for three months or more arise; and
    4. loans corresponding to those from which claims with moderate loan conditions arise;
  - (c) the particulars specified separately by the Commissioner of the Financial Services Agency concerning the condition of adequacy of equity capital;
  - (d) the particulars specified separately by the Commissioner of the Financial Services Agency concerning the condition of soundness in management in terms of liquidity;
  - (e) segment information prescribed in Article 15-2, paragraph (1) of the Regulation on Consolidated Financial Statements or information equivalent thereto;
  - (f) an indication that the documents prepared pursuant to the provisions of Article 20, paragraph (2) of the Act (including an electronic or magnetic record that is prepared pursuant to the provisions of paragraph (3) of that Article) has been audited by financial auditors pursuant to Article 396, paragraph (1) of the Companies Act, if that is the case;
  - (g) an indication that the bank has had an audit certification done by a certified public accountant or an auditing firm based on the provisions of Article 193-2 of the Financial Instruments and Exchange Act for its

- interim consolidated balance sheet, interim consolidated profit and loss statement, and interim consolidated statement of changes in net assets, or, for its consolidated balance sheet, consolidated profit and loss statement, and consolidated statement of changes in net assets, if that is the case; and
- (h) an indication that an external audit has been conducted concerning the calculation of consolidated capital adequacy ratio, if that is the case;
- (iv) the particulars of remuneration, etc. (meaning remuneration, bonuses or any other type of economic benefit payable from a bank or its subsidiary company, etc. as consideration for performance of duties or wages prescribed in Article 11 of the Labor Standards Act) which are specified separately by the Commissioner of the Financial Services Agency as particulars that may have a material impact on the conditions of business operation or assets of the bank or its subsidiary Company, etc.;
- (v) an indication that, at the end of the business period (or, at the end of interim business period, in case of preparing interim explanatory documents), there exists a material event, etc. if that is the case, and, the details of that event, the results of analysis and examination of the material event, etc., and the specific measures to be taken to eliminate or improve the material event, etc.; and
- (vi) in case of a corporation, etc. subject to special business accounting standards, etc., the business accounting standards adopted thereby.

Article 19-4 (1) A bank must commence to make available documents (which include documents prescribed in Article 19-2, paragraph (3) and paragraph (4) in case of a foreign bank branch; include an electronic or magnetic record prepared pursuant to Article 20, paragraph (3) of the Act, and Article 21, paragraph (3) of the Act; and are referred to as "documents subject to public inspection" in this paragraph and the following paragraph) prepared pursuant to the provisions of Article 20, paragraph (1) or paragraph (2) of the Act and Article 21, paragraph (1) or paragraph (2) of the Act, for public inspection, within four months after the end of an interim period of a business year and within four months after the end of a business year of the bank (or, within six months after the end of an interim period of a business year and within six months after the end of a business year in case of a foreign bank branch), and must continue to do so until the bank commences to make each of the documents subject to public inspection pertaining to an interim period of the following business year after that interim period of the business year and pertaining to the following business year after that business year available for public inspection.

- (2) If a bank is unable to commence to make documents subject to public inspection available for public inspection by the period prescribed in the

preceding paragraph due to compelling reasons, the bank may obtain an approval of the Commissioner of the Financial Services Agency in advance (or, that of the Director General of the Local Finance Bureau that has jurisdiction over the location of the head office of a bank (or, the Director General of the Fukuoka Local Finance Branch Bureau, if that location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau) if that bank is a bank not constituting that which is designated by the Commissioner of the Financial Services Agency) and may postpone the commencement of the public inspection.

- (3) If a bank intends to obtain an approval under the preceding paragraph, the bank must attach a written statement of reasons to a written application for approval and submit them to the Commissioner of the Financial Services Agency, etc.
- (4) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the bank filling the application has a compelling reason to postpone commencement of public inspection as under the provisions of paragraph (1).
- (5) The measure specified by Cabinet Office Order that is provided for in Article 21, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to paragraph (5) of that Article) means one that is taken to show the information that has been recorded in an electronic or magnetic record on a sheet of paper or to display it on a screen.

Article 19-5 A bank must conduct the disclosure of especially material particulars (including the particulars specified separately by the Commissioner of the Financial Services Agency) among information of reference for a depositor as prescribed in Article 21, paragraph (7) of the Act and other customers to learn the condition of business and assets of the bank and its subsidiary company, etc.

(Information for Inclusion in a Business Report)

- Article 20 (1) Business reports as prescribed in Article 22 of the Act must be prepared pursuant to item (ix) of the appended form (with regard to a bank with specified transaction account, item (ix)-2 of the appended form).
- (2) Annexed detailed statement pursuant to the provisions of Article 22 of the Act must be prepared pursuant to item (x) of the appended form.

(Corporation for Which Management Is Controlled by a Bank)

Article 21 The particulars specified by Cabinet Office Order that are provided for in Article 24, paragraph (2) of the Act are a subsidiary corporation, etc. of

the bank (excluding a subsidiary company of the bank).

## **Chapter V Mergers, Company Splits, and Business Transfers and Acquisitions**

(Application of Approval for Merger)

Article 22 (1) A bank, when intending to obtain an authorization for merger pursuant to the provisions of Article 30, paragraph (1) of the Act, must submit a written application for authorization accompanied by the following documents to the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) minutes of shareholders meetings and other documents certifying that necessary procedures were followed;
- (iii) a document stating the content of the contract of the merger;
- (iv) a document stating the merger costs;
- (v) the latest balance sheet, profit and loss statement, and statement of changes in net assets, and recent daily statement of accounts;
- (vi) if there is any shareholder that has made a demand under Article 784-2, Article 796-2, or Article 805-2 of the Companies Act, a document stating the progress of the procedures pertaining to the demand;
- (vi)-2 when there are creditors who received public notice or other notice (when a public notice is given by means of a daily newspaper publishing the particulars of current events or an electronic public notice, in addition to by a gazette, pursuant to the provisions of the Article 789, paragraph (3) of the Companies Act (including cases in which it is applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act; the same applies hereinafter); Article 799, paragraph (3); or Article 810, paragraph (3) (including cases in which it is applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act; the same applies hereinafter), the public notice by these means) pursuant to the provisions of the Article 789, paragraph (2) of that Act (excluding item (iii), and including cases in which it is applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act; the same applies hereinafter); Article 799, paragraph (2); or Article 810, paragraph (2) (excluding item (iii), and including cases in which it is applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act; the same applies hereinafter), and the creditor filed an objection, a document evidencing that the debt was paid to the creditor, reasonable security was provided to the creditor, or reasonable assets were entrusted for the purpose of payment to the creditor, or there is no risk of loss to the creditor if the merger is implemented;
- (vii) if a company disappearing in the merger or a company that consolidates

- shares is a share certificate-issuing company, a document evidencing that public notice was given pursuant to the provisions of the main clause of Article 219, paragraph (1) of the Companies Act, or a document evidencing that share certificates have not been issued with regard to all the shares;
- (vii)-2 if a company disappearing in the merger has issued share options, a document evidencing that public notice was given pursuant to the provisions of Article 293, paragraph (1) of the Companies Act and a document evidencing that share options as prescribed in the paragraph have not been issued;
- (viii) a document evidencing that a notification was submitted pursuant to the provisions of Article 15-2, paragraph (2) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947);
- (ix) articles of incorporation, resumes of the directors and auditors (for a company with audit and supervisory committee, the directors; and for a company with nominating committee, etc., the directors and executive officers), and a document stating the location of business offices of the bank surviving the merger or the bank incorporated in the merger, a document stating the status of establishment of business offices or offices where a bank agent, for which the principal bank is the bank, carries out bank agency services for the bank, and a document stating prospective income and expenditures and non-consolidated capital adequacy ratio after the merger;
- (ix)-2 if the bank surviving the merger or the bank incorporated in the merger is a company with accounting advisors, the resumes of the accounting advisors of that bank;
- (ix)-3 the resume of the financial auditor of the bank surviving the merger or the bank incorporated in the merger;
- (x) if any of the parties to a merger is not a bank, the latest articles of incorporation of any party that is not a bank and the documents as set forth in item (v);
- (xi) if the bank surviving the merger or the bank incorporated in the merger would make a company eligible to be a subsidiary company (meaning a company eligible to be a subsidiary company as prescribed in Article 16-2, paragraph (1) of the Act, and excluding an advanced banking service company; hereinafter the same applies in this item, paragraph (1), item (xi) of the following Article, and Article 23, paragraph (1), item (ix)) its subsidiary company, the documents concerning the company eligible to be a subsidiary company as set forth in Article 17-5, paragraph (1), item (iv);
- (xi)-2 if the merger would cause the bank surviving the merger or the bank incorporated in the merger to come to hold voting rights in an advanced banking service company which, in total, exceed the maximum threshold for voting rights: a document set forth in Article 17-5-2, paragraph (1), item (iv)

- regarding the company;
- (xii) if the bank surviving the merger or the bank incorporated in the merger would have a subsidiary company, etc. (which means a subsidiary company, etc. as prescribed in Article 14-2, item (ii) of the Act; hereinafter the same applies in this item, paragraph (1), item (xii) of the following Article, and Article 23, paragraph (1), item (vii)), a document stating income and expenditures and the consolidated capital adequacy ratio of the bank and the subsidiary company, etc. after the merger;
  - (xiii) if the merger would cause the bank surviving the merger, the bank incorporated in the merger, or its subsidiary company to come to hold voting rights in a domestic company in a total number that exceeds the maximum threshold for voting rights held, a document stating the name and content of business of the domestic company; and
  - (xiv) other documents giving information that should serve as a reference in an examination as prescribed in Article 31 of the Act.
- (2) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to the voting rights prescribed in items (xi)-2 and (xiii) of the preceding paragraph.

(Application of Authorization for Company Split)

Article 22-2 (1) A bank, when intending to obtain an authorization for a company split pursuant to the provisions of Article 30, paragraph (2) of the Act, must submit a written application for authorization accompanied by the following documents to the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) minutes of shareholders meetings and other documents certifying that necessary procedures were followed;
- (iii) a document stating content of the incorporation-type company split plan or the absorption-type company split agreement;
- (iv) a document stating the costs of the company split;
- (v) the latest balance sheet, profit and loss statement, and statement of changes in net assets, and recent daily statement of accounts;
- (vi) if there is any shareholder that has made a demand under Article 784-2, Article 796-2, or Article 805-2 of the Companies Act, a document stating the progress of the procedures pertaining to the demand;
- (vi)-2 if there is a creditor that received public notice or other notice (when a public notice is given by means of a daily newspaper publishing the particulars of current events or an electronic public notice, in addition to by means of a gazette, pursuant to the provisions of the Article 789, paragraph (3) of the Companies Act; Article 799, paragraph (3); or Article 810, paragraph (3), the public notice by these means (when a separate notice is

- not required pursuant to the provisions of Article 789, paragraph (3) or Article 810, paragraph (3) of that Act, the public notice and other notice)) pursuant to the provisions of the Article 789, paragraph (2) of the Companies Act; Article 799, paragraph (2); or Article 810, paragraph (2), and the creditor filed an objection, a document evidencing that the debt was paid to the creditor, reasonable security was provided to the creditor, or reasonable assets were entrusted for the purpose of payment to the creditor, or there is no risk of loss to the creditor if the company split is implemented;
- (vii) if a share certificate-issuing company would consolidate shares, a document evidencing that public notice has been given pursuant to the provisions of Article 219, main clause of paragraph (1) of the Companies Act, or a document evidencing that share certificates have not been issued with regard to all the shares;
- (vii)-2 if the company to be split has issued share options and if it is as prescribed in Article 758, item (v) or Article 763, paragraph (1), item (x) of the Companies Act, a document evidencing that public notice was given pursuant to the provisions of Article 293, paragraph (1) of the Act and a document evidencing that certificates of share options as prescribed in the paragraph have not been issued;
- (viii) if a notification is required pursuant to the provisions of Article 15-2, paragraphs (2) or (3) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, a document evidencing that the notification was submitted;
- (ix) articles of incorporation, resumes of the directors and auditors (for a company with audit and supervisory committee, the directors; and for a company with nominating committee, etc., the directors and executive officers), and a document stating the location of business offices of the bank after the company split, a document stating the condition of the establishment of business offices or offices where a bank agent, for which the principal bank is the bank, carries out bank agency services for the bank, and a document stating prospective income and expenditures and non-consolidated capital adequacy ratio after the company split;
- (ix)-2 if the bank after the company split would be a company with accounting advisors, resumes of the accounting advisors of the bank;
- (ix)-3 the resume of the financial auditor of the bank after the company split;
- (x) if any of the parties to the company split is not a bank, prior articles of incorporation of the party that is not a bank and the documents as set forth in item (v);
- (xi) if the company split would make a company eligible to be a subsidiary company the subsidiary company of the relevant person, the documents concerning the company eligible to be a subsidiary company as set forth in

- Article 17-5, paragraph (1), item (iv);
- (xi)-2 if the company split would cause the relevant person to come to hold voting rights in an advanced banking service company that, in total, exceed the maximum threshold for voting rights: a document set forth in Article 17-5-2, paragraph (1), item (iv) regarding the company;
  - (xii) if the bank after the company split would have a subsidiary company, etc., a document stating the prospective income and expenditures and consolidated capital adequacy ratio of the bank and the subsidiary company, etc.;
  - (xiii) if the company split would cause a subsidiary company of the bank to cease to be its subsidiary company, a document stating the name of the subsidiary company;
  - (xiv) if the company split would cause the bank or its subsidiary company to come to hold voting rights in a domestic company in a total number that exceeds the maximum threshold for voting rights, a document stating the name and content of business of the domestic company; and
  - (xv) other documents giving information that should serve as a reference in an examination as prescribed in Article 31 of the Act.
- (2) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to the voting rights prescribed in item (xi)-2 and (xiv) of the preceding paragraph.

(Application of Authorization for Transfer of Business)

- Article 23 (1) A bank, when intending to obtain an authorization for a business transfer or acquisition (hereinafter referred to as a "transfer, etc. of business" in this Article) pursuant to the provisions of Article 30, paragraph (3) of the Act, must submit a written application for authorization accompanied by the following documents to the Commissioner of the Financial Services Agency:
- (i) a written statement of reasons;
  - (ii) minutes of shareholders meetings and other documents certifying that necessary procedures were followed;
  - (iii) a document stating the content of the contract of transfer, etc. of business;
  - (iv) recent daily statement of accounts;
  - (v) if there is a creditor that received public notice or other notice (when a public notice is given by means of a daily newspaper publishing the particulars of current events or an electronic public notice, in addition to by means of a gazette, pursuant to the provisions of Article 34, paragraph (3) of the Act (including cases in which it is applied mutatis mutandis pursuant to Article 35, paragraph (3) of that Act), the public notice by these means) pursuant to the provisions of Article 34, paragraph (1) of the Act or Article 35, paragraph (1), and the creditor filed an objection, a document evidencing

- that the debt was paid to the creditor, reasonable security was provided to the creditor, or reasonable assets were entrusted for the purpose of payment to the creditor, or there is no risk of loss to the creditor if the transfer, etc. of business is implemented;
- (vi) if a notification is required pursuant to the provisions of Article 16, paragraph (2) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, a document evidencing that the notification was submitted;
  - (vii) if the bank after the transfer, etc. of business would have a subsidiary company, etc., a document stating the prospective income and expenditures and consolidated capital adequacy ratio of the bank and the subsidiary company, etc.;
  - (viii) if the transfer of business would cause a subsidiary company of the bank to no longer be its subsidiary company, a document stating the name of the subsidiary company;
  - (ix) if the transfer of business would make a company eligible to be a subsidiary company the subsidiary company of the relevant person, the documents concerning the company eligible to be a subsidiary company as set forth in Article 17-5, paragraph (1), item (iv);
  - (ix)-2 if the business acquisition would cause the relevant person to come to hold voting rights in an advanced banking service company which, in total, exceed the maximum threshold for voting rights: a document set forth in Article 17-5-2, paragraph (1), item (iv) regarding the company;
  - (x) if the business acquisition would cause the bank or its subsidiary company to come to hold voting rights in a domestic company in a total number that exceeds the maximum threshold for voting rights held, a document stating the name and content of business of the domestic company; and
  - (xi) other documents giving information that should serve as a reference in an examination as prescribed in Article 31 of the Act.
- (2) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to the voting rights prescribed in item (ix)-2 and (x) of the preceding paragraph.

(Creditor Not Requiring Demand in Case of Merger)

Article 24 A creditor as prescribed in Article 7 of the Order as provided by Cabinet Office Order is the following creditors; provided, however that with regard to a creditor as set forth in items (ii) to (vi), limited to the cases of a company split (limited to the case of a succession of business by the company split) as prescribed in Article 33-2, paragraph (1) of the Act, is resolved:

- (i) a creditor pertaining to a custody contract;
- (ii) a creditor pertaining to a futures funds transfer transaction (limited to transactions conducted with certain standards and methods);

- (iii) a creditor pertaining to an over-the-counter derivatives transaction (excluding transactions as set forth in Article 2, paragraph (22), item (vi) of the Financial Instruments and Exchange Act, and limited to transactions conducted with certain standards and methods based on fair commercial customs) pertaining to money rate or foreign exchange;
- (iv) a creditor pertaining to a transaction of a letter of credit (limited to transactions pertaining to export and import transactions in international transactions based on fair commercial customs);
- (v) a creditor pertaining to checks that a bank issued with itself as the drawer; and
- (vi) a creditor pertaining to the distribution, etc. of identification cards attached to prize money as prescribed in Article 6, paragraph (1) of the Act on Identification Card Attached to Prize Money (Act No. 144 of 1948).

## **Chapter VI Discontinuance of Banking and Dissolution**

(Application of Approval for Discontinuance of Banking and Dissolution)

Article 25 A bank, when intending to obtain an authorization for closure, merger, or dissolution of banking pursuant to the provisions of Article 37, paragraph (1) of the Act, must submit a written application for authorization accompanied by following documents to the Commissioner of the Financial Services Agency:

- (i) discontinuation or dissolution of banking:
  - (a) a written statement of reasons;
  - (b) minutes of shareholders meetings (with regard to a foreign bank branch, minutes of the organization that is to reach a resolution on the matter);
  - (c) recent daily statement of accounts;
  - (d) a document identifying the content of assets and liabilities;
  - (e) a document stating the disposition method of obligations; and
  - (f) other documents giving information that should serve as a reference in an examination as prescribed in Article 37, paragraph (2) of the Act;
- (ii) merger:
  - (a) documents as set forth in each item of Article 22, paragraph (1) (excluding item (ix), item (ix)-2, and item (xi));
  - (b) articles of incorporation of the company surviving the merger or the company incorporated in the merger, and the resumes of the directors and auditors (for a company with audit and supervisory committee, the directors; and for a company with nominating committee, etc., the directors and executive officers);
  - (c) if the company surviving the merger or the company incorporated in the merger would be a company with accounting advisors, the resumes of the accounting advisors of the company; and

(d) documents as set forth in sub-items (e) and (g) of the preceding item.

(Public Notice of Discontinuance)

Article 26 A bank, when providing public notice or a display pursuant to the provisions of Article 38 of the Act, is to indicate the policies of disposing of deposits, etc. and other transactions pertaining to business as specified by the Commissioner of the Financial Services Agency.

(Application of Approval for Effect of License)

Article 27 (1) A person that obtained a license from the Prime Minister as prescribed in Article 4, paragraph (1) of the Act, when intending to obtain an approval pursuant to the provisions of Article 41, item (iv) of the Act, must submit a written application for approval accompanied by a written statement of reasons to the Commissioner of the Financial Services Agency.

(2) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether it conforms to the following standards:

- (i) there is what is found to be a compelling reason that the services cannot be commenced within six months from the date on which the license prescribed in Article 4, paragraph (1) of the Act is obtained;
- (ii) it is projected that the business may be commenced within a reasonable period; and
- (iii) at the time of licensing, there are projected to be no material changes in the particulars on which the examination has been based before the time projected for the commencement of business.

## **Chapter VII Foreign Bank Branches**

(Application of Foreign Banks' Business Licenses)

Article 28 (1) When a foreign bank specifies its principal foreign bank branch (which means a principal foreign bank branch as prescribed in Article 47, paragraph (1) of the Act; the same applies in Article 37, paragraph (3)) based on the provisions of Article 47, paragraph (1) of the Act and intends to obtain a business license pursuant to the provisions of Article 4, paragraph (1) of the Act, the foreign bank must submit a written application for license signed by directors who have the authority of representation of the foreign bank accompanied by the following documents to the Prime Minister via the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) articles of incorporation or a document sufficient for identifying the characteristics of the foreign bank;

- (iii) a document evidencing the existence of the principal business office of the foreign bank;
  - (iv) a document evidencing the qualification of directors who have the authority of representation of the foreign bank;
  - (v) a document stating the location of the foreign bank branch to which the application pertains;
  - (vi) a document stating the prospective of income and expenditures for three business years after commencement of business of the foreign bank branch to which the application pertains;
  - (vii) resume of representative person in Japan of the foreign bank branch;
  - (vii)-2 a document evidencing that the foreign bank branch holds in Japan such assets as corresponding to the stated capital prescribed in Article 47-2 of the Act;
  - (viii) a document stating the name, domicile or residence, nationality, and occupation of any major shareholder or person holding major equity in that foreign bank (hereinafter referred to as a "major shareholder, etc." in this item) (if a major shareholder, etc. is a corporation or other organization, its name, location of its principal business office or office and the content of business carried out) and the number of shares held by the person or the amount of contribution;
  - (ix) the latest balance sheet of the foreign bank, its profit and loss statement, statement of changes in net assets, and other documents providing the recent condition of business, assets, and profit and loss;
  - (x) when establishment of a foreign bank branch to which the application pertains requires permission, authorization and other acts (hereinafter referred to as "permission, etc." in this item and Article 32, paragraph (2)) of a foreign administrative organ, a document evidencing that the permission, etc. was granted; and
  - (xi) other documents giving information that should serve as a reference in an examination as prescribed in Article 4, paragraphs (2) and (3) of the Act.
- (2) When the Prime Minister implements an examination as prescribed in Article 4, paragraph (2) of the Act pertaining to an application for license referred to in the preceding paragraph, the Prime Minister is to consider the following particulars:
- (i) the amount of assets of the foreign bank branch to which the application pertains, which correspond to the stated capital prescribed in Article 47-2 of the Act, is equal to or greater than the amount as prescribed in Article 3, paragraph (2) of the Order and is an amount which is sufficient for carrying out the business of the foreign bank branch that is to be operated;
  - (ii) profit in the current term is expected for one of the business years of the foreign branch bank to which the application pertains by the day on which

- three business years have elapsed after commencement of the business;
- (iii) in light of such matters as the condition of securing the representative person in Japan or employees who possess sufficient knowledge and experience concerning the business of the foreign bank branch to which the application pertains, and systems pertaining to business management of the foreign bank branch, the foreign bank that filed the application is able to carry out the business of the foreign bank branch precisely, fairly, and effectively, and has sufficient social creditability; and
- (iv) the content and methods of the business of the foreign bank branch to which the application pertains are appropriate from the standpoint of protection of depositors, etc. and maintenance of an orderly financial system.

(Preliminary Examination of Foreign Banks' Business Licenses)

Article 29 A foreign bank that intends to obtain a business license pursuant to the provisions of Article 4, paragraph (1) of the Act based on the provisions of Article 47, paragraph (1) of the Act, may submit documents equivalent to those pursuant to the provisions of paragraph (1) of the preceding Article to the Prime Minister via the Commissioner of the Financial Services Agency and request a Preliminary Examination.

(Actions Deemed to Constitute Actions as an Agent or Intermediary for Foreign Bank Services)

Article 29-2 The intermediation specified by Cabinet Office Order that is provided for in Article 47, paragraph (3) of the Act means an action that is found to fall under the category of actions as agent or intermediary by a business office in the home state of the relevant foreign bank, if a foreign bank branch and a business office in the home state of the foreign bank to which that foreign bank branch belongs are deemed to be different corporations.

(Persons Uniquely Related in Connection with the License of a Foreign Bank)

Article 30 The person prescribed by Cabinet Office Order that is provided for in Article 11, item (iv) of the Order means any one of the two or more persons that have established a principal business office in a country as prescribed in Article 3, item (ii) (but only if each of those persons hold a number or amount of shares or equity that constitutes over five percent of the issued shares, etc. of a foreign bank) and whose total number or amount of shares or equity constitutes over fifty percent of the issued shares, etc. of a foreign bank.

(Provision of Information to Depositors, etc.)

Article 30-2 In order to contribute to the protection of depositors, etc., a foreign bank branch must clearly indicate the following particulars to depositors, etc.

with regard to the acceptance of deposits, etc. (excluding the acceptance of specified deposits, etc. as prescribed in Article 13-4 of the Act):

- (i) the deposits, etc. handled thereby are not covered by the payment of insurance proceeds prescribed in Article 53 of the Deposit Insurance Act;
- (ii) in the event of the failure of the foreign bank to which the foreign bank branch belongs, pay-out of deposits, etc. may not be made promptly even when due to take place; and
- (iii) other information found to be of reference concerning the deposit of deposits, etc.

(Scope of Business Pertaining to the Development of a System to Protect Customers' Interests)

Article 30-3 The services specified by Cabinet Office Order that are provided for in Article 13-3-2, paragraph (1) of the Act, as replaced pursuant to the provisions of Article 9 of the Order, means bank services.

(Measures Necessary to Prevent Customers' Interests from Being Wrongfully Harmed)

Article 30-4 (1) A foreign bank branch must, to prevent the customer's interests pertaining to bank-related services conducted by the foreign bank branch, foreign bank to which the foreign bank branch belongs, a bank agent having the foreign bank branch as its principal bank, or subsidiary financial institution, etc. (which means a subsidiary financial institution, etc. as prescribed in Article 13-3-2, paragraph (3) of the Act, as replaced pursuant to Article 9 of the Order; hereinafter the same applies in this Article) of foreign bank to which the foreign bank branch belongs from being wrongfully harmed in connection with transactions conducted by the foreign bank branch, a foreign bank to which the foreign bank branch belongs, bank agent having the foreign bank branch as its principal bank, or a parent financial institution, etc. (which means a parent financial institution, etc., prescribed in Article 13-3-2, paragraph (2) of the Act, as replaced pursuant to the provisions of Article 9 of the Order; the same applies hereinafter in this Article) or a subsidiary financial institution, etc. of the foreign bank to which the foreign bank branch belongs, take the following measures:

- (i) development of a system to identify the subject transactions in an appropriate manner;
- (ii) development of a system to properly ensure the protection of the customer by the following or any other methods:
  - (a) method for separating the department conducting subject transactions and the department conducting transactions with the customer;
  - (b) method for changing the conditions or method of subject transactions or

- transactions with the customer;
- (c) method for interrupting subject transactions or transactions with the customer;
  - (d) method for appropriately disclosing to the customer that the customer's interests may be wrongfully harmed in connection with subject transactions.
- (iii) Formulation of the policy of implementation of the measures set forth in the preceding two items and disclosure of their outline by an appropriate method;
- (iv) keeping the following records on file:
- (a) records pertaining to the identification of subject transactions conducted under the system prescribed in item (i);
  - (b) records pertaining to measures to appropriately ensure the protection of customers conducted under the system prescribed in item (ii);
- (2) The record prescribed in item (iv) of the preceding paragraph must be kept on file for five years from the date of creation.
- (3) The term "subject transactions" in paragraph (1), when, in connection with transactions conducted by a foreign bank branch, a foreign bank to which the foreign bank branch belongs, a bank agent having the foreign bank branch as its principal bank, or the parent financial institution, etc. or subsidiary financial institution, etc. of a foreign bank to which the foreign bank branch belongs, the interests of the customer pertaining to bank services conducted by the foreign bank branch, the foreign bank to which the foreign bank branch belongs, the bank agent having the foreign bank branch as its principal bank, or the subsidiary financial institution, etc. of the foreign bank branch to which the foreign bank branch belongs may be wrongfully harmed, means such transactions.

(Loans for a Person Who Has Domicile or Residence in Japan)

Article 31 The loans specified by Cabinet Office Order that are provided for in Article 13, paragraph (1), item (ix) of the Order are the following loans (excluding those for a person uniquely related to a foreign bank branch as prescribed in Article 12-2 of the Order (limited to the persons set forth in items (i) to (v) of that Article)):

- (i) loans recorded in the call loan account of the balance sheet; and
- (ii) loans for which reliable security is collected in Japan (excluding those set forth in the preceding item).

(Establishment of a Secondary Foreign Bank Branch)

Article 32 (1) The case specified by Cabinet Office Order that is provided for in Article 47-3 of the Act means:

- (i) the establishment of a Sub-Office (limited to a temporary or circuit-type facility or unmanned equipment); or
  - (ii) the closure of a Sub-Office.
- (2) A foreign bank branch, when intending to obtain an authorization for establishment, change of type, or closure of a secondary foreign bank branch (which means a secondary foreign bank branch as prescribed in Article 47, paragraph (2) of the Act; hereinafter the same applies in this Article) pursuant to the provisions of Article 47-3 of the Act, must submit a written application for authorization accompanied by the following documents to the Commissioner of the Financial Services Agency, etc.:
- (i) a written statement of reasons;
  - (ii) when establishment of the secondary foreign bank branch requires the permission, etc. of a foreign administrative organ, a document evidencing that the permission, etc. has been obtained; and
  - (iii) other documents giving particulars that the Commissioner of the Financial Services Agency finds to be necessary.
- (3) When an application for authorization to establish or change the type of a secondary foreign bank branch under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether it conforms to the following standards:
- (i) excluding cases that it is found to contribute to securing sound business of a foreign bank branch which filed the application, the condition of adequacy of equity capital of the foreign bank pertaining to the foreign bank branch that filed the application corresponds to a category equivalent to an exception from the categories of the table in Article 1, paragraph (1), item (i) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act, and the condition of adequacy of equity capital of the foreign bank that filed the application and its subsidiary company, etc. corresponds to a category equivalent to an exception from the categories of the table in paragraph (2), item (i) of that Article;
  - (ii) in light of such matters as systems pertaining to business management of the foreign bank branch which filed the application, the systems enable it to carry out the bank services precisely, fairly, and efficiently; and
  - (iii) the necessary crime prevention measures are taken at the secondary foreign bank branch and customer information is maintained appropriately.
- (4) When an application for authorization to close a secondary foreign bank branch under the provisions of paragraph (2) is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether it will not cause an extreme effect upon the customers of the secondary foreign bank branch, such as the succession of transactions pertaining to the customers of the business office by another business office of the foreign bank branch which filed the

application or another financial institution, without any problems.

(Notification of a Foreign Bank Branch)

Article 33 (1) The cases specified by Cabinet Office Order that are provided for in Article 49, paragraph (1), item (vii) of the Act means if there has been a change in the person that holds a number of shares or an amount of equity constituting over fifty percent of its issued shares, etc.

(2) The cases specified by Cabinet Office Order that are provided for in Article 49, paragraph (2), item (i) of the Act means:

(i) if the relevant person changes the location of a Sub-Office (limited to temporary or circuit-type facility or unmanned equipment);

(ii) if the relevant person changes locations due to extension and reconstruction or other compelling reasons (but only if it is clear that the person will return to the original location before the change); and

(iii) if the relevant person returns to the foreign bank branch of the original location from that after the change as prescribed in the preceding item.

(3) The case specified by Cabinet Office Order that is provided for in Article 49, paragraph (2), item (iii) of the Act means:

(i) if a Sub-Office (excluding a Sub-Office as prescribed in item (i) of the preceding paragraph) has been closed;

(ii) if a contract to entrust a person with bank agency services has been concluded, changed, or terminated (including if further entrustment of entrusted bank agency services has been authorized); and

(iii) if a contract to entrust a person with agency or intermediation services in the conclusion of a contract involving the business as prescribed in Article 10, paragraph (2) of the Act has been concluded, changed, or terminated.

(4) A foreign bank branch, when intending to submit a notification pursuant to the provisions of Article 49, must submit the written notice accompanied by a written statement of reasons and other documents giving information of reference to the Commissioner of the Financial Services Agency without delay.

(Matters to Be Notified for an Establishment of a Liaison Office of a Foreign Bank)

Article 34 (1) The particulars specified by Cabinet Office Order that are provided for in Article 52, paragraph (1) of the Act are the following particulars:

(i) the following particulars concerning a foreign bank:

(a) name;

(b) location of the principal business office; and

(c) content of business;

(ii) the following particulars concerning a liaison office or other facility to be established in Japan:

- (a) name;
  - (b) address and name of the representative person;
  - (c) reasons for establishment; and
  - (d) date of establishment.
- (2) A foreign bank, when intending to submit a notification pertaining to a liaison office or other facility pursuant to the provisions of Article 52, paragraph (1) of the Act, must submit a written notifies accompanied by the following documents to the Commissioner of the Financial Services Agency:
- (i) a document stating the number of branch offices, other business offices, and liaison offices;
  - (ii) a document stating the amount of stated capital or total amount of contribution; and
  - (iii) a document stating the title and name of officers who have the authority of representation.

### **Chapter VII-2 Special Provisions on Foreign Bank Agency Services**

(Application for Authorization of Foreign Bank Agency Services)

- Article 34-2 (1) A bank (excluding a bank that intends to perform foreign bank agency services (foreign bank agency services prescribed in Article 52-2, paragraph (1) of the Act; the same applies hereinafter) having a business office in the home state of a foreign bank to which a foreign bank branch belongs as rincipal foreign bank (principal foreign bank prescribed in that paragraph; the same applies hereinafter)), when intending to obtain authorization pursuant to the provisions of that paragraph, must submit a written application for authorization with the Commissioner of the Financial Services Agency with the following documents (excluding the documents set forth in items (iv) and (vi) if the applicant intends to perform foreign bank agency services by having a foreign bank, other than a foreign bank which is a subsidiary company of a bank and the foreign banks set forth in Article 13-2, paragraph (1), item (i), sub-items (a) to (d), as the principal foreign bank) attached thereto:
- (i) a written statement of reasons;
  - (ii) a document evidencing the existence of the principal business office of the principal foreign bank;
  - (iii) a document evidencing the qualification of the directors who have the authority of representation of the principal foreign bank;
  - (iv) a document stating the name, domicile or residence, nationality, and occupation of any major shareholder or person that holds major equity in that principal foreign bank (hereinafter referred to as a "major shareholder, etc." in this item and paragraph (5), item (v)) (if a major shareholder, etc. is a corporation or other organization, its name, location of the principal business

- office or office and the details of business carried out) and the number of shares held or the amount of contribution by the shareholder or person;
- (v) the latest balance sheet, profit and loss statement, and statement of changes in net assets (including documents similar thereto), and other documents that provide the latest conditions of the business, assets, and profit and loss of the principal foreign bank;
  - (vi) a document stating the capital relationship between the bank and the principal foreign bank;
  - (vii) a document stating the content of the entrustment contract for the foreign bank agency services to which the application pertains between the bank and the principal foreign bank;
  - (viii) a document stating the details and method of the foreign bank agency services to which the application pertains; and
  - (ix) other documents giving information that should serve as a reference in an examination prescribed in paragraph (3).
- (2) A bank that intends to perform foreign bank agency services having a business office in the home state of a foreign bank to which a foreign bank branch belongs as principal foreign bank must, when it intends to obtain authorization pursuant to the provisions of Article 52-2, paragraph (i) of the Act, submit a written application for authorization with the Commissioner of the Financial Services Agency together with the following documents (excluding the documents set forth in items (ii) and (iii) if the applicant is a foreign bank branch and it intends to perform foreign bank agency services having a business office in the home state of a foreign bank to which the foreign bank branch belongs as the principal foreign bank; and excluding the document set forth in item (ii) if the applicant intends to perform foreign bank agency services by having a foreign bank, other than a business office in the home state of a foreign bank to which a foreign bank branch belongs and the foreign banks set forth in Article 13-2, paragraph (2), item (i), sub-items (a) to (c), as the principal foreign bank):
- (i) a written statement of reasons;
  - (ii) a document stating the capital relationship between the bank and the principal foreign bank;
  - (iii) a document stating the content of the entrustment contract of the foreign bank agency services to which the application pertains between the bank and the principal foreign bank;
  - (iv) a document stating the details and method of the foreign bank agency services to which the application pertains;
  - (v) other documents giving information that should serve as a reference in an examination prescribed in the next paragraph.
- (3) Upon receiving an application for authorization prescribed in the preceding

- two paragraphs, the Commissioner of the Financial Services Agency is to examine whether the application satisfies the following standards (excluding the standards set forth in item (iii) if an application for authorization is filed in order to perform foreign bank agency services by having a foreign bank, other than a foreign bank which is a subsidiary company of a bank and the foreign banks set forth in Article 13-2, paragraph (1), item (i), sub-items (a) to (d), or a foreign bank, other than a business office in the home state of a foreign bank to which a foreign bank branch belongs and the foreign banks set forth in Article 13-2, paragraph (2), item (i), sub-items (a) to (c), as the principal foreign bank):
- (i) the principal foreign bank has a sufficient financial basis to conduct the Bank services soundly and efficiently;
  - (ii) in light of such matters as its personnel structure, the principal foreign bank has knowledge and experience to conduct the Bank services precisely, fairly and efficiently, and has sufficient social credibility.;
  - (iii) in a state where the principal business office of the principal foreign bank and the following persons uniquely related to that principal foreign bank (limited to, for persons set forth in sub-item (c), those who hold all or part of the shares of the principal foreign bank) is located, the Bank is recognized as being given substantially equivalent treatment as under the Act; provided, however, that the foregoing does not apply when such examination is to preclude sincere implementation of the treaties or other international agreements concluded by Japan;
    - (a) a person holding a number of shares or an amount of equity in a principal foreign bank constituting over fifty percent of its issued shares, etc.;
    - (b) a person holding a number of shares or an amount of equity in a person set forth in sub-item (a) constituting over fifty percent of its issued shares, etc.;
    - (c) any one of the two or more persons whose principal business offices are located in the same State and whose total number of shares or amount of equity held constitute over fifty percent of the issued shares, etc. of a principal foreign bank;
    - (d) any one of the two or more persons whose principal business offices are located in a State prescribed in Article 3, item (ii) (limited to the cases in which each of the persons holds a number of shares or an amount of equity exceeding five percent of the issued shares, etc. of a principal foreign bank) and whose total number of shares or amount of equity constitute over fifty percent of the issued shares, etc. of a principal foreign bank.
- (4) The persons specified by Cabinet Office Order that are provided for in Article 52-2, paragraph (2) of the Act are the persons specified in the following items in accordance with the categories of persons set forth respectively in those items:

- (i) a bank (excluding a foreign bank branch; hereinafter the same applies in this item): the following foreign banks:
    - (a) a foreign bank which is a subsidiary corporation, etc. of a bank;
    - (b) a foreign bank which has a bank as its subsidiary corporation, etc.;
    - (c) a foreign bank which is a subsidiary corporation, etc. of a bank holding company which has a bank as its subsidiary company (excluding the foreign banks set forth in sub-items (a) and (b)); and
    - (d) a foreign bank which is a subsidiary corporation, etc. of a parent corporation, etc. which has a bank as its subsidiary company (excluding the foreign banks set forth in sub-items (a) to (c)); and
  - (ii) a foreign bank branch: the following foreign banks:
    - (a) a business office in the home state of a foreign bank to which a foreign bank branch belongs;
    - (b) a foreign bank which is a subsidiary corporation, etc. of a foreign bank to which a foreign bank branch belongs;
    - (c) a foreign bank which has, as its subsidiary corporation, etc., a foreign bank to which a foreign bank branch belongs; and
    - (d) a foreign bank which is a subsidiary corporation, etc. of a parent corporation, etc. which has, as its subsidiary company, a foreign bank to which a foreign bank branch belongs.
- (5) When a bank intends to obtain an authorization pursuant to the provisions of Article 52-2, paragraph (2) of the Act, it must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency:
- (i) a written statement of reasons;
  - (ii) a document stating the trade name of the principal foreign bank;
  - (iii) a document stating the location of the principal business office of the principal foreign bank;
  - (iv) a document stating the names of the officers who have the authority of representation of the principal foreign bank;
  - (v) a document stating the name, domicile or residence, nationality, and occupation of the major shareholder, etc. of the principal foreign bank (excluding a foreign bank which is a subsidiary company of a bank and a foreign bank to which a foreign bank branch belongs) (when the major shareholder, etc. is a corporation or other organization, its name, location of its principal business office or office and the content of business carried out thereby), and the number of shares or the amount of contribution held by the major shareholder, etc.;
  - (vi) with regard to the foreign bank group (meaning the foreign bank group prescribed in Article 52-2, paragraph (2) of the Act; the same applies hereinafter) to which the principal foreign bank belongs, the latest

- consolidated balance sheet, profit and loss statement, and statement of changes in net assets (including documents similar thereto), and other documents that provide the latest conditions of business, assets, and profit and loss of the foreign bank group;
- (vii) a document stating the capital relationship between the bank, the principal foreign bank, and the foreign bank group to which the principal foreign bank belongs;
  - (viii) a document indicating the basic policy for management of the foreign bank group to which the principal foreign bank belongs;
  - (ix) a document indicating the policies for risk management and compliance pertaining to the foreign bank group to which the principal foreign bank belongs;
  - (x) a document stating the content of the entrustment contract for the foreign bank agency services to which the application pertains between the bank and the principal foreign bank (excluding a foreign bank to which a foreign bank branch belongs (limited to the case in which the applicant is a foreign bank branch and has a foreign bank, to which the foreign bank branch belongs, as its principal foreign bank));
  - (xi) a document stating the content and method of the foreign bank agency services to which the application pertains; and
  - (xii) other documents giving information that should serve as a reference in an examination as prescribed in the following paragraph.
- (6) When an application of authorization is filed pursuant to the provisions of the preceding paragraph, the Commissioner of the Financial Services Agency is to examine whether it conforms to the following standards:
- (i) the foreign bank group to which the principal foreign bank belongs has a sufficient financial basis to conduct the bank services soundly and efficiently;
  - (ii) in light of such matters as its personnel structure, the foreign bank group to which the principal foreign bank belongs has knowledge and experience to conduct the bank services precisely, fairly and efficiently, and has sufficient social credibility;
  - (iii) it is found that the accurate risk management and the operation in compliance with laws and regulations will be assured, on such grounds as that policies for risk management and compliance are formulated with regard to the foreign bank group to which the principal foreign bank belongs and the business operation is reviewed based on these policies; and
  - (iv) the standards set forth in paragraph (3), item (iii).

(Written Notice Pertaining to Foreign Bank Agency Services)

Article 34-2-2 (1) The foreign bank specified by Cabinet Office Order that is provided for in Article 52-3, paragraph (2) of the Act means one of the following

foreign banks:

- (i) a foreign bank that a bank has changed into a subsidiary company under any of the following authorizations:
    - (a) authorization to change a bank, etc. eligible to be a subsidiary company prescribed in Article 16-2, paragraph (7) of the Act (including cases in which it is applied mutatis mutandis pursuant to the provisions of paragraph (ix) of the same article) (which means a bank, etc. eligible to be a subsidiary company prescribed in paragraph (vii) of that Article) into a subsidiary company;
    - (b) authorization prescribed in Article 16-2, proviso of paragraph (8) of the Act;
    - (c) authorization prescribed in Article 30, paragraphs (1) to (3) of the Act;
    - (d) authorization prescribed in Article 5, paragraph (1) the Act on Financial Institutions' Merger and Conversion;
  - (ii) a foreign bank that a bank holding company has changed into a subsidiary company under any of the following authorizations (excluding a foreign bank prescribed in the preceding item):
    - (a) authorization to change a bank, etc. eligible to be a subsidiary company prescribed in Article 52-23, paragraph (6) of the Act (including cases in which it is applied mutatis mutandis pursuant to the provisions of paragraph (8) of that Article) (which means a bank, etc. eligible to be a subsidiary company prescribed in paragraph (6) of that Article) into a subsidiary company;
    - (b) authorization prescribed in Article 52-23, proviso of paragraph (7) of the Act;
    - (c) authorizations prescribed in Article 52-35, paragraphs (1) to (3) of the Act;
- (2) A bank, when intending to submit a notification pursuant to the provisions of Article 52-2, paragraph (3) of the Act, must submit the written notification with the Commissioner of the Financial Services Agency, etc. with the following documents attached thereto:
- (i) a written statement of reasons;
  - (ii) a document stating the location of the principal business office of the principal foreign bank;
  - (iii) a document stating the names of the officers who have the authority of representation of the principal foreign bank;
  - (iv) the latest balance sheet, profit and loss statement, and statement of changes in net assets (including documents similar thereto), and other documents that provide the most recent condition of the business, assets, and profit and loss of the principal foreign bank;
  - (v) a document stating the capital relationship between the bank and the principal foreign bank;

- (vi) a document stating the content of the entrustment contract of the foreign bank agency services pertaining to the notification between the bank and the principal foreign bank; and
- (vii) a document stating the details and method of the foreign bank agency services to which the application pertains.

(Information for Inclusion in the Document Stating the Content of an Entrustment Contract)

Article 34-2-3 The particulars to be stated in the document stating the content of an entrustment contract prescribed in Article 34-2, paragraph (1), item (vii), paragraph (2), item (iii), and paragraph (5), item (x), and in paragraph (2), item (vi) of the preceding Article are the following particulars:

- (i) the particulars of the establishment, closure, or change of location of the business office where foreign bank agency services are carried out;
- (ii) the particulars of the details of the foreign bank agency services (including identification of whether it corresponds to acting as agent or intermediary a; the same applies hereinafter);
- (iii) the particulars of the business days and business hours of the foreign bank agency services;
- (iv) provisions forbidding the principal foreign bank (which means a foreign bank's agent bank prescribed in Article 52-2-5 of the Act; the same applies hereinafter) to wrongfully disclose information relating to trade secret or credit of a person with which it has business dealings to any person other than the foreign bank's agent bank or the person in question or use such information for the interest of any person other than oneself, the foreign bank's agent bank or the person in question;
- (v) the particulars of cash and securities, etc. handling standard and the responsibility of the principal foreign bank toward customers pertaining thereto;
- (vi) the particulars of the term, renewal, and cancellation of agreements;
- (vii) the particulars of the display at the storefront of the details of the foreign bank agency services and the business days and business hours of the foreign bank agency services;
- (viii) other particulars found to be necessary.

(Details and Method of Foreign Bank Agency Services)

Article 34-2-4 (1) The particulars to be stated in the document stating the details and method of foreign bank agency services prescribed in Article 34-2, paragraph (1), item (viii) , paragraph (2), item (iv) and Article 34-2-2, paragraph (2) , item (vii) are the following:

- (i) types of the principal foreign bank services to be handled;

- (ii) whether the relevant person acts as an agent or as an intermediary for each type of the principal foreign bank services to be handled (if it acts as both agent and intermediary, a statement to that effect);
  - (iii) system to carry out the foreign bank agency services.
- (2) The particulars to be stated in a document stating the content and method of the foreign bank agency services prescribed in Article 34-2, paragraph (5), item (xi) are the following:
- (i) the type of services pertaining to the foreign bank group the bank is to handle;
  - (ii) whether the relevant person acts as an agent or as an intermediary for each type of the services pertaining to the foreign bank group to be handled (if it acts as both agent and intermediary, a statement to that effect); and
  - (iii) system to carry out the foreign bank agency services.
- (3) The system to carry out the foreign bank agency services prescribed in paragraph (1), item (iii), and item (iii) of the preceding paragraph is to include a system to prevent the acts prescribed in the items (excluding item (iv)) of Article 52-45 of the Act, which is applied mutatis mutandis in Article 52-2-10 of the Act, and other acts that may prevent appropriate and reliable conduct of foreign bank agency services and, according to the classification of categories in the following items, systems prescribed in the items:
- (i) when a bank agent is authorized to receive delivery of cash or other assets from a customer concerning activities as a foreign bank agent (which means acts pertaining to foreign bank agency services; the same applies hereinafter); a system to separate and manage the delivered assets from its own assets;
  - (ii) when a bank agent operates foreign bank agency services by using a computer connected with electronic telecommunications lines; a system to prevent a customer from misidentifying the foreign bank's agent bank for another party.

(Types of Contract)

Article 34-2-5 The particulars specified by Cabinet Office Order that are provided for in Article 34 of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, are a specified deposit, etc. contract.

Article 34-2-6 Deleted

(Information for Inclusion in Documents to Be Delivered to a Professional Investor That Has Made a Request)

Article 34-2-7 The particulars specified by Cabinet Office Order that are

provided for in Article 34-2, paragraph (3), item (iv) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, a statement to the effect that, with regard to a Subject Contract (which means a Subject Contract prescribed in that paragraph; the same applies in Article 34-2-9-2), the applicant (which means the applicant prescribed in that paragraph) is treated as a customer other than a professional investor only by a foreign bank's agent bank who gave approval pursuant to the provisions of paragraph (2) of Article 34-2.

(Provision by Use of Information and Communications Technology)

Article 34-2-8 (1) The means specified by Cabinet Office Order that are provided for in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act (including as applied mutatis mutandis in Article 34-3, paragraph (12) (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act), Article 34-4, paragraph (3), Article 37-3, paragraph (2) and Article 37-4, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act; hereinafter the same applies in this Article) are the following:

- (i) one of the following means of employing an electronic data processing system:
  - (a) a means that causes the information that is required to be given in a document (hereinafter referred to as an "required information" in this Article) to be transmitted over a telecommunications line that connects a computer used by a foreign bank's agent bank (including a person that prepares a file on a computer under its administration based on a contract with a foreign bank's agent bank which provides persons with the particulars prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act, and makes that file available for use by the persons to which the bank provides those particulars (hereinafter each such person is referred to as a "customer" in this Article) or by that foreign bank's agent bank; hereinafter the same applies in this Article) and the computer used by a customer, etc. (meaning a customer or a person that prepares a customer file (which means a file made available exclusively for use by a customer; hereinafter the same in this Article) on a computer under its administration based on a contract with the customer; hereinafter the same applies in this Article) and to be recorded in a customer file that has been prepared on the computer used by the customer, etc. (for consent indicating that a person is willing, or a notice indicating that a person is

- not willing, to be provided with information by the means prescribed in the preceding paragraph, this means a means that causes what has been indicated to be recorded in a file that has been prepared on a computer used by a foreign bank's agent bank which provides persons with the particulars prescribed in that paragraph);
- (b) a means that uses a telecommunications line to make the required information that has been recorded into a file which has been prepared on a computer used by a foreign bank's agent bank available for a customer to inspect and causes that required information to be recorded in the customer file for that customer that has been prepared on a computer used by the customer, etc. (for consent indicating that a person is willing, or a notice indicating that a person is not willing, to be provided with information by the means prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act, this means a means that causes what has been indicated to be recorded in a file that has been prepared on a computer used by the foreign bank's agent bank);
  - (c) a means that uses a telecommunications line to make the required information that has been recorded into a customer file which has been prepared on a computer used by a foreign bank's agent bank available for a customer to inspect; or
  - (d) a means that uses a telecommunications line to make the required information that has been recorded in an inspection file (meaning a file that has been prepared on a computer used by a foreign bank's agent bank into which required information is recorded so that it can be made available for multiple customers to inspect simultaneously; hereinafter the same applies in this Article) available for a customer to inspect.
- (ii) a means of delivering to the relevant person a record of the required information that has been recorded into a file created using a magnetic disk, CD-ROM, or other object with an equivalent means of reliably storing fixed sets of data.
- (2) The means set forth in each item of the preceding paragraph must conform to the following standards:
- (i) it enables the customer to create a document by outputting what has been recorded in the customer file or inspection file;;
  - (ii) if using a means as set forth in item (i), sub-item (a), (c), or (d) of the preceding paragraph (excluding a means that causes required information to be recorded in a customer file that has been prepared on a computer used by the customer), the relevant person notifies the customer that the required information will be or has been recorded in the customer file or inspection file; provided, however, that this does not apply if it has confirmed that the

- customer has inspected the required information;
- (iii) the means set forth in item (i), sub-item (c) and (d) of the preceding paragraph, makes it so that the relevant person cannot delete or modify the following information for five years after the final date on which a transaction set forth in the required information is carried out (or, if a complaint involving that required information is filed by the day on which that period ends, the relevant information cannot be deleted or modified until the date on which that period ends or the date on which that complaint is resolved, whichever occurs later); provided, however, that if the relevant person delivers, in writing, the required information that it has made available for inspection; if the relevant person obtains the customer's consent (meaning consent by a means prescribed in Article 14-3 of the Order) and provides the relevant information by a means set forth in item (i), sub-item (a) or (b) of the preceding paragraph or item (ii); or if the customer instructs the relevant person to delete the required information; the person may delete that required information:
    - (a) the required information recorded in the customer file, in connection with a means as set forth in item (i), sub-item (c) of the preceding paragraph; or
    - (b) the required information recorded in the inspection file, in connection with a means as set forth in item (i), sub-item (d) of the preceding paragraph;
  - (iv) if the relevant person uses the means as set forth in item (i), sub-item (d) of the preceding paragraph, that means conforms to the following standards:
    - (a) it causes the information that a customer needs to have in order to inspect the inspection file to be recorded in the customer file; and
    - (b) it allows the customer file into which, pursuant to sub-item (a), the relevant person has recorded the information that a customer needs to have in order to inspect the inspection file, as well as the inspection file itself, to be maintained in a state that allows persons to connect to them using a telecommunications line until the end of the period prescribed in the preceding item; provided, however, that this does not apply if a customer that has been given access to those files has notified the relevant person that it is not necessary to maintain them in a state that allows the customer to connect to them.
- (3) The term "electronic data processing system" as used in paragraph (1), item (i) means an electronic data processing system uses a telecommunications line to connect the computer used by the foreign bank's agent bank and the computer on which the customer file has been prepared that is used by the customer, etc. or the foreign bank's agent bank.

(Type and Substance of Electronic or Magnetic Means)

Article 34-2-9 The type and substance of the means that the relevant person is required to indicate pursuant to the provisions of Article 14-3, paragraph (1) and Article 14-4, paragraph (1) of the Order means the following particulars:

- (i) those of the means set forth in each item of paragraph (1) of the preceding paragraph or each item in Article 34-2-12, paragraph (1) that the foreign bank's agent bank will use; and
- (ii) the formalities used to record data to the file

(Information for Inclusion in Documents to Which a Person Who Has Made a Request for Reinstatement as a Professional Investor Gives Its Consent)

Article 34-2-9-2 The particulars specified by Cabinet Office Order that are provided for in Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, are the following particulars:

- (i) the date when acceptance is gained (which is referred to as the "approval date" in items (iv) and (v)) pursuant to the provisions of Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act;
- (ii) a statement to the effect that Subject Contract is a specified deposit, etc. contract;
- (iii) a statement to the effect that the person requesting reinstatement (which means the person requesting reinstatement prescribed in Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act; hereinafter the same applies in this Article) understands the following particulars:
  - (a) the fact that the provisions set forth in the items of Article 45 (excluding items (iii) and (iv)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, are not applicable when the person requesting reinstatement, with regard to Subject Contract, is a person prescribed in any of the items (excluding the cases prescribed in the proviso of that Article);
  - (b) the fact that, if a person whom it is inappropriate to treat as a professional investor in a Subject Contract in light of the person's knowledge, experience, and financial status, is treated as a professional investor, it is likely to result in insufficient protection for that person.
- (iv) a statement to the effect that the person requesting reinstatement is to be treated again as a professional investor when the person requesting reinstatement is solicited to conclude or concludes a Subject Contract on or after the approval date;
- (v) a statement to the effect that, at any time on or after the approval date, the person requesting reinstatement may make an application pursuant to

Article 34-2, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act;

(Obtainment of Consent by the Use of Information and Communications Technology)

Article 34-2-9-3 (1) The particulars specified by Cabinet Office Order that are provided for in Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (3) of the Financial Instruments and Exchange Act (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act), as applied mutatis mutandis pursuant to Article 52-2-5 of the Act; hereinafter the same applies in this Article), as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, are the following:

- (i) one of the following means of employing an electronic data processing system:
    - (a) a means that causes information to be transmitted over a telecommunications line that connects the computer used by a foreign bank's agent bank and the computer used by a person from whom the foreign bank's agent bank is seeking to obtain consent pursuant to the provisions of Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act (hereinafter referred to as the "customer") and to be recorded in a file that has been prepared on the computer used by the recipient.
    - (b) a means that uses a telecommunications line to make information about a customer's consent that has been recorded in a file that has been prepared on a computer used by a foreign bank's agent bank available for the customer to inspect and causes the information about that customer's consent to be recorded in a file that has been prepared on a computer used by the foreign bank's agent bank;
  - (ii) a means by which the relevant person obtains a record of the particulars of consent that has been recorded into a file created using a magnetic disk, CD-ROM, or other object with an equivalent means of reliably storing fixed sets of data.
- (2) The means set forth in each item of the preceding paragraph must enable a foreign bank's agent bank to prepare a document by outputting what has been recorded in the file.
- (3) The term "electronic data processing system" as used in paragraph (1), item (i) means an electronic data processing system that uses a telecommunications line to connect the computer used by the foreign bank's agent bank and the

computer used by the customer.

(End Date If a Corporation Who Is a Customer Other than a Professional Investor Is Deemed to Be a Professional Investor)

Article 34-2-10 (1) The case specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, means if a foreign bank's agent bank specifies a certain date and publicly discloses the following particulars by posting in a place that facilitates public viewing in a business office of the foreign bank's agent bank or by any other appropriate method:

(i) the date; and

(ii) a statement to the effect that the end date (which means an end date as prescribed in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act; the same applies in paragraph (2), item (i) of the following Article and Article 34-2-12) is the date prescribed in the following paragraph.

(2) The date specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, means the date that is specified by a foreign bank's agent bank pursuant to the provisions of the preceding paragraph and is the last day within one year from the approval date (which means the approval date prescribed in paragraph (2), item (i) of that Article; the same applies in paragraph (2), item (iii) of the following Article and Article 34-2-12).

(Information for Inclusion in the Document to Which a Corporation, Which Is a Customer Other than a Professional Investor That Has Made a Request, Gives Its Consent)

Article 34-2-11 (1) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (iv) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act, are a statement to the effect that, with regard to the subject contract (which means the subject contract prescribed in item (ii) of that paragraph; the same applies in the following paragraph and Article 34-2-12-2), the provisions in each item of Article 45 (excluding items (iii) and (iv)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act, are not applicable when the applicant (which means the applicant prescribed in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5

of the Act; the same applies in the following paragraph) is a person prescribed in any of the items (except in the case prescribed in the proviso of Article 45 of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act).

(2) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (vii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act, are the following particulars:

- (i) with regard to an act performed based on the provisions of laws and regulations or the stipulations of a contract pertaining to a subject contract concluded before the end date, even if such act is performed after the end date, the fact that an applicant is treated as a professional investor;
- (ii) a statement to the effect that, with regard to the subject contract, an applicant is treated as a professional investor only by the foreign bank agent bank that accepted the request pursuant to the provisions of Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act;
- (iii) a statement to the effect that, at any time on or after the approval date, an applicant may make an application pursuant to Article 34-3, paragraph (9) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act.

(Period Necessary for a Corporation, Which Is a Customer Other than a Professional Investor That Has Made a Request, to Make a Request for Renewal)

Article 34-2-12 (1) The period specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (7) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act is 11 months (in the cases set forth in the following items, the period prescribed in respective items):

- (i) if the period between the approval date and the end date is less than one year (excluding the cases set forth in the following item), a period obtained by deducting one month from the period;
  - (ii) if the period between the approval date and the end date does not exceed one month, one day;
- (2) In applying the provisions of the preceding paragraph in the cases prescribed in Article 34-3, paragraph (8) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, the term "approval date" in that paragraph is deemed to read "the day immediately following the previous end date".

(Information for Inclusion in Documents to Be Delivered to a Corporation That Has Made a Request for Reinstatement as a Customer Other than a Professional Investor)

Article 34-2-12-2 The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (11) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, are the following particulars:

- (i) the date when acceptance is made pursuant to the provisions of Article 34-3, paragraph (10) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act (which is referred to as the "approval date" in item (iii));
- (ii) a statement to the effect that the Subject Contract is a specified deposit, etc. contract;
- (iii) a statement to the effect that when being solicited to conclude or concluding a Subject Contract on or after the approval date, a corporation that has made a request pursuant to Article 34-3, paragraph (9) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, is treated again as a customer other than a professional investor;

(Business Person Who May Request Treatment as a Professional Investor)

Article 34-2-13 (1) The person specified by Cabinet Office Order that is provided for in Article 34-4, paragraph (1), item (i) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act, means one that satisfies any of the following requirements:

- (i) the person has not obtained consent of all silent partners to make the request prescribed in Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act.
  - (ii) the total amount of contributions under the silent partnership agreement the person has concluded as prescribed in Article 535 of the Commercial Code is less than 300 million yen.
- (2) The individuals specified by Cabinet Office Order that are provided for in Article 34-4, paragraph (1), item (i) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, are the following persons:
- (i) an individual who is a partner who concluded a partnership agreement prescribed in Article 667, paragraph (1) of the Civil Code and has been entrusted with the execution of business of the partnership (limited to a person satisfying all of the following requirements):
    - (a) The individual has obtained the consent of all the other silent partners to

- make the request prescribed in Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act; and
- (b) the total amount of contributions under the partnership agreement is 300 million yen or more;
- (ii) an individual who is a partner who has concluded a limited liability partnership agreement prescribed in Article 3, paragraph (1) of the Limited Liability Partnership Act, participates in decision-making on a major partnership business, and executes the business personally (limited to a person satisfying all of the following requirements):
  - (a) The individual has obtained the consent of all the other partners to make the request prescribed in Article 34-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act; and
  - (b) the total amount of contributions under the limited liability business partnership agreement is 300 million yen or more.

(Individuals Who May Request Treatment as a Professional Investor)

Article 34-2-14 The requirement specified by Cabinet Office Order that is provided for in Article 34-4, paragraph (1), item (ii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, is that all of the following requirements be met:

- (i) judging reasonably from transaction status and other circumstances, the difference calculated by deducting the total amount of liabilities from the total amount of assets of the applicant (which means an applicant prescribed in Article 34-4, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act; hereinafter the same applies in this Article and Article 34-2-16) on the approval date (which means the approval date as prescribed in Article 34-3, paragraph (2), item (i) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act; the same applies in the following item, paragraph (2) of the following Article, Article 34-2-16, paragraph (2), item (iii), and Article 34-2-16-2) is expected to be 300 million yen or more;
- (ii) judging reasonably from transaction status and other circumstances, the total amount of assets (limited to those set forth in the following items) of the applicant on the approval date is expected to be 300 million yen or more:
  - (a) securities (excluding those set forth in sub-item (e) and those set forth in sub-item (f) (limited to those based on a contract concluded with a special enterprise operator prescribed in Article 2, paragraph (7) of the Act on

- Specified Joint Real Estate Ventures));
- (b) rights pertaining to derivatives transactions;
  - (c) specified deposit, etc. as prescribed in Article 13-4 of the Act; specified savings, etc. as prescribed in Article 11-5 of the Agricultural Co-operatives Act; specified savings, etc., as prescribed in Article 11-9 of the Fisheries Cooperatives Act; specified deposit, etc., as prescribed in Article 6-5-2 of the Act on Financial Businesses by Cooperative; specified deposit, etc., as prescribed in Article 89-2 of the Shinkin Bank Act; specified deposit, etc., as prescribed in Article 17-2 of the Long-Term Credit Bank Act; specified deposit, etc., as prescribed in Article 94-2 of the Labor Bank Act; and specified deposit, etc., as prescribed in Article 59-3 of the Norinchukin Bank Act; and specified deposit, etc. as prescribed in Article 29 of the Shoko Chukin Bank Limited Act;
  - (d) rights pertaining to an insurance payment, mutual aid insurance money, refund, or other payment based on a specified mutual aid insurance contract as prescribed in Article 11-27 of the Agricultural Co-operatives Act, a specified mutual aid insurance contract as prescribed in Article 12-3, paragraph (1) of the Consumers Cooperatives Act, a specified mutual aid insurance contract as prescribed in Article 15-7 of the Fisheries Cooperatives Act, a specified mutual aid insurance contract as prescribed in Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act, and a specified mutual aid insurance contract as prescribed in Article 300-2 of the Insurance Business Act;
  - (e) a beneficiary right of trust pertaining to a specified trust contract as prescribed in Article 24-2 of the Trust Business Act;
  - (f) a right based on a real property specified joint enterprise contract as prescribed in Article 2, paragraph (3) of the Act on Specified Joint Real Estate Ventures; and
  - (g) a right pertaining to a transaction on a commodity market, foreign commodity market transaction, and over-the-counter commodity derivative transaction;
- (iii) one year has elapsed from the date the applicant first concluded a specified deposit, etc. contract pertaining to foreign bank agency services.

(End Date If an Individual Who Is a Customer Other than a Professional Investor Is Deemed a Professional Investor)

Article 34-2-15 (1) The case specified by Cabinet Office Order that is provided for in Article 34-3, paragraph 2 of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis in Article 52-2-5 of the Act, means if a foreign bank's agent bank specifies a certain date and publicly discloses the following

particulars by posting them in a place that facilitates public viewing in a business office of the foreign bank's agent bank or by another appropriate method:

- (i) the date.
  - (ii) a statement to the effect that the end date (which means the end date prescribed in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act; the same applies in paragraph (2), item (i) of the following Article and Article 34-2-16-2) is the date prescribed in the following paragraph.
- (2) The date specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, means the date that is specified by a foreign bank's agent bank pursuant to the provisions of the preceding paragraph and that is the last day within one year from the approval date.

(Information for Inclusion in the Document to Which an Individual, Who Is a Customer Other than the Professional Investor That Has Made a Request, Gives Its Consent)

Article 34-2-16 (1) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (iv), sub-item (a) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis in Article 52-2-5 of the Act, are a statement to the effect that, with regard to the subject contract (which means the subject contract prescribed in item (ii) of that paragraph; the same applies in the following paragraph and Article 34-2-16-3), the provisions of each item of Article 45 (excluding items (iii) and (iv)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act, are not applicable when the applicant is a person prescribed in any of the items (except in the case prescribed in the proviso of Article 45 of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5 of the Act).

- (2) The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (2), item (vii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis in Article 52-2-5 of the Act, are:
- (i) with regard to an act performed based on the provisions of laws and regulations or the stipulations of a contract pertaining to a subject contract

- concluded before the end date, even if such act is performed after the end date, the fact that an applicant is treated as a professional investor;
- (ii) a statement to the effect that, with regard to the subject contract, an applicant is treated as professional investor only by the foreign bank's agent bank that accepted the request pursuant to the provisions of Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis in Article 52-2-5 of the Act;
  - (iii) a statement to the effect that, at any time on or after the approval date, an applicant may make an application pursuant to Article 34-4, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act

(Period Necessary for an Individual, Who Is a Customer Other than a Professional Investor That Has Made a Request, to Make a Request for Renewal)

Article 34-2-16-2 (1) The period specified by Cabinet Office Order that is provided for in Article 34-3, paragraph (7) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, is 11 months (in the cases set forth in the following items, the period prescribed in respective items):

- (i) if the period between the approval date and the end date is less than one year (excluding the cases set forth in the following item), a period obtained by deducting one month from the period;
  - (ii) if the period between the approval date and the end date does not exceed one month, one day;
- (2) In applying the provisions of the preceding paragraph in the cases prescribed in Article 34-3, paragraph (8) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, the term "approval date" in that paragraph is deemed to read "the day immediately following the previous end date".

(Information for Inclusion in Documents to Be Delivered to an Individual Who Has Made a Request for Reinstatement as a Customer Other than a Professional Investor)

Article 34-2-16-3 The particulars specified by Cabinet Office Order that are provided for in Article 34-3, paragraph (11) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act, as applied mutatis mutandis pursuant to Article 52-

2-5 of the Act, are:

- (i) the date when acceptance is made pursuant to the provisions of Article 34-4, paragraph (5) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act (which is referred to as the "approval date" in item (iii));
- (ii) a statement to the effect that the Subject Contract is a specified deposit, etc. contract;
- (iii) a statement to the effect that, when being solicited to conclude or concluding a Subject Contract on or after the approval date, an individual who has made a request pursuant to Article 34-4, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, is treated again as a customer other than a professional investor.

(Acts Similar to Advertisement)

Article 34-2-17 The acts specified by Cabinet Office Order that are provided for in each item of Article 37 of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, means providing information with the same content to many persons by postal mail, correspondence, or using a facsimile device; by electronic mail; by distributing fliers or pamphlets; or by other means (excluding the following means):

- (i) distributing documents prepared based on a law or regulation or based on a disposition given by a government agency under a law or regulation;
- (ii) distributing materials on analysis and evaluation of individual enterprises that are not used for the solicitation of the conclusion of a specified deposit, etc. contract;
- (iii) providing persons with premiums or other goods that only show all the following information (limited to goods for which the information set forth in sub-items (b) to (d) are shown clearly and properly) (if any of this information is not indicated on a premium or other good, this includes providing such a premium or other good together as a single unit with any other goods that shows that information):
  - (a) name of the financial instrument (including a name it is commonly known by);
  - (b) trade name or a commonly used name of the foreign bank's agent bank who provides the same contents of information to a large number of persons by a means prescribed in this item.
  - (c) information as set forth in Article 14-5, paragraph (2), item (i) of the Order (limited to information conveyed using characters and numerals of a size that is not significantly different from the largest size used to show characters and numerals conveying information other than the information

in question);

(d) an indication to thoroughly read the content of the one of the following documents:

1. the document prescribed in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act (hereinafter referred to as a "document to be delivered prior to the conclusion of a contract" from this Article to Article 34-2-30-2);
2. the document of a foreign currency deposit, etc. prescribed in Article 34-2-25, paragraph (1), item (i);
3. the contract change document prescribed in Article 34-2-25, paragraph (1), item (iii) (b);

(Method of Indication in Running Advertisement of the Details of a Person's Agency or Intermediary Service for the Conclusion of a Specified Deposit Contract)

Article 34-2-18 (1) When a foreign bank's agent bank runs an advertisement or performs an act prescribed in the preceding paragraph (which is referred to as an "Advertisement, etc." in the following paragraph) with regard to the details of its actions as agent or intermediary for the conclusion of a specified deposit, etc. contract, the particulars set forth in the items of Article 37, paragraph (1) (excluding item (ii)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, must be indicated clearly and accurately;

(2) If a foreign bank's agent bank runs an Advertisement, etc. about the substance of its actions as agent or intermediary in the conclusion of specified deposit, etc. contracts, any characters or numerals that convey the information set forth in Article 14-5, paragraph (1), item (ii) of the Order are to be shown in a size that is not significantly different from the largest size used to show characters and numerals that convey information other than the information in question;

(3) If a foreign bank's agent bank runs an Advertisement, etc. about the substance of its actions as agent or intermediary in the conclusion of specified deposit, etc. contracts, by causing something to be broadcast using the broadcasting equipment of a basic broadcaster or by any of the methods set forth in the items of Article 34-2-21, paragraph (1) (excluding audio broadcasting), notwithstanding the provisions of the preceding paragraph, any characters or numerals that convey the information set forth in Article 14-5, paragraph (2), item (i) of the Order are to be shown in a size that is not significantly different from the largest size used to show characters and numerals that convey information other than the information in question;

(Particulars of Compensation to Be Paid by a Customer)

Article 34-2-19 The particulars specified by Cabinet Office Order that are provided for in Article 14-5, paragraph (1), item (i) of the Order are a breakdown of the amounts by category of the fees, etc. or their maximum limits, or an overview of the way these are calculated (including the percentage to the amount of principal of the specified deposit, etc. contract; hereinafter the same applies in this Article) and a breakdown of the total of those amounts or maximum limits, or an overview of the way these are calculated; provided, however, that if these cannot be given, this means an indication of this and the reasons therefor.

(Material Particulars That Impact Customers' Judgment)

Article 34-2-20 The particulars specified by Cabinet Office Order that are provided for in Article 14-5, paragraph (1), item (iii) of the Order are the following:

- (i) with regard to a specified deposit, etc. for which the principal foreign bank of the foreign bank's agent bank has a right to extend the deposit period, a statement to the effect that, when the right is exercised, it may be disadvantageous to the customer due to the money rate of the specified deposit, etc. falling below the money market rate; or
- (ii) any other fact regarding the material particulars of the specified deposit, etc. contract that may become disadvantageous to the customer.

(Means Equivalent to Causing Something to Be Broadcast Using the Broadcasting Equipment of a Basic Broadcaster)

Article 34-2-21 (1) The methods specified by Cabinet Office Order that are provided for in Article 14-5, paragraph (2) of the Order are the following:

- (i) causing something to be broadcast using the broadcasting equipment of a basic broadcaster;
- (ii) making the substance of information recorded in a file that has been prepared on a computer used by a foreign bank's agent bank or by a person entrusted with services involving Advertisement, etc. conducted by the foreign bank's agent bank (limited to information of the same substance as the particulars provided by causing something to be broadcast using the broadcasting equipment of a basic broadcaster or by a means set forth in the preceding item) available for inspection to customers through a telecommunications line; or
- (iii) causing something to be indicated to the public regularly or continually for a certain period inside or outside a building by having it installed or indicated on a signboard, standing signboard, placard and label, advertising

tower, advertising board, building, or other structure, etc. or by any equivalent means.

- (2) The matters specified by Cabinet Office Order that are provided for in Article 14-5, paragraph (2), item (ii) of the Order are the particulars set forth in Article 34-2-17, item (iii), sub-item (d).

(Particulars That Must Not Be Exaggerated)

Article 34-2-22 The particulars specified by Cabinet Office Order that are provided for in Article 37, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5, are the following particulars:

- (i) the particulars of the cancellation of a specified deposit, etc. contract;
- (ii) the particulars of the bearing of all or part a loss or guarantee of profit pertaining to a specified deposit, etc. contract;
- (iii) the particulars of liquidated damages pertaining to a specified deposit, etc. contract (including a penalty); and
- (iv) the particulars of the amount of a fee, etc. to be paid by a customer concerning a specified deposit, etc. contract or its calculation method, payment method, and timing, and the payee.

(Method of Entry in Document to be Delivered Prior to the Conclusion of a Contract)

Article 34-2-23 (1) In the document to be delivered prior to the conclusion of a contract, the particulars set forth in the items of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, must be entered clearly and accurately, with letters and numbers of font size 8 points or larger as provided for in the Japanese Industrial Standards Z 8305.

(2) Notwithstanding the provisions of the preceding paragraph, in a document to be delivered prior to the conclusion of a contract, the following particulars are to be entered inside a frame, clearly and accurately with letters and numbers of font size 12 points or larger as provided for in the Japanese Industrial Standards Z 8305, and following the particulars prescribed in the following paragraph:

- (i) a summary of the particulars set forth in Article 37-3, paragraph (1), item (iv) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act and the particulars set forth in item (v) of that paragraph, and Article 34-2-27, item (xi); and
- (ii) the particulars set forth in Article 34-2-27, item (xii).

(3) In a document to be delivered prior to the conclusion of a contract, a foreign bank's agent bank is to enter those of the particulars set forth in Article 34-2-

27, item (i) and the items of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, that are of particular materiality in their impact on customers' judgment in plain language, using printed characters and numerals of size 12 points or larger as provided for in the Japanese Industrial Standards Z 8305 at the beginning of the document to be delivered prior to the conclusion of a contract.

(Methods of Provision of Information)

Article 34-2-24 The provision of information prescribed in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, is to be done by delivering a document to be delivered prior to the conclusion of a contract.

(When Delivery of Document to be Delivered Prior to the Conclusion of a Contract Is Not Required)

Article 34-2-25 (1) The case specified by Cabinet Office Order that is provided for in Article 37-3, proviso of paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act means:

- (i) the cases in which a document (hereinafter referred to as a "document of foreign currency deposit, etc." from this Article to Article 34-2-30-2), in which the particulars set forth in Article 37-3, paragraph (1), item (i) and items (iii) to (v) and Article 34-2-27, items (i), (xi), and (xvii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, with regard to a specified deposit, etc. contract pertain to foreign currency deposit, etc., are entered by a method equivalent to that prescribed in Article 34-2-23, is delivered to the customer within one year before the conclusion of the specified deposit, etc. contract (limited to the cases in which the customer declared the intention not to require the delivery of the document to be delivered prior to the conclusion of a contract);
- (ii) the cases in which, within one year before the conclusion of a specified deposit, etc. contract, a document to be delivered prior to the conclusion of a contract for a specified deposit, etc. contract, of which the terms are identical to those of the specified deposit, etc. contract, is delivered to the customer (including the cases in which the document to be delivered prior to the conclusion of a contract has not been delivered for the specified deposit, etc. contract of identical terms pursuant to the provisions of the preceding item); and
- (iii) if the relevant person acts as agent or intermediary for conclusion of a specified deposit, etc. contract aiming at changing part of the terms of the

specified deposit, etc. contract already concluded, the cases set forth in the following:

- (a) when there is nothing to be changed, pursuant to the change, in the entry of the document to be delivered prior to the conclusion of a contract for the specified deposit, etc. contract already concluded; and
  - (b) if, pursuant to the change, there are changes to be made in the entry of the document to be delivered prior to the conclusion of a contract for a specified deposit, etc. contract already concluded, when a document in which the change is stated (hereinafter referred to as a "contract change documnet" to Article 34-2-30-2) is delivered to the customer.
- (2) The provisions of Article 14-11-25, paragraph (2) apply mutatis mutandis to delivery of a contract change documnet pursuant to the provisions of item (iii), sub-item (b) of the preceding paragraph.
- (3) If a specified deposit, etc. contract pertaining to a foreign currency deposit, etc. is concluded within one year from the date when a document of foreign currency deposit, etc. is delivered (including the date when a document of foreign currency deposit, etc. is deemed to be delivered pursuant to the provisions of this paragraph) (limited to the cases in which the customer declared the intention not to require delivery of a document to be delivered prior to the conclusion of a contract), it is deemed that a document of foreign currency deposit, etc. is delivered on the date of the conclusion and the provisions of paragraph (1), item (i) apply.
- (4) If, within one year from the date of delivery of document to be delivered prior to the conclusion of a contract (including, if the document to be delivered prior to the conclusion of a contract is not delivered with regard to a specified deposit, etc. contract pursuant to the provisions of paragraph (1), item (i), the date of conclusion of the specified deposit, etc. contract and the date when the document to be delivered prior to the conclusion of a contract is deemed to be delivered pursuant to the provisions of this paragraph), a specified deposit, etc. contract with terms identical to those of the specified deposit, etc. contract pertaining to the document to be delivered prior to the conclusion of a contract is concluded, it is deemed that a document to be delivered prior to the conclusion of a contract is delivered on the date of the conclusion and the provisions of paragraph (1), item (ii) apply.

(Particulars of Compensation to Be Paid by a Customer)

Article 34-2-26 The particulars specified by Cabinet Office Order that are provided for in Article 37-3, paragraph (1), item (iv) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-2-5, are the amounts by category of Fee, etc. that the customer is to pay for a specified deposit, etc. contract, regardless of whether this is referred to as a fee,

consideration, charge, or any other term, or their maximum limits, or the way these are calculated (including the percentage of Fee, etc. as compared to the principal amount pertaining to the specified deposit, etc. contract; hereinafter the same applies in this Article) and the total of those amounts or maximum limits, or the way these are calculated; provided, however, that when these cannot be given, this means an indication of this and the reasons therefor.

(Information for Inclusion in Document to be Delivered Prior to the Conclusion of a Contract)

Article 34-2-27 The particulars specified by Cabinet Office Order that are provided for in Article 37-3, paragraph (1), item (vii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, are the following particulars:

- (i) a statement to the effect that the content of the document to be delivered prior to the conclusion of a contract should read and understood sufficiently;
- (ii) name of the financial instrument (including a name it is commonly known by)
- (iii) whether it is eligible for the insurance payment prescribed in Article 53 of the Deposit Insurance Act
- (iv) scope of the persons eligible for acceptance;
- (v) period of deposit (including whether the deposit will be automatically renewed or not);
- (vi) minimum amount of deposit, unit of deposit, and any other terms of deposit;
- (vii) method of repayment;
- (viii) method of setting interest rate, payment method, calculation method, and any other terms pertaining to interest;
- (ix) the particulars of any special provisions that may be added;
- (x) terms of termination of contract before maturity (including the calculation methods of interest and fees);
- (xi) the following particulars, if there is a risk for a loss to arise that has as its direct cause fluctuations in the money rate, the value of currencies, quotations on a financial instruments market, or any other indicator, as regards the specified deposit, etc. contract into which the customer will enter:
  - (a) the indicator in question; and
  - (b) the reasons that fluctuations in that indicator could give rise to a loss;
- (xii) with regard to a specified deposit, etc. for which the principal foreign bank of the foreign bank agent bank has a right to extend the deposit period, a statement to the effect that, when the right is exercised, it may be disadvantageous to the customer due to the money rate of the specified

- deposit, etc. falling below the money market rate;
- (xiii) when financial instruments are sold that combine specified deposit, etc. with those set forth in the following, a statement to the effect that the financial instrument does not guarantee the full repayment at maturity of amount paid at initial deposit and any other details on the instrument:
    - (a) a market derivatives transaction or a foreign market derivatives transaction (excluding one falling under securities-related derivatives transactions);
    - (b) a financial derivatives transaction prescribed in Article 10, paragraph (2), item (xiv) of the Act;
    - (c) a futures foreign funds transfer transaction;
    - (d) a securities-related derivatives transaction (excluding transactions set forth in Article 2, paragraph (21), item (i) of the Financial Instruments and Exchange Act and transactions in a foreign financial instruments market similar to transactions set forth in that item); and
    - (e) a transaction set forth in Article 2, paragraph (21), item (i) of the Financial Instruments and Exchange Act or transactions in a foreign financial instruments market similar to transactions set forth in that item (limited to a National Government Bond Certificate, etc. and those of securities set forth in paragraph (1), item (xvii) of that Article which have the characteristics prescribed in item (i) of that paragraph);
  - (xiv) when the way of establishing an indicator to be the standard for establishing a money rate of a floating rate deposit and money rate are specified, the particulars of the standards, method, and money rate;
  - (xv) outline of taxation pertaining to the specified deposit, etc. contract;
  - (xvi) a method for the customer to contact the principal foreign bank of the foreign bank's agent bank;
  - (xvii) other information found to be of reference concerning the deposit of a specified deposit, etc.

(Information for Inclusion in Document to be Delivered upon the Conclusion of a Contract)

Article 34-2-28 The following particulars must be entered in the document to be prepared when a specified deposit, etc. contract is concluded as prescribed in Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 (which is referred to as a "document to be delivered upon the conclusion of a contract" in the following Article):

- (i) name or trade name of the principal foreign bank of the foreign bank's agent bank;
- (ii) amount of deposit (when the principal amount is indicated in a foreign

- currency, the principal amount expressed in the foreign currency);
- (iii) whether the financial instrument is eligible for insurance payment prescribed in Article 53 of the Deposit Insurance Act;
- (iv) date of deposit and date of maturity (including whether the deposit will be automatically renewed or not);
- (v) method of repayment;
- (vi) method of setting interest rates, payment method, calculation method, and other terms pertaining to interest;
- (vii) terms of termination of contract before maturity (including the calculation methods of interest and fees);
- (viii) date of conclusion of the specified deposit, etc. contract;
- (ix) terms of Fee, etc. for the specified deposit, etc. contract;
- (x) name of the customer; and
- (xi) a method for the customer to contact the principal foreign bank of the foreign bank's agent bank.

(When Delivery of Document to be Delivered upon the Conclusion of a Contract Is Not Required)

Article 34-2-29 (1) The case specified by Cabinet Office Order that is provided for in Article 37-4, proviso of paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act as regards a document to be delivered upon the conclusion of a contract means:

- (i) if a document of foreign currency deposit, etc. is delivered to the customer within one year before the conclusion of the specified deposit, etc. contract pertaining to a foreign currency deposit, etc. (limited to the cases in which the customer declared the intention not to require the delivery of the document to be delivered upon the conclusion of a contract);
- (ii) if, within one year before the conclusion of a specified deposit, etc. contract, a document to be delivered upon the conclusion of a contract for a specified deposit, etc. contract, of which terms are identical to the specified deposit, etc. contract, is delivered to the customer (including the cases in which the document to be delivered upon the conclusion of a contract has not been delivered for the specified deposit, etc. contract of identical terms pursuant to the provisions of the preceding item); and
- (iii) if a specified deposit, etc. contract has been concluded, aiming at changing part of the terms of another specified deposit, etc. contract that had already been concluded, the cases set forth in the following:
  - (a) pursuant to the change, when there is nothing to be changed in the entry of the document to be delivered upon the conclusion of a contract for the specified deposit, etc. contract that has already been concluded; and

- (b) pursuant to the change, if there are changes to be made in the entry of the document to be delivered upon the conclusion of a contract for a specified deposit, etc. contract that has already been concluded, when a document in which the change is stated has been delivered to the customer.
- (2) The provisions of Article 14-11-25, paragraph (2) apply mutatis mutandis to delivery of a Document pursuant to the provisions of item (iii), sub-item (b) of the preceding paragraph.
- (3) If a specified deposit, etc. contract pertaining to a foreign currency deposit, etc. is concluded within one year from the date when a document of foreign currency deposit, etc. is delivered (including the date when a document of foreign currency deposit, etc. is deemed to be delivered pursuant to the provisions of this paragraph) (limited to the cases in which the customer declared the intention not to require delivery of a document to be delivered upon the conclusion of a contract), it is deemed that a document of foreign currency deposit, etc. is delivered on the date of the conclusion and the provisions of paragraph (1), item (i) apply.
- (4) If, within one year from the date of delivery of document to be delivered upon the conclusion of a contract (including, if the document to be delivered upon the conclusion of a contract is not delivered with regard to a specified deposit, etc. contract pursuant to the provisions of paragraph (1), item (i), the date of conclusion of the specified deposit, etc. contract and the date when the document to be delivered upon the conclusion of a contract is deemed to be delivered pursuant to the provisions of this paragraph), a specified deposit, etc. contract with terms identical to those of the specified deposit, etc. contract pertaining to the document to be delivered upon the conclusion of a contract is concluded, it is deemed that a document to be delivered upon the conclusion of a contract is delivered on the date of the conclusion and the provisions of paragraph (1), item (ii) apply.

(Significance of Registration of a Credit Rating Agency and Other Matters)

Article 34-2-30 (1) The particulars specified by Cabinet Office Order that are provided for in Article 38, item (iii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, are the following:

- (i) the significance of registration pursuant to Article 66-27 of the Financial Instruments and Exchange Act;
- (ii) with regard to a person that gave a credit rating, the particulars set forth in the following:
- (a) trade name or name.
- (b) if the person is a corporation (including an organization without legal personality and appoints a representative or an administrator), the name

- of its officers (for an organization without legal personality and appoints a representative or an administrator, such representative or administrator).
  - (c) names and locations of the head office and other principal business offices or offices.
  - (iii) the outline of the policy and method that the person that gave the credit rating uses to give the credit rating.
  - (iv) the premise, significance, and limitations of credit rating.
- (2) Notwithstanding the provisions of the preceding paragraph, with regard to Credit Ratings determined by a specified associated corporation, the particulars specified by Cabinet Office Order that are provided for in Article 38, item (iii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act are the following:
- (i) the significance of registration pursuant to Article 66-27 of the Financial Instruments and Exchange Act;
  - (ii) trade name, name and registration number of credit rating agency whose associated corporation is designated as the specified associated corporation by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 116-3, paragraph (2) of the Cabinet Office Order on Financial Instruments Business;
  - (iii) the name used by the specified associated corporation as a representation of the Credit Rating Business;
  - (iv) the outline of the policy and method that the specified associated corporation that gave the credit rating uses to give the credit rating or way to obtain information on the the outline from credit rating agency specified by item (ii);
  - (v) the premise, significance, and limitations of credit rating.

(Prohibited Acts)

Article 34-2-30-2 The acts specified by Cabinet Office Order that are provided for in Article 38, item (viii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, are the following acts:

- (i) acts set forth in the items of Article 34-2-44;
- (ii) with regard to delivery of the following documents, an act as an agent or an intermediary for the conclusion of a specified deposit, etc. contract without explaining in advance to the customer (excluding a professional investor (excluding a person that is deemed to be a customer other than a professional investor pursuant to the provisions of Article 34-2, paragraph (5) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, and including a person that is deemed to be a professional investor pursuant to the provisions of Article 34-3,

paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act (including cases in which it is applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act)); hereinafter the same applies in this item) about particulars (when a document set forth in item (c) is delivered, particulars that are stated in the document and that are pertaining to the particulars set forth in Article 37-3, paragraph (1), items (iii) to (v) and (vii) of the Financial Instruments and Exchange Act) set forth in items (iii) to (v) and (vii) of that paragraph, as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, by a method and to a degree deemed necessary for the good understanding by the customer of those particulars in light of the customer's knowledge, experience, condition of assets, and purpose of concluding the specified deposit, etc. contract:

- (a) document to be delivered prior to the conclusion of a contract;
  - (b) document of foreign currency deposit, etc.; and
  - (c) contract change document;
- (iii) with regard to solicitation of conclusion of a specified deposit, etc. contract, an act of misrepresentation or an act of representation that may cause misunderstanding of material particulars;
- (iv) with regard to a specified deposit, etc. contract, an act of promising special benefits to the customer or a person designated by the customer, or an act of offering special benefits to the customer or a third party (including an act of having a third party promise or offer special benefits); and
- (v) with regard to conclusion or termination of a specified deposit, etc. contract, an act of soliciting, by telephone or by visiting, at an hour the customer (limited to an individual) finds annoying.

(Exemption of Exclusion from Application of Behavior Regulation)

Article 34-2-31 To apply the provisions of Article 37-4 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 52-2-5 of the Act, the case specified by Cabinet Office Order that is provided for in the proviso of Article 45 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 52-2-5 of the Act means if a system for responding immediately to an inquiry concerning a specified deposit, etc. contract that a customer concluded has not been developed.

(Public Inspection of Explanatory Statements of a Principal Foreign Bank)

Article 34-2-32 (1) A foreign bank's agent bank must start making available for public inspection documents that its principal foreign bank and the foreign

bank holding company (which means the foreign bank holding company prescribed in Article 52-2-6, paragraph (1) of the Act; hereinafter the same applies in this Article) of which the principal foreign bank is a subsidiary company prepare each business year on the state of business and assets of the principal foreign bank or the foreign bank holding company (which means explanatory documents for the business year prescribed in Article 21, paragraphs (1) and (2) and Article 52-29, paragraph (1) of the Act, or any documents equivalent thereto, and limited to those written in Japanese or English; hereinafter referred to as "documents for public inspection") within six months from the closing of the business year of the principal foreign bank or the foreign bank holding company having the principal foreign bank as a subsidiary company and keep them so available until they start making available for public inspection documents for public inspection for the following business year.

- (2) When the documents for public inspection are written in English, the foreign bank's agent bank must, in addition to the documents, present documents in Japanese comprised of the overview of business, balance sheet, and profit and loss statement of its principal foreign bank and the foreign bank holding company having the principal foreign bank as a subsidiary company, in response to the request of a customer.
- (3) If a foreign bank's agent bank is unable to start making documents for public inspection available for public inspection by the time prescribed in paragraph (1) due to compelling reasons, the foreign bank's agent bank may postpone the start of the public inspection with the prior approval of the Commissioner of the Financial Services Agency (with regard to a foreign bank's agent bank other than a Bank designated by the Commissioner of the Financial Services Agency, the Director of the Local Finance Bureau that has jurisdiction over the location of the head office of the foreign bank's agent bank (with regard to the location that is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the head of the Fukuoka Local Finance Branch Bureau))
- (4) A foreign bank's agent bank, when intending to obtain an approval prescribed in the preceding paragraph, must submit a written statement of reasons attached to a written application for approval to the Commissioner of the Financial Services Agency, etc.
- (5) When an application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the foreign bank's agent bank that filed the application has a compelling reason to postpone the start of the public inspection as under paragraph (1).
- (6) The measure specified by Cabinet Office Order that is provided for in Article 52-2-6, paragraph (2) of the Act is any means of showing the information that has been recorded in an electronic or magnetic record or the address (including

the two-dimensional barcode or any alternative) of the website on which the information recorded in an electronic or magnetic record has been posted, on paper or on a screen.

(Measures to Ensure Sound Operation of Foreign Bank Agency Services)

Article 34-2-33 A foreign bank's agent bank must, pursuant to the provisions of Article 52-2-7 of the Act, take the following measures to ensure sound and proper operation of foreign bank agency services.

- (i) measures to develop a system that enables it to promptly respond to inquiries about the state of the services and assets of the principal foreign bank pertaining to the foreign bank agency services;
- (ii) when it is deemed necessary for the sound and proper operation of the foreign bank agency services, a measure to modify the terms of or cancel the entrustment contract with the principal foreign bank;
- (iii) with regard to the principal foreign bank services in which the bank intends to act as an agent or intermediary, a measure to examine by itself, as necessary, whether the services falls under the services prescribed in Article 10, paragraphs (1) and (2) of the Act (excluding services for which it acts as agent or intermediary and the services in which a bank may act as an agent or intermediary pursuant to the provisions of that paragraph (excluding items (viii) and (viii)-2));
- (iv) measures to ensure the proper management of customer information, including one to prevent the principal foreign bank from illegally obtaining customer information from the foreign bank's agent bank;
- (v) in closing a business office providing foreign bank agency services, measures to ensure that the customers of the business office are not significantly affected, including measures to smoothly hand over the transactions of the customers of the business office to other foreign bank's agent banks or other business offices of the same principal foreign bank.
- (vi) measures necessary to properly and promptly address customer complaints regarding the principal foreign bank services pertaining to the foreign bank agency services.

(Notification on Principal Foreign Bank)

Article 34-2-34 (1) The case specified by Cabinet Office Order that is provided for in Article 52-2-9, paragraph (1), item (vii) of the Act means if there has been a change in the person that holds a number of shares or an amount of equity constituting over fifty percent of the issued shares, etc.

(2) A foreign bank's agent bank, when intending to file a notification pursuant to the provisions of Article 52-2-9, paragraph (1) of the Act, must submit to the Commissioner of the Financial Services Agency, etc. a written notification

without delay, with a statement of reasons and a document giving information that should serve as a reference attached thereto; provided, however, that the notifications regarding the matter set forth in item (i) of that paragraph may be made collectively as a single notification on a semiannual basis.

- (3) A foreign bank's agent bank, when posting a public notice and display pursuant to Article 52-2-9, paragraph (2) of the Act (limited to the cases in which a notification set forth in paragraph (1), items (iii) to (vi) of that Article), is to indicate a policy for processing transactions in the foreign bank agency services it provides, such as deposit, etc. in the principal foreign bank.

(Form of Sign)

Article 34-2-35 The form specified by Cabinet Office Order that is provided for in Article 52-40, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 52-2-10 of the Act, is as prescribed in item (x)-2 of the appended form.

(Separated Management)

Article 34-2-36 A foreign bank's agent bank, based on the provisions of Article 52-43 of the Act, as applied mutatis mutandis pursuant to Article 52-2-10 of the Act, must manage money or other assets delivered by customers, with regard to its activities as a foreign bank agent, in a condition that is immediately distinguishable as to whether the asset is its own asset or belongs to any principal foreign bank, by separating the places of management or by other methods.

(Matters to Be Clearly Indicated)

Article 34-2-37 The particulars specified by Cabinet Office Order that are provided for in Article 52-44, paragraph (1), item (iii) of the Act, as applied mutatis mutandis pursuant to Article 52-2-10 of the Act, are the following particulars:

- (i) when receiving the delivery of money or other assets from a customer with regard to activities as a foreign bank agent, a statement to the effect that the foreign bank's agent bank has been authorized by the principal foreign bank to receive the delivery;
- (ii) when there are two or more principal foreign banks, and when the fees pertaining to activities as a foreign bank agent that the customer is to pay for a contract that the customer intends to conclude differs from the fee to be paid to another principal foreign bank for the same type of contract as the contract, a statement to that effect;
- (iii) when there are two or more principal foreign banks, and when the foreign bank agent bank acts as agent or intermediary for the conclusion of the same type of contract as the one the customer intends to conclude through its

activity as a foreign bank agent for another principal foreign bank, a statement to that effect;

- (iv) when there are two or more principal foreign banks, the trade name or name of the principal foreign bank that is the other party of the transaction of the customer.

(Provision of Information to Depositor by a Foreign Bank's Agent Bank)

Article 34-2-38 The provisions of Article 13-3 apply mutatis mutandis to the provision of information to depositor, etc. by a foreign bank's agent bank pursuant to the provisions of Article 52-44, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 52-2-10 of the Act.

(Prevention of Misidentification of Contract Concluded by a Foreign Bank's Agent Bank)

Article 34-2-39 A foreign bank's agent bank, when carrying out an activity as a foreign bank agent, is to explain to the customer the following:

- (i) that the other party of the contract is not the foreign bank's agent bank itself but the principal foreign bank entrusting it with foreign bank agent services; and
- (ii) other information found to be of reference for preventing the customer from confusing the contract with a contract concluded by the foreign bank's agent bank.

(Provision of Information Pertaining to the Same Type of Contract Offered by Other Principal Foreign Banks)

Article 34-2-40 A foreign bank's agent bank, if it has clarified the particulars prescribed in Article 34-2-37, item (iii), must respond to the request of a customer and provide the content of the same type of contract of another principal foreign bank and other information to serve as a reference for the customer.

(Training and Other Measures for Employees Engaged in Foreign Bank Agency Services)

Article 34-2-41 For the employees engaged in foreign bank agency services, a foreign bank's agent bank must take such measures as providing guidance in foreign bank agency services and training in legal compliance in foreign bank agency services (including foreign laws and regulations).

(Closely Related Parties of a Foreign Bank's Agent Bank)

Article 34-2-42 A person closely related to a foreign bank's agent bank as specified by Cabinet Office Order that is provided for in Article 52-45, item (iii)

of the Act, as applied mutatis mutandis pursuant to Article 52-2-10 of the Act, when the foreign bank's agent bank is a Bank, means the specified related party of the Bank (which means a specified related party prescribed in Article 13-2 of the Act, but excluding a subsidiary company of a Bank that is the foreign bank's agent bank) and, if the foreign bank's agent bank is a foreign bank branch, a person uniquely related to that foreign bank branch (which means a person uniquely related thereto as prescribed in Article 13-2 of the Act, as replaced pursuant to the provisions of Article 9 of the Order, but excluding a subsidiary company of a foreign bank to which the foreign bank branch belongs).

(Conduct Unlikely to Result in Insufficient Customer Protection)

Article 34-2-43 The conduct specified by Cabinet Office Order as being unlikely to result in insufficient customer protection that is provided for in Article 52-45, item (iii) of the Act, as applied mutatis mutandis pursuant to Article 52-2-10, means conduct that does not constitute a foreign bank's agent bank wrongfully acting as agent or intermediary in the conclusion of a contract for the lending of funds or discounting of bills and notes on the condition that a customer will effect a transaction.

(Prohibited Acts in Foreign Bank Agency Services)

Article 34-2-44 The acts specified by Cabinet Office Order that are provided for in Article 52-45, item (v) of the Act, as applied mutatis mutandis pursuant to Article 52-2-10 of the Act, are the following acts:

- (i) wrongfully acting as agent or intermediary for the customer in the conclusion of a contract involving the services of a principal foreign bank on the condition that the customer effect a transaction with itself or a business operator it designates (this excludes the conduct set forth in Article 52-45, item (iii) of the Act as applied mutatis mutandis in Article 50-2-10 of the Act);
- (ii) wrongfully using its advantageous position in a transaction as a foreign bank's agent bank to put a customer at a disadvantage as concerns a condition or implementation of a transaction;
- (iii) wrongfully having the customer effect a transaction with itself or a business operator it designates on the condition that it act as agent or intermediary in the conclusion of a contract involving the services of a principal foreign bank;
- (iv) acting as an agent or intermediary in the conclusion of a contract linked to conduct of the principal foreign bank that violates or may violate a law or regulation, etc. (including foreign laws and regulations, etc. )

(Books and Documents Concerning Foreign Bank Agency Services)

Article 34-2-45 Pursuant to the provisions of Article 52-49 of the Act, as applied mutatis mutandis pursuant to Article 52-2-10 of the Act, a foreign bank's agent bank must prepare the books and documents prescribed in the following items (when it does not act as an agent in the principal foreign bank services, limited to those set forth in item (iii)) for each principal foreign bank and keep them on file for the periods prescribed respectively in those items to show the processing and calculations made in the foreign bank agency services:

- (i) general ledger: five years from the date of preparation;
- (ii) foreign bank agency account ledger: ten years from the date of preparation;
- (iii) a document describing the intermediation of the services of the principal foreign bank that it provided to customers of foreign bank agency services: five years from the date on which it undertook the intermediation.

(Form of a Report on Foreign Bank Agency Services)

Article 34-2-46 (1) The report on foreign bank agency services pursuant to the provisions of Article 52-50, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 52-2-10 of the Act, must be prepared pursuant to Appended Form (x)-2-2 and submitted to the Commissioner of the Financial Services Agency, etc., within three months of the end of the business year.

(2) A foreign bank's agent bank, if it is unable to submit the report on foreign bank agency services within the period prescribed in the preceding paragraph for compelling reasons, may postpone the submission under the prior approval of the Commissioner of the Financial Services Agency (when the Director the Local Finance Bureau who has jurisdiction over the location of the head office of the foreign bank's agent bank (the head of the Fukuoka Local Finance Branch Bureau, when the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau) pursuant to the provisions of Article 17-2 of the Order receives the report on foreign bank agency services, the director of the Local Finance Bureau or the head of Fukuoka Local Finance Branch Bureau ).

(3) A foreign bank's agent bank, when intending to obtain an approval prescribed in the preceding paragraph, must submit a written statement of reasons attached to a written application for approval to the Commissioner of the Financial Services Agency, etc.

(4) When an application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the foreign bank's agent bank that filed the application has what is found to be a compelling reason to postpone the submission as under paragraph (2).

## Chapter VIII Shareholders

## Section 1 General Rules

(Submission of a Statement of Holdings in Bank Voting Rights)

Article 34-2-47 (1) A person that is to submit a statement of holdings in bank voting rights (hereinafter referred to as a "statement of holdings in bank voting rights" in this paragraph and Article 34-5) as prescribed in Article 52-2-11, paragraph (1) of the Act pursuant to that paragraph, must prepare the statement of holdings in bank voting rights pursuant to item (x)-2-3 of the appended form, and submit it to the Commissioner of the Financial Services Agency, etc.

(2) The case specified by Cabinet Office Order and the day specified by Cabinet Office Order that are provided for in Article 52-2-11, paragraph (1) of the Act means the cases set forth in each of the following items and the days specified in each of those items for the relevant category:

(i) when there is no increase of the holding number of voting rights (excluding the case as set forth in item (iii)): the earliest day among the day when five days (Sunday and the number of holidays as prescribed in Article 15-2 of the Order are not counted; hereinafter the same applies in this item and Article 34-4, paragraph (2), item (i)) have elapsed from the day that a person learns to becoming a major holder of voting rights in a bank (which means a major holder of voting rights in a bank as prescribed in Article 52-2-11, paragraph (1) of the Act; hereinafter the same applies in this Article and Article 34-4, paragraph (2), items (ii) and (iii)), or, the day when five days have elapsed from the 15th day of the month following the month that includes the day when a person becomes a major holder of voting rights in a bank (if the day is less than one month that elapses from the day when a person became a major holder of voting rights in a bank, the day that one month elapses from the day when a person becomes a major holder of voting rights in a bank);

(ii) when a person that becomes a major holder of voting rights in a bank is a foreign national or foreign corporation (including a person as set forth in Article 3-2, paragraph (1), item (i) of the Act; the same applies in the following item and Article 34-4, paragraph (2), items (ii) and (iii)) (excluding a case as set forth in the following item): the day when one month elapses from the day when a person becomes a major holder of voting rights in a bank; or

(iii) when a person that becomes a major holder of voting rights in a bank is a foreign national or a foreign corporation and there is no increase of the person's held number of voting rights: the earliest day among the day when one month elapses from the day when the person learns to becoming a major holder of voting rights in a bank, or the day when one month elapses from the 15th day of the month that following the month that includes the day

when the person becomes a major holder of voting rights in a bank (if the day is before the day when two months elapse from the day when a person became a major holder of voting rights in a bank, the day when two months elapse from the day when a person becomes a major holder of voting rights in a bank).

(Voting Rights Deemed to Be Held by the National Government)

Article 34-3 A person as set forth in each of the following items is deemed to be a corporation as prescribed in Article 15 of the Order with regard to the holding of voting rights as specified in those items, respectively:

- (i) a tariff bank as prescribed in Article 7, paragraph (1), item (i) of the supplementary provisions of the Deposit Insurance Act: voting rights pertaining to shares pertaining to acquisition, etc. based on an agreement as prescribed in Article 22, paragraph (1) of the supplementary provisions of that Act; voting rights from shares associated with an issuance, etc. of Shares, etc. as prescribed in Article 4, paragraph (2) of the Act Concerning Emergency Measures for Early Strengthening of Financial Functions (Act No. 143 of 1998; hereinafter referred to as "the Financial Strengthening Act"); voting rights from shares associated with an issuance, etc. of preferred shares, etc. as prescribed in Article 4, paragraph (1), item (i) of the Act (prior to amendment) on Emergency Measures for Stabilization of Financial Functions (Act No. 5 of 1998), which remains in effect by the provisions of Article 5 of the supplementary provisions of the Act Concerning Emergency Measures for the Revitalization of the Financial Functions (Act No. 132 of 1998); and voting rights from shares which are acquisition shares, etc. as prescribed in Article 35, paragraph (2), item (vi) of the Act on Special Measures for Strengthening Financial Functions (Act No. 128 of 2004);
- (ii) a tariff servicer as prescribed in Article 74, item (i) of the Agricultural and Fishery Cooperation Savings Insurance Act (Act No. 53 of 1973): voting rights from shares pertaining to the entrustment of purchase of assets pursuant to the provisions of Article 77, item (i) of that Act;
- (iii) a tariff bank as prescribed in Article 1-2-3, item (i) of the supplementary provisions of the Insurance Business Act: voting rights from shares pertaining to purchase of assets based on an agreement as prescribed in Article 1-2-12, paragraph (1) of the supplementary provisions of that Act.

(Submission of Statement of Changes)

Article 34-4 (1) A person that is to submit a Statement of Changes (hereinafter referred to as a "statement of changes" in this paragraph and paragraph (3), and the following Article) as prescribed in Article 52-3, paragraph (1) of the Act pursuant to the provisions of that paragraph, must prepare the statement of

changes according to item (x)-2-3 of the appended form and submit it to the Commissioner of the Financial Services Agency, etc.

- (2) The case specified by Cabinet Office Order and the day specified by Cabinet Office Order that are provided for in Article 52-3, paragraph (1) of the Act means the cases set forth in each of the following items and the days specified in each of those items for the relevant category:
- (i) when there is no increase or decrease of the holding number of voting rights (limited to the cases in which the proportion of voting rights held (which means the proportion of voting rights held as prescribed in Article 52-2-11, paragraph (1), item (i) of the Act; hereinafter the same applies in this Article and the following Article) increases or decreases by one percent or more, and excluding cases as set forth in item (iii)): the earliest day among the day when five days elapse from the day when a person learns of an increase or decrease by one percent or more of the person's proportion of voting rights held, or the day when five days elapse from the 15th day of the month following the month that includes the day when the proportion of voting rights held increases or decreases by one percent or more;
  - (ii) when a major holder of voting rights in a bank is a foreign national or a foreign corporation (excluding cases as set forth in the following item): the day when one month elapses from the day when a matter as set forth in Article 52-2-11, paragraph (1) of the Act changes; and
  - (iii) when a major holder of voting rights in a bank is a foreign national or a foreign corporation and there is no increase or decrease of the person's holding number of voting rights (limited to cases in which the proportion of voting rights held increases or decreases by one percent or more): the earliest day among the day when one month elapses from the day when a person learns that the person's proportion of voting rights held increases or decreases by one percent or more, or the day when one month elapses from the 15th day of the month following the month that includes the day when the proportion of voting rights held increases or decreases by one percent or more.
- (3) The case specified by Cabinet Office Order as prescribed in Article 52-3, proviso of paragraph (1) of the Act means if a statement of changes prepared due to a decrease by one percent or more in the proportion of voting rights held, with the proportion of voting rights held being stated in the statement of changes as five percent or less, is submitted.

(Submission of a Statement of Holdings in Bank Voting Rights Pertaining to Voting Rights Subject to Exceptions)

Article 34-5 (1) The person that is to submit a statement of holdings in bank voting rights pursuant to the provisions of Article 52-4, paragraph (1) of the

Act, or is to submit a statement of changes pursuant to the provisions of paragraph (2) of the Article, must prepare the statement of holdings in bank voting rights or the statement of changes in accordance with item (x)-3 of the appended form and must submit the notice or statement of changes to the Commissioner of the Financial Services Agency, etc.

- (2) The persons as specified by Cabinet Office Order that are provided for in Article 52-4, paragraph (1) of the Act are the following persons:
  - (i) a Bank, a long-term credit bank, or a financial instruments business operator (limited to a person that carries out securities-related business (excluding type i small amount electronic public offering business prescribed in Article 29-4-2, paragraph (10) of the Financial Instruments and Exchange Act and type ii small amount electronic public offering business prescribed in Article 29-4-3, paragraph (4) of that Act; the same applies in the following item) or an investment management business (which means an investment management business as prescribed in Article 28, paragraph (4) of that Act; the same applies in the following item)), a trust company (limited to a person that has obtained a license as prescribed in Article 3 or Article 53, paragraph (1) of the Trust Business Act), an insurance company (including a foreign insurance company, etc. ), the Norinchukin bank, the Shoko Chukin bank limited, and the Management Organization for Postal Savings and Postal Life Insurance;
  - (ii) a person that carries out a banking, securities-related business, investment management business, trust business, or insurance business in a foreign state pursuant to laws and regulations of a foreign state, who is other than those as set forth in the preceding item;
  - (iii) a person that is a joint owner with those persons as set forth in the preceding two items (hereinafter referred to as a "Bank, etc." in this item and paragraph (4)) that are other than Bank, etc.
- (3) The number specified by Cabinet Office Order as prescribed in Article 52-4, paragraph (1) of the Act is ten percent.
- (4) The case specified by Cabinet Office Order that is provided for in Article 52-4, paragraph (1) of the Act if there is a non-Bank, etc. that is a joint holder in a Bank, etc., means the proportion of voting rights held by joint holders that is calculated when any of the Banks, etc. that are joint holders are deemed not to be joint holders exceeds one percent.
- (5) In the standards as specified by Cabinet Office Order that are provided for in Article 52-4 paragraph (2), item (ii) of the Act, the proportion of voting rights held is deemed as an increase or decrease from that in the statement of holdings in bank voting rights submitted or to be submitted pursuant to the provisions of paragraph (1) of the Article by two-point-five percent or more.
- (6) The case specified by Cabinet Office Order and the day specified by Cabinet

Office Order that are provided for in Article 52-4, paragraph (2), item (iv) of the Act means the cases set forth in each of the following items and the days specified in each of those items for the relevant category:

- (i) if the proportion of voting rights held on the last day of the month following the month that includes the standard day pertaining to a statement of changes (which means the standard day as prescribed in Article 52-4, paragraph (3) of the Act; hereinafter the same applies in this Article) has increased or decreased from the proportion of voting rights held that is stated in the statement of changes by two-point-five percent or more: the 15th day of the month following the month that includes the last day;
- (ii) when the proportion of voting rights held stated in the statement of changes was recorded on the last day of the month other than the month that includes the standard day, if the proportion of voting rights held on the standard day after the month has increased or decreased from the proportion of voting rights held that is stated in the statement of changes by one percent or more, or any other change occurred in any of the material particulars to be stated in the statement of holdings in bank voting rights: the 15th day of the month following the month that includes the standard day;
- (iii) when the proportion of voting rights held stated in the statement of changes was recorded on the last day of the month other than the month that includes the standard day, if the proportion of voting rights held on the last day of the month that does not include a standard day after the month in the case and has increased or decreased from the proportion of voting rights held that is stated in the statement of changes by two-point-five percent or more: the 15th day of the month that does not include a standard day after the month in the case;
- (iv) if the proportion of voting rights held on the standard day after the base day of the calculation of the proportion of voting rights held that is stated in the statement of changes submitted or to be submitted pursuant to the provisions of Article 52-3, paragraph (1) of the Act, has increased or decreased from the proportion of voting rights held that is stated in the statement of changes by one percent or more, or any other change occurred in any of the material particulars to be stated in the statement of holdings in bank voting rights: the 15th day of the month following the month that includes the standard day;
- (v) if the proportion of voting rights held on the last day of the month other than the month of the standard day after the base day of the calculation of the proportion of voting rights held that is stated in the statement of changes submitted to be submitted pursuant to the provisions of Article 52-3, paragraph (1) of the Act, has increased or decreased from the proportion of

- voting rights held that is stated in the statement of changes by two-point-five percent or more: the 15th day of the month that includes the last day;
- (vi) if the proportion of voting rights held on the standard day after the base day of the calculation of the proportion of voting rights held that is stated in the statement of holdings in bank voting rights submitted or to be submitted pursuant to the provisions of Article 52-2-11, paragraph (1) of the Act, has increased or decreased from the proportion of voting rights held that is stated in the statement of holdings in bank voting rights by one percent or more, or any other change occurred in any of the material particulars to be stated in the statement of holdings in bank voting rights: the 15th day of the month following the month that includes the standard day;
- (vii) if the proportion of voting rights held on the last day of the month other than the month of the standard day after the base day of the calculation of the proportion of voting rights held that is stated in the statement of holdings in bank voting rights submitted or to be submitted pursuant to the provisions of Article 52-2-11, paragraph (1) of the Act, has increased or decreased from the proportion of voting rights held that is stated in the statement of holdings in bank voting rights by two-point-five percent or more: the 15th day of the month following the month that includes the last day.
- (7) A person, who intends to submit a notice of the standard day or of the change of the standard day, must prepare the written notice in accordance with item (x)-4 of the appended form and must submit the notice to the Commissioner of the Financial Services Agency, etc.

**Section 2 Special Provisions on a Bank's Major Shareholder**  
**Subsection 1 General Rules**

(Application of Authorization for the Case to Become a Person Holding a Number of Voting Rights in a Bank Which Is Equal to or Greater than the Major Shareholder Threshold)

- Article 34-6 (1) A company or other corporation that intends to hold a number of voting rights in a single bank which is equal to or greater than the major shareholder threshold through transactions or acts as set forth in each item of Article 52-9, paragraph (1) of the Act, when obtaining an authorization pursuant to the provisions of that paragraph, must submit a written application for authorization accompanied by the following documents to the Commissioner of the Financial Services Agency:
- (i) a written statement of reasons;
- (ii) the following documents concerning the corporation (when a part of the following documents cannot be provided due to the reason that the

- corporation is a foreign corporation, etc., a document equivalent to the document):
- (a) articles of incorporation;
  - (b) a certificate of registered information of the corporation;
  - (c) resumes of the directors and auditors (for a company with audit and supervisory committee, the directors; and for a company with nominating committee, etc., the directors and executive officers);
  - (d) with regard to a company with accounting advisors, resumes of the accounting advisors;
  - (e) a document stating the name of any person that holds voting rights exceeding five percent of voting rights held by all of shareholders or all of investors, the person's domicile or residence, nationality, and occupation (when the person is a corporation or other organization, its name, location of principal business office, and the content of business carried out) and the number of shares held by the person;
  - (f) when transactions or acts as set forth in each item of Article 52-9, paragraph (1) of the Act pertaining to the approval require the resolution at the shareholders meeting or of the board of directors (including organizations equivalent to these), minutes of the shareholders meetings or minutes of board of directors concerning this matter (including a document evidencing that necessary procedures were followed by organizations equivalent to these);
  - (g) a document stating the location of the principal office;
  - (h) a document stating the content of business;
  - (i) the latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of business, assets, and profit and loss of the corporation;
  - (j) a document stating the system pertaining to holding of voting rights of the bank;
  - (k) a document stating the holding number of voting rights of the bank and the number of voting rights of the bank to be acquired or held after the authorization; and
  - (l) a document stating the name of its subsidiary company, etc., location of principal business office or office, and content of business.
- (iii) a document stating prospective cash flow pertaining to the holding of voting rights of the bank for the five business years after the authorization and net present value of the forecast (which means the total value of the amount obtained by discounting each increase and decrease of revenue or expenditures caused directly or indirectly by the holding of the voting rights to current value by applying a money rate for the corresponding period pertaining to funds of acquisition of the voting rights, respectively; the same

- applies in paragraph (3));
- (iv) a document stating the result of a stress test (which means to calculate separately a different value from the net present value on the assumption that, with regard to particulars based on the calculation of net present value, that there were and will be changes of those particulars for a certain period in the past and other changes within a reasonable scope; the same applies in paragraph (3)) pertaining to the net present value calculation of the preceding paragraph;
  - (v) the relationships of personnel affairs, funds, technologies, transactions, etc., which are scheduled to exist with the bank after the authorization and policies pertaining to the relationships (if the relationships may have an effect on the operation of the services of the bank, including a system to secure the sound and appropriate operation of the services of the bank; the same applies in paragraph (3)); and
  - (vi) other documents giving information that should serve as a reference in an examination as prescribed in the Article 52-10, item (i) of the Act.
- (2) A person that intends to become a holder of a number of voting rights in a single bank which is equal to or greater than the major shareholder threshold through transactions or acts as set forth in each item of Article 52-9, paragraph (1) of the Act (excluding a person as prescribed in the preceding paragraph), when intending to obtain an authorization pursuant to the provisions of that paragraph, must submit a written application for authorization accompanied by documents as set forth in item (i), items (iii) to (v) of the preceding paragraph and the following documents to the Commissioner of the Financial Services Agency:
- (i) a document stating the name, location of principal business office, or domicile or residence, and the business being carried out or occupation of the person;
  - (ii) a document stating the holding number of voting rights of the bank and the number of voting rights of the bank to be acquired or held after the authorization;
  - (iii) a document stating the name, location of principal business office or offices, and content of the business of a corporation of which the person holds twenty percent or more of the voting rights held by all of shareholders or all of investors; and
  - (iv) other documents giving information that should serve as a reference in an examination as prescribed in Article 52-10, item (ii) of the Act.
- (3) If a person seeking to incorporate a company or other corporation that will hold a number of voting rights in a single bank that is equal to or greater than the major shareholder threshold, seeks authorization pursuant to the provisions of Article 52-9, paragraph (1) of the Act, it must submit a written

application for authorization accompanied by the following documents to the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) the following documents concerning a company or other corporation to be incorporated based on the authorization (hereinafter referred to as the "corporation to be incorporated" in this paragraph) (if a part of the following documents cannot be provided due to the reason that the corporation to be incorporated is a foreign corporation, etc., a document equivalent to the document):
  - (a) articles of incorporation;
  - (b) resumes of the directors and auditors (for a company with audit and supervisory committee, the directors; and for a company with nominating committee, etc., the directors and executive officers);
  - (c) with regard to a company with accounting advisors, resumes of the accounting advisors;
  - (d) a document stating the name of any person that will hold voting rights exceeding five percent of voting rights held by all of shareholders or all of investors, that person's domicile or residence, nationality, and occupation (if that person is a corporation or other organization, its name, location of principal business office, and the content of business carried out) and number of shares held by that person;
  - (e) if the relevant incorporation requires resolution at the organizational meeting, minutes of the organizational meetings concerning the above (if the corporation will be incorporated due to a share transfer, merger, or company split, the minutes of the shareholders meetings concerning the above or other documents evidencing that necessary procedures were followed);
  - (f) a document stating the location of the principal office;
  - (g) a document stating the content of business;
  - (h) a document providing the amount of stated capital and other conditions of assets after the incorporation;
  - (i) a document stating the system pertaining to the holding of voting rights of the bank;
  - (j) a document stating the holding number of voting rights of the bank and the number of voting rights of the bank to be acquired or held after the approval; and
  - (k) a document stating the name of its subsidiary company, etc., location of principal business office or offices, and content of business;
- (iii) a document stating prospective cash flow and prospective net present value pertaining to the holding of voting rights of the bank for five business years after the incorporation;

- (iv) a document stating the result of a stress test pertaining to the net present value as prescribed in the preceding item;
  - (v) the relationships of personnel affairs, funds, technologies, transactions, etc., which are scheduled to exist with the bank after the incorporation and policies pertaining to the relationships; and
  - (vi) other documents giving information that should serve as a reference in an examination as prescribed in Article 52-10, item (i) of the Act.
- (4) The Commissioner of the Financial Services Agency, when conducting an examination as prescribed in Article 52-10 of the Act pertaining to an application for authorization pursuant to the provisions of the preceding three paragraphs, is to consider the following particulars:
- (i) it is clear that the purposes of acquisition or holding of voting rights of the bank by a person that filed for the authorization or a corporation to be incorporated after the authorization (hereinafter referred to as the "applicant, etc." in this paragraph) will not harm the public nature of the bank services, and the system that is deemed, based on the condition of assets, and income and expenditures of the applicant, etc., and the holding, to have an extremely small possibility of damaging sound and appropriate operation of the services of the bank due to the relationships that the applicant, etc. has with the bank and other reasons pertaining to the holding;
  - (ii) in light of the system, etc. pertaining to the holding of voting rights of the bank, it is clear that applicant, etc. will not preclude the bank from carrying out accurate and fair business management, and is a person that has sufficient social creditability.
- (5) The causes specified by Cabinet Office Order that are provided for in Article 52-9, paragraph (1), item (i) of the Act are the following:
- (i) acquisition of shares by exercise of the security right;
  - (ii) acquisition of shares by acceptance of substitute performance;
  - (iii) increase in the proportion of holding voting rights to the voting rights held by all shareholders of the bank by acquisition of voting rights in the bank from shares in respect of which voting rights cannot be exercised (limited to an acquisition due to occurrence of an event that is not based on the intention of a person that intends to become a holder of voting rights of the bank);
  - (iv) increase in the proportion of holding voting rights to the voting rights held by all shareholders of the bank by a share transfer conducted by the bank (excluding the case of a request by a person that intends to become a holder of voting rights of the bank);
  - (v) increase in the proportion of holding voting rights to the voting rights held by all shareholders of the bank by consolidation or split of shares, or allotment of shares without a contribution by the bank;

- (vi) increase in the proportion of holding voting rights to the voting rights held by all shareholders of the bank by changes of content of a right or number of unit shares pertaining to shares due to the articles of incorporation of the bank being changed; and
  - (vii) increase in the proportion of holding voting rights to the voting rights held by all shareholders of the bank by acquisition of own shares of the bank.
- (6) The provisions of the preceding paragraph apply mutatis mutandis to the circumstances specified by Cabinet Office Order that are provided for in Article 15-4, item (i) of the Order.

(Preliminary Examination When Intending to Become a Holder of a Number of Voting Rights in a Bank Which Is Equal to or Greater than the Major Shareholder Threshold)

Article 34-7 A person that intends to become a holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold, or a person that intends to incorporate a company or other corporation that holds a number of voting rights in a bank which is equal to or greater than the major shareholder threshold, when intending to obtain an authorization pursuant to the provisions of Article 52-9, paragraph (1) of the Act, may request a preliminary examination by submitting the documents equivalent to those applicable as provided by paragraphs (1), (2), and (3) of the preceding Article to the Commissioner of the Financial Services Agency.

(Application of Authorization Pertaining to Specified Major Shareholders)

- Article 34-8 (1) A specified major shareholder (which means a specified major shareholder as prescribed in Article 52-9, paragraph (2) of the Act), when intending to obtain an authorization pursuant to the provisions of the proviso of that paragraph, must submit a written application for authorization accompanied by the following documents to the Commissioner of the Financial Services Agency:
- (i) a written statement of reasons;
  - (ii) the documents as set forth in Article 34-6, paragraph (1), item (i), sub-items (c) to (e), (g) to (j), (l), and items (iii) to (vi) of that paragraph; and
  - (iii) a document stating the number of the holding voting rights of the bank.
- (2) The provisions of Article 34-6, paragraph (4) apply mutatis mutandis to an examination as prescribed in Article 52-10 of the Act pertaining to an application for authorization pursuant to the provisions of the preceding paragraph.

**Subsection 2 Supervision**

(Companies Uniquely Related to a Bank's Major Shareholder)

Article 34-9 (1) A company that is uniquely related to a bank's major shareholder as specified by Cabinet Office Order that is provided for in Article 52-14, paragraph (1) of the Act means:

- (i) a subsidiary company (which means a subsidiary company as prescribed in Article 1-5, paragraph (2), item (i) of the bank's major shareholder (limited to a person that is a company subject to standards for consolidation (which means a company subject to standards for consolidation as prescribed in Article 3-2, paragraph (1), item (ii) of the Act; the same applies in item (iii)); the same applies in the following item);
  - (ii) an affiliated company (which means an affiliated company as prescribed in Article 1-5, paragraph (2), item (iii) of the bank's major shareholder; and
  - (iii) a company or other corporation in the bank's major shareholder (limited to a person other than a company subject to standards for consolidation) holds voting rights exceeding fifty percent of all shareholders', etc. voting rights .
- (2) The provisions of Article 1-6, paragraph (3) are applied mutatis mutandis to the voting rights held, in the case of item (iii) of the preceding paragraph, by the bank's major shareholder in that item.

### **Section 3 Special Provisions on a Bank Holding Company**

#### **Subsection 1 General Rules**

(Application of Authorization for a Case of Intending to Become a Holding Company of a Subsidiary Company that Is a Bank)

Article 34-10 (1) A company that intends to become a holding company of which subsidiary company is a bank, when intending to obtain an authorization pursuant to the provisions of Article 52-17, paragraph (1) of the Act, must submit a written application for authorization accompanied by the following documents to the Prime Minister via the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) the following documents concerning the company:
  - (a) articles of incorporation;
  - (b) a certificate of registered information of the company;
  - (c) resumes of the directors and auditors (for a company with audit and supervisory committee, the directors; and for a company with nominating committee, etc., the directors and executive officers);
  - (d) with regard to a company with accounting advisors, resumes of the accounting advisors (when an accounting advisor is a corporation, a document stating the history of the accounting advisor and resumes of members who are to engage in duties);

- (e) the resume of the financial auditor;
- (f) a document stating each shareholder's name, domicile or residence, nationality and occupation (when a shareholder is a corporation or other organization, its name, location of principal business office, and the content of business being carried out) and number of shares held by the shareholder;
- (g) when transactions or acts as set forth in each item of Article 52-17, paragraph (1) of the Act to which that authorization pertains require a resolution at the shareholders meeting or of the board of directors, minutes of the shareholders meeting or minutes of the board of directors concerning the above;
- (h) a document stating the location of offices;
- (i) a document stating the content of business;
- (j) the latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of business, assets, and profit and loss of the company;
- (k) a document stating the system pertaining to the business management of a subsidiary company (including a company to become a subsidiary company; hereinafter the same applies in this paragraph) conducted by the company; and
- (l) a document stating the condition of securing employees with knowledge and experience concerning the bank services;
- (iii) the following documents concerning a subsidiary company, etc. (which means a subsidiary company corresponding to any subsidiary company, etc., as prescribed in Article 52-22, main clause of paragraph (1) of the Act, or a subsidiary company, etc., as prescribed in Article 52-25 of the Act; hereinafter the same applies in this Article) of the company:
  - (a) a document stating the name and the location of the principal business office or office;
  - (b) a document stating the titles and names of the officers (if an officer is a corporation, including the person responsible for performing the duties thereof); and
  - (c) documents set forth in sub-items (i) and (j) of the preceding item;
- (iv) a document stating prospective income and expenditures, and consolidated capital adequacy ratio (which means the ratio obtained by a formula pertaining to the standards as prescribed in Article 52-25 of the Act; hereinafter the same applies in this Section excluding Article 34-19-5, paragraph (2), item (ii) and Article 35, paragraph (3)) of the company and its subsidiary company, etc. for three business years after the authorization;
- (v) if, by the company's becoming a holding company that has a bank as its subsidiary company, it or its subsidiary company would come to hold voting

- rights in a domestic company (which means a domestic company as prescribed in Article 52-24, paragraph (1); hereinafter the same applies in this Section) in a total number that exceeds the maximum threshold for voting rights held (which means the maximum threshold for voting rights held as prescribed in that paragraph; hereinafter the same applies in this Section), a document stating the name and content of the business of the domestic company; and
- (vi) other documents giving information that should serve as a reference in an examination as prescribed in Article 52-18, paragraph (1) of the Act.
- (2) A person that intends to incorporate a holding company, of which a subsidiary company is a bank, when intending to obtain an authorization pursuant to the provisions of Article 52-17, paragraph (1) of the Act, must submit a written application for authorization accompanied by the following documents to the Prime Minister via the Commissioner of the Financial Services Agency:
- (i) a written statement of reasons;
  - (ii) the following documents concerning a company to be incorporated after obtaining the authorization (hereinafter referred to as the "company to be incorporated" in this paragraph):
    - (a) articles of incorporation;
    - (b) resumes of the directors and auditors (for a company with audit and supervisory committee, the directors; and for a company with nominating committee, etc., the directors and executive officers);
    - (c) with regard to a company with accounting advisors, resumes of the accounting advisors;
    - (d) the resume of the financial auditor;
    - (e) a document stating the name of each person to become a shareholder, its domicile or residence, nationality and occupation (when a shareholder is a corporation or other organization, its name, location of principal business office, and the content of business carried out) and number of shares held by the shareholder;
    - (f) when the incorporation requires a resolution at an organizational meeting, minutes of the organizational meeting concerning the above (when the company to be incorporated is incorporated by share transfer, merger, or company split, minutes of shareholders meeting concerning the above and other documents certifying that necessary procedures were followed);
    - (g) a document stating the location of offices;
    - (h) a document stating content of the business;
    - (i) a document providing the amount of stated capital and other condition of assets after the incorporation;
    - (j) a document stating the system pertaining to business management of a subsidiary company (including a company to become a subsidiary company;

- hereinafter the same applies in this paragraph and the following paragraph) conducted by the company to be incorporated; and
- (k) a document stating the condition of securing employees with knowledge and experience concerning the bank services;
- (iii) the following documents concerning a subsidiary company, etc. of the company to be incorporated;
- (a) a document stating the name and location of the principal business office or office;
  - (b) a document stating the titles and names of the officers (if an officer is a corporation, including the person responsible for performing the duties thereof);
  - (c) a document stating the content of business; and
  - (d) the latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of business, assets, and profit and loss of the company;
- (iv) a document stating prospective revenue and expenditures, and consolidated capital adequacy ratio of the company to be incorporated and its subsidiary company, etc. for three business years after the incorporation;
- (v) if, due to its incorporation, the company to be incorporated or its subsidiary company would come to hold voting rights in a domestic company in a total number that exceeds the maximum threshold for voting rights held, a document stating the name and content of the business of the domestic company; and
- (vi) other documents giving information that should serve as a reference in an examination as prescribed in Article 52-18, paragraph (1) of the Act.
- (3) The Prime Minister, when conducting an examination pursuant to the provisions of Article 52-18, paragraph (1) of the Act pertaining to an application of authorization pursuant to the provisions of the preceding two paragraphs, is to consider the following:
- (i) the income and expenditures of the company which filed the application or the company to be incorporated based on the authorization (hereinafter referred to as the "applicant, etc." in this paragraph), and its subsidiary companies, etc. are expected to show positive movements for three business years after the authorization or incorporation;
  - (ii) the consolidated capital adequacy ratio of the applicant, etc. and its subsidiary companies, etc. is expected to reach the proper level for three business years after the authorization or incorporation; and
  - (iii) in light of such matters as the conditions of securing directors or employees with sufficient knowledge and experience concerning the bank services and systems pertaining to business management of a subsidiary company, the applicant, etc. is a person that can manage business accurately

and properly of the bank which is or is to be its subsidiary company, and a person with sufficient social creditability.

- (4) The causes specified by Cabinet Office Order that are provided for in Article 52-17, paragraph (1), item (i) of the Act are the following:
- (i) acquisition of shares by exercise of the security right;
  - (ii) acquisition of shares by acceptance of substitute performance;
  - (iii) when a financial instruments business operator that carries out securities-related business acquires shares as its business, the implementation of its business;
  - (iv) increase in the proportion of holding voting rights to the voting rights held by all of shareholders of the bank by acquisition of voting rights in the bank from shares in respect of which voting rights cannot be exercised (limited to an acquisition due to occurrence of an event that is not based on the intention of a person that intends to become a holder of voting rights of the bank);
  - (v) increase in the proportion of holding voting rights to the voting rights held by all of shareholders of the bank by share transfer conducted by the bank (excluding the cases of the request of a person that intends to become a holder of voting rights of the bank);
  - (vi) increase in the proportion of holding voting rights to the voting rights held by all of shareholders of the bank by consolidation or split of shares, or allotment of shares without a contribution by the bank;
  - (vii) increase in the proportion of holding voting rights to the voting rights held by all of shareholders of the bank by changes of content of right or number of unit shares pertaining to shares due to a change of the articles of incorporation of the bank; and
  - (viii) increase in the proportion of holding voting rights to the voting rights held by all of shareholders of the bank by acquisition of own shares of the bank.
- (5) The provisions of the preceding paragraph apply mutatis mutandis to circumstances specified by Cabinet Office Order that are provided for in Article 16-2, item (i) of the Order.
- (6) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to the voting rights as prescribed in paragraph (1), item (v) and paragraph (2), item (v).

(Preliminary Examination for Authorization When Intending to Become a Holding Company of Which a Subsidiary Company Is a Bank)

Article 34-11 A company that intends to become a holding company of which a subsidiary company is a bank or a person that intends to incorporate a holding company of which a subsidiary company is a bank, when intending to obtain an

authorization pursuant to the provisions of Article 52-17, paragraph (1) of the Act, may request a preliminary examination by submitting documents equivalent to those pursuant to paragraph (1) or paragraph (2) of the preceding Article to the Prime Minister via the Commissioner of the Financial Services Agency.

(Notification Matters Pertaining to a Specified Holding Company)

Article 34-12 (1) The particulars specified by Cabinet Office Order that are provided for in Article 52-17, paragraph (2) of the Act are the following particulars:

- (i) the fact that the company became a holding company of which a subsidiary company is a bank;
- (ii) the reasonable grounds for, and timing when, the company became a holding company of which a subsidiary company is a bank;
- (iii) the name and content of the business of the company and its subsidiary company; and
- (iv) other particulars that the Commissioner of the Financial Services Agency finds to be necessary.

(2) A specified holding company (which means a specified holding company as prescribed in Article 52-17, paragraph (2) of the Act; hereinafter the same applies in this Article and the following Article), when intending to submit a notification (when the specified holding company is a foreign holding company of which a subsidiary company is a bank (which means a foreign holding company of which a subsidiary company is a bank as prescribed in Article 16-4 of the Order; the same applies hereinafter), notification pursuant to the provisions of Article 16-5 of the Order) pursuant to provisions of Article 52-17, paragraph (2) of the Act, must submit the notification accompanied by the following documents to the Commissioner of the Financial Services Agency, etc.:

- (i) articles of incorporation;
- (ii) a certificate of registered information of the company; and
- (iii) the latest balance sheet of the specified holding company and its subsidiary company.

(3) when the specified holding company is a foreign holding company of which a subsidiary company is a bank, the foreign holding company of which a subsidiary company is a bank, when intending to obtain an approval for postponement of the limit for notification pursuant to the provisions of the proviso of Article 16-5 of the Order, must submit a written application for approval accompanied by a written statement of reasons to the Commissioner of the Financial Services Agency, etc.

(4) When an application for approval under the provisions of the preceding

paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the foreign holding company that filed the application has what is found to be a compelling reason to postpone the limit for notification as under the provisions of the proviso of Article 16-5 of the Order.

- (5) The specified holding company, when intending to submit a notification pursuant to the provisions of Article 52-17, paragraph (4) of the Act, must submit a written notice accompanied by the following documents to the Commissioner of the Financial Services Agency, etc.:
- (i) a written statement of reasons;
  - (ii) a document stating the timing of when the specified holding company will no longer be a holding company of which a subsidiary company is a bank; and
  - (iii) a document stating measures that the specified holding company undertook in order not to become a holding company of which a subsidiary company is a bank or the reasonable grounds for the specified holding company no longer being a holding company of which a subsidiary company is a bank.

(Application of Authorization Pertaining to a Specified Holding Company)

Article 34-13 (1) A specified holding company, when intending to obtain an authorization pursuant to the provisions of Article 52-17, proviso of paragraph (3) of the Act, must submit a written application for authorization accompanied by the following documents to the Prime Minister via the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons; and
  - (ii) the documents as set forth in Article 34-10, paragraph (1), item (ii), sub-items (c) to (f) and (h) to (l) of the Act, and items (iii) to (vi) of that paragraph.
- (2) The provisions of Article 34-10, paragraph (3) apply mutatis mutandis to an examination as prescribed in Article 52-18, paragraph (1) of the Act pertaining to the application of authorization pursuant to the provisions of the preceding paragraph.

(Application of Authorization for Concurrent Holding of Positions as a Director of Bank Holding Company)

Article 34-14 (1) Directors who engage in the ordinary business of a bank holding company (with regard to a company with nominating committee, etc., executive officers; with regard to a bank holding company located in a foreign state (which means a foreign holding company, of which subsidiary company is a bank, and which was incorporated after obtaining an authorization as prescribed in Article 52-17, paragraph (1) of the Act or which has obtained the authorization as prescribed in the proviso of paragraph (3) of that Article; the same applies hereinafter), directors or executive officers who engage in the

ordinary business of the bank holding company located in a foreign state, or a person that is assigned to equivalent duties to the above; the same applies in the following paragraph), when intending to obtain an authorization for engaging in ordinary business of other company, pursuant to the provisions of Article 52-19, paragraph (1) of the Act, must submit a written application for authorization accompanied by the following documents to the Commissioner of the Financial Services Agency, etc. via the bank holding company:

- (i) a written statement of reasons;
  - (ii) a resume;
  - (iii) a document stating the methods of conducting ordinary business at the bank holding company and the other company;
  - (iv) a document stating transactions between the bank holding company and its subsidiary company and the other company, and other relationships; and
  - (v) the other company's articles of incorporation (including documents equivalent to this), the latest business report, balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of business, assets, and profit and loss.
- (2) The Commissioner of the Financial Services Agency, etc., when an application of authorization pursuant to the provisions of the preceding paragraph is filed, is to examine whether conditions are likely to preclude sound and appropriate operation of the services of the bank that is a subsidiary company of the bank holding company by the director who engages in ordinary business of a bank holding company who filed the application, if engaged in the ordinary business of the other company.

### **Subsection 2 Business and Subsidiary Company**

(Content of Business Management of a Bank Holding Company Group by a Bank Holding Company)

- Article 34-14-2 (1) The policy specified by Cabinet Office Order as constituting the policy prescribed in Article 52-21, paragraph (4), item (i) of the Act means:
- (i) policies concerning risk management such as policies concerning income and expenditure, capital allocation and adequacy of equity capital regarding the bank holding company group; and
  - (ii) policies concerning the development of the bank holding company group's crisis management systems in preparation for events such as disasters.
- (2) The systems specified by Cabinet Office Order that are provided for in Article 52-21, paragraph (4), item (iii) of the Act means systems to ensure that the directors, executive officers, members in charge of executing business, persons in charge of performing the duties referred to in Article 598, paragraph (1) of the Companies Act, and other persons equivalent to these persons, and

employees, all of whom belong to the companies that belong to the bank holding company group, perform their respective duties in the bank holding company in compliance with laws and regulations.

- (3) The activities specified by Cabinet Office Order that are provided for in Article 52-21, paragraph (4), item (iv) of the Act are formulating a reconstruction plan (meaning a plan for business reconstruction of a bank holding company group that needs to improve the conditions of its business operation or assets; hereinafter the same applies in this paragraph) for the bank holding company group (limited to a bank holding company group designated by the Commissioner of the Financial Services Agency as one that needs to formulate a reconstruction plan), and ensuring the proper implementation thereof.

(Services of Companies Belonging to a Group That a Bank Holding Company May Perform)

Article 34-14-3 The services specified by Cabinet Office Order that are provided for in Article 52-21-2, paragraph (1) of the Act are the following services:

- (i) services involved in the management of assets of a bank, long-term credit bank and foreign company engaging in banking which belong to the bank holding company group;
- (ii) services for conducting negotiations regarding a business transfer or acquisition, merger, company split, share exchange, share transfer or transfer or acquisition of Shares, etc., for the companies that belong to the bank holding company group;
- (iii) services for conducting an examination as a precondition for the decision on the extension of credit as required when a bank, long-term credit bank or foreign company engaging in banking intends to extend credit;
- (iv) services for performing the design, operation or maintenance of a system that functions by using a computer, or the design, development or sale of a computer program (including selling peripherals that are necessary in association with the sale of a software program) or maintenance of such program, for the companies that belong to the bank holding company group;
- (v) services for renting out real property (as a general rule, limited to real property for business use) to the companies that belong to the bank holding company group, or for maintaining, inspecting, or otherwise managing real property or accompanying equipment thereof owned by such companies;
- (vi) services for performing the administrative processes involved in a benefit or welfare program for officers or employees of the companies that belong to the bank holding company group;
- (vii) services for purchasing or managing goods for use in the administrative processes of the companies that belong to the bank holding company group;

- (viii) services for printing or bookbinding of documents, vouchers, or other statements connected with the administrative processes of the companies that belong to the bank holding company group;
- (ix) services for allowing the companies that belong to the bank holding company group to use machinery and other articles;
- (x) services for advertising or promoting the business of the companies that belong to the bank holding company group;
- (xi) services for investigating or providing information as necessary for the services of the companies that belong to the bank holding company group (excluding services for evaluating property that is the object of security for a claim connected to the lending of funds or other extension of credit by the companies that belong to the bank holding company group, for maintaining the property that is the object of the security, or for undertaking other necessary administrative processes in connection with that property);
- (xii) a business of conducting the development of goods pertaining to the business operated pursuant to the provisions of Article 10 of the Act;
- (xiii) services for undertaking calculations in connection with the administrative processes of the companies that belong to the bank holding company group;
- (xiv) services for preparing, arranging, storing, sending off, or delivering documents, vouchers, or any other documentation connected with the administrative processes of the companies that belong to the bank holding company group;
- (xv) services for brokering administrative processes between the companies that belong to the bank holding company group and their customers;
- (xvi) services for providing education or training to the officers or employees of the companies that belong to the bank holding company group; and
- (xvii) services incidental to services set forth in the preceding items.

(Application for Authorization for Conducting Services Common to Companies Belonging to a Group)

Article 34-14-4 (1) When a bank holding company intends to obtain an authorization under the provisions of Article 52-21-2, paragraph (2) of the Act, it must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) with regard to the bank holding company and its subsidiary companies, etc., the latest consolidated balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of business, assets, and profit and loss of these companies;

- (iii) a document stating an estimation of income and expenditures of the business to which that authorization pertains after obtaining the authorization;
  - (iv) a document stating an estimation of income and expenditures and the consolidated capital adequacy ratio of the bank holding company and its subsidiary companies, etc. after obtaining the authorization;
  - (v) a document stating the content of the business to which that authorization pertains and the system for executing the business;
  - (vi) a document stating the condition of securing employees with knowledge and experience concerning the business to which that authorization pertains; and
  - (vii) other documents giving information that should serve as a reference in an examination as prescribed in the following paragraph.
- (2) When an application of authorization is filed pursuant to the provisions of the preceding paragraph, the Commissioner of the Financial Services Agency is to examine whether it conforms to the following standards:
- (i) if the bank holding company which filed the application conducts the business to which that authorization pertains, this is expected to promote the uniform and efficient management of the bank holding company group's services;
  - (ii) in light of such matters as systems pertaining to business management of its subsidiary companies, the bank holding company which filed the application continues to be capable of carrying out the precise, fair, and efficient business management of the bank holding company group to which the bank holding company belongs, even after it commences the business to which that authorization pertains; and
  - (iii) in light of its personnel structure, the bank holding company which filed the application is capable of conducting the business to which that authorization pertains properly and fairly.

(Scope of Business Pertaining to the Development of a System to Protect Customers' Interests)

Article 34-14-5 The services specified by Cabinet Office Order that are provided for in Article 52-21-3, paragraph (1) of the Act means bank-related services.

(Measures Necessary to Prevent a Customer's Interests from Being Wrongfully Harmed)

Article 34-14-6 (1) A bank holding company must, to prevent the customer's interests pertaining to bank-related services conducted by a bank that is a subsidiary company of the bank holding company, a bank agent having a bank that is a subsidiary company of the bank holding company as its principal bank,

or subsidiary financial institution, etc. of the bank holding company from being wrongfully harmed in connection with transactions conducted by the bank that is a subsidiary company of the bank holding company, a bank agent having the bank that is a subsidiary company of the bank holding company as its principal bank, or a parent financial institution, etc. (which means a parent financial institution, etc., prescribed in Article 52-21-3, paragraph (2) of the Act; hereinafter the same applies in this Article) or a subsidiary financial institution, etc. (which means a subsidiary financial institution, etc. as prescribed in paragraph (3) of that Article; hereinafter the same applies in this Article) of the bank holding company, take the following measures:

- (i) development of a system to identify the subject transactions in an appropriate manner;
  - (ii) development of a system to properly ensure the protection of the customer by the following or any other methods:
    - (a) method for separating the department conducting subject transactions and the department conducting transactions with the customer
    - (b) method for changing the conditions or method of subject transactions or transactions with the customer
    - (c) method for interrupting subject transactions or transactions with the customer
    - (d) method for appropriately disclosing to the customer that the customer's interests may be wrongfully harmed in connection with subject transactions;
  - (iii) formulation of the policy of implementation of the measures set forth in the preceding two items and disclosure of their outline by an appropriate method;
  - (iv) keeping the following records on file:
    - (a) records pertaining to the identification of subject transactions conducted under the system prescribed in item (i)
    - (b) records pertaining to measures to appropriately ensure the protection of customers conducted under the system prescribed in item (ii).
- (2) The record prescribed in item (iv) of the preceding paragraph must be kept on file for five years from the date of creation.
- (3) The term "subject transactions" in paragraph (1), when, in connection with transactions conducted by a bank that is a subsidiary company of a bank holding company, bank agent having a bank that is a subsidiary company of the bank holding company as its principal bank, or the parent financial institution, etc. or subsidiary financial institution, etc. of the bank holding company, the interests of the customer pertaining to bank-related services conducted by the bank that is a subsidiary company of the bank holding company, the bank agent having a bank that is a subsidiary company of the

bank holding company as its principal bank, or the subsidiary financial institution, etc. of the bank holding company may be wrongfully harmed, means such transactions.

(Credit Extended to a Single Person Pertaining to a Bank Holding Company)

Article 34-15 (1) The provisions of Article 14-4 apply mutatis mutandis to a person uniquely related to a bank holding company as specified by Cabinet Office Order which is provided for in Article 52-22, main clause of paragraph (1) of the Act.

(2) The provisions of Article 14-2 apply mutatis mutandis to the calculation method of the amount in which credit is extended and contributions are made (meaning the extension of credit or the making of a contribution as prescribed in Article 52-22, main clause of paragraph (1) of the Act; hereinafter the same applies in this Article) to a single person by a bank holding company or its subsidiary company, etc. (which means a subsidiary company, etc. prescribed in the main clause of that paragraph; hereinafter the same applies in this Article) and other necessary particulars for applying the provisions of that paragraph. In this case, the term "the bank" is deemed to be replaced with the "the bank holding company."

(3) The total amount in which credit has been extended or contributions have been made to a single person of a bank holding company and its subsidiary company, etc., with regard to each of the bank holding company or its subsidiary company, etc., is to be calculated by deducting the amount subject to the adjustment pertaining to the single person from the total amount in which credit has been extended or contributions have been made that is calculated in accordance with the example as prescribed in the provisions of Article 14-2, paragraph (1) as applied mutatis mutandis pursuant to the preceding paragraph (except for the amount contributed by the bank holding company to the single person as prescribed in Article 14, paragraph (3)).

(4) The term "amount subject to the adjustment" as prescribed in the preceding paragraph means the amount of funds lent by the subsidiary company, etc. or any other amounts specified by the Commissioner of the Financial Services Agency among the amount guaranteed by the bank holding company or its subsidiary company, etc..

(5) The net total amount of equity capital as prescribed in Article 52-22, main clause of paragraph (1) of the Act is the amount of equity capital calculated in accordance with the standards as prescribed in Article 52-25 of the Act after adding necessary adjustments pursuant to the provisions specified by the Commissioner of the Financial Services Agency.

(6) A bank holding company, when intending to obtain an approval for the bank holding company or its subsidiary company, etc. as prescribed in the proviso of

Article 52-22, paragraph (1) of the Act to extend credit or make a contribution to a single person that exceeds the limit on credit and contributions pertaining to the bank holding company as prescribed in the main clause of the paragraph, must attach the documents set forth in each item of Article 14-3, paragraph (3) to a written application for approval and submit them to the Commissioner of the Financial Services Agency, etc.

- (7) A bank holding company, under whatever name, must not perform any transaction or act to evade prohibitions as prescribed in Article 52-22, main clause of paragraph (1) of the Act.

(Scope of a Subsidiary Company of a Bank Holding Company)

Article 34-16 (1) The bank holding company, its subsidiary companies, and other persons specified by Cabinet Office Order as being similar thereto that are provided for in Article 52-23, paragraph (1), item (x) of the Act means:

(i) the relevant bank holding company's group of bank holding companies (which means a group which includes a bank or companies set forth in Article 52-23, paragraph (1), item (i) or item (vi) of the Act among a group of two or more subsidiary companies of the bank holding company or a group of the bank holding company and its subsidiary companies; the same applies in the following item);

(ii) the bank holding company's group of bank holding companies and the following persons:

(a) a person as set forth in Article 17-2, paragraph (4), item (iv);

(b) another bank holding company's group of bank holding companies; and

(c) a long-term credit bank holding company's group of long-term credit bank holding companies.

(2) The term a "group of long-term credit bank holding companies" as prescribed in the preceding paragraph, item (ii), sub-item (c) means a group that includes a long-term credit bank or companies set forth in Article 16-4, paragraph (1), item (i) or (vi) of the Long-Term Credit Bank Act among a group of two or more subsidiary companies of a group of long-term credit bank holding companies or a group of the long-term credit bank holding companies and its subsidiary companies, etc.

(3) The services specified by Cabinet Office Order that are provided for in Article 52-23, paragraph (1), item (x), sub-item (a) of the Act means:

(i) services for renting out real property (as a general rule, limited to real property for business acquired from or leased to a bank holding company is a subsidiary company, or its subsidiary company) for another business operator, or for maintaining, inspecting, or otherwise managing real property or incidental equipment to the real property that is owned by another business operator;

- (ii) services for performing the administrative processes involved in a benefit or welfare program for officers or employees of another business operator;
- (iii) services for purchasing or managing goods for use in another business operator's administrative processes;
- (iv) services for printing or bookbinding of documents, vouchers, or other statements connected with the administrative processes of another business operator;
- (v) services for advertising or promoting the business of another business operator;
- (vi) services for operating, maintaining, inspecting, or otherwise managing automobiles for another business operator;
- (vii) services for investigating or providing information as necessary for the services of another business operator (except for that corresponding to item (x));
- (viii) services for maintaining, inspecting, or otherwise managing the cash dispensers, etc. of another business operator;
- (ix) services for preparing or sending off postcards or sealed documents that solicit persons to enter into contracts in connection with the business of another business operator or that explain the contents of the contracts;
- (x) services for evaluating property that is the object of security for a claim connected to the lending of funds or other extension of credit by another business operator, for maintaining the property that is the object of the security, or for undertaking other necessary administrative processes in connection with that property;
- (x)-2 services for acting as agency or intermediatory in the sale and purchase of the property (excluding real property) that is the object of security on behalf of another person conducting business, if it is necessary for the other person conducting business operator to exercise a security right in order to collect on a claim connected to the lending of funds or other extension of credit;
- (xi) services to provide consultations for the lending of funds by another business operator (limited to the lending of the necessary funds to purchase a home or any other lending of funds to consumers), or services to broker the administrative processes for the lending of funds by another business operator or undertake any other administrative process that is necessary in connection with the lending of funds by another business operator;
- (xii) services involving foreign funds transfer transactions carried out by another business operator, letters of credit, or traveler's checks, or services for undertaking the necessary administrative processes involved in the lending of funds that are directly necessary for import or export or any other international transactions, discounting of bills and notes, a debt guarantee, or accepting of bills and notes;

- (xiii) services for undertaking calculations in connection with the administrative processes of another business operator;
- (xiv) services for preparing, arranging, storing, sending off, or delivering documents, vouchers, or any other documentation connected with the administrative processes of another business operator;
- (xv) services for brokering administrative processes between another business operator and customers of the other business operator;
- (xvi) a staffing services as provided in Article 2, item (iii) of the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers, or employment placement services carried out after obtaining a permission pursuant to the provisions of Article 30, paragraph (1) of the Employment Security Act;
- (xvii) services for undertaking administrative processes involving computers for another business operator (including services for designing or maintaining a system that functions using a computer, or for designing, developing, or selling a software program (including selling peripherals that are necessary in association with the sale of a software program) or for maintaining it);
- (xviii) services for providing education or training to the officers or employees of another business operator;
- (xix) services for transporting the cash, checks, bills and notes, or securities of another business operator (except those corresponding to the following item and item (xxi));
- (xx) services for collecting and delivering cash, checks, bills and notes, or certificates to and from a major client of another business operator;
- (xxi) services for accepting and delivering securities in connection with the services of another business operator to and from a major client of that business operator;
- (xxii) services for organizing cash, checks, bills and notes, or securities, confirming their amounts or counts, or retaining custody temporarily on behalf of another business operator;
- (xxiii) services for investing on behalf of an insurance company which is a subsidiary company;
- (xxiv) if it is necessary for a bank, long-term credit bank, or insurance company that is a subsidiary company of the bank holding company of which the person in question is a subsidiary company (hereinafter referred to as a "fellow bank, etc.") to exercise a security right to collect on a claim connected to the lending of funds or other extension of credit, services for purchasing the property that is the object of security for the claim at an appropriate price for the fellow bank, etc. and services for holding ownership of the purchased property, managing it, and undertaking any other necessary

- administrative processes in connection with it;
- (xxv) other services specified by the Commissioner of the Financial Services Agency as equivalent to the services set forth in items (i) to the preceding item; or
- (xxvi) services incidental to the services set forth in each of the preceding items (limited to services performed by a person performing services as set forth in each of those items).
- (4) The company specified by Cabinet Office Order that is provided for in Article 52-23, paragraph (1), item (xi) of the Act means a company as prescribed in Article 17-2, paragraph (6).
- (5) The company specified by Cabinet Office Order as prescribed in Article 52-23, paragraph (1), item (xi)-2 of the Act is the company prescribed in Article 17-2, paragraph (7).
- (6) The requirements specified by Cabinet Office Order as prescribed in Article 52-23, paragraph (1), item (xi)-2 of the Act are the requirements specified in the following items in accordance with the categories of cases set forth respectively in those items:
- (i) if a bank holding company or its subsidiary company acquires voting rights in the company prescribed in Article 17-2, paragraph (7) (limited to one that falls under item (viii) of that paragraph) by taking the measures set forth in sub-item (b) of that item: the company falls under any of the following:
- (a) the parties have reached special conciliation prescribed in Article 2, paragraph (3) of the Act on Special Conciliation for Expediting Arrangement of Specified Debts;
- (b) the company is subject to an order confirming a rehabilitation plan under the provisions of Article 174, paragraph (1) of the Civil Rehabilitation Act;
- (c) the company is subject to an order confirming a reorganization plan under the provisions of Article 199, paragraph (1) of the Corporate Reorganization Act; or
- (d) a corporate rehabilitation plan has been prepared through the specified certified dispute resolution procedures prescribed in Article 2, paragraph (16) of the Act on Strengthening Industrial Competitiveness; and
- (ii) in cases other than those set forth in the preceding item: the company falls under any of sub-items (a) to (c) of that item.
- (7) Beyond a company as provided in paragraph (4), a company that corresponds to a company as prescribed in paragraph (4) at the time when its voting rights are acquired by a bank holding company or its subsidiary company (including a company that is to become a subsidiary company; hereinafter the same applies in this paragraph) due to causes other than the acquisition of Shares, etc. through the exercise of the security right and the cause set forth in paragraph (1), item (i) of the following Article (if the voting rights of the company are

acquired by the bank holding company or its subsidiary company on two or more occasions: on the latest occasion of the acquisition due to causes other than the acquisition of Shares, etc. through the exercise of the security right and the cause set forth in that item) is also treated as corresponding to a company as specified by Cabinet Office Order, as prescribed in Article 52-23, paragraph (1), item (xi) of the Act which pertains to the bank holding company, unless the voting rights are newly acquired by the bank holding company or its subsidiary company due to causes other than the acquisition of Shares, etc. through the exercise of the security right and the cause set forth in paragraph (1), item (i) of the following Article.

- (8) The provisions of the preceding paragraph apply mutatis mutandis to a company that corresponds to a company prescribed in paragraph (5). In this case, the phrase "Article 52-23, paragraph (1), item (xi)" in the preceding paragraph is deemed to be replaced with "Article 52-23, paragraph (1), item (xi)-2."
- (9) Notwithstanding the provisions of paragraph (4) to the preceding paragraph (excluding paragraph (6)), if a specified subsidiary company (meaning a subsidiary company of a bank holding company that carries out only the business set forth in Article 17-3, paragraph (2), item (xii) and other business incidental thereto; hereinafter the same applies in this paragraph, the following paragraph, and Article 34-23-2, paragraph (2)) does not dispose of the voting rights acquired thereby in a company as prescribed in paragraph (4) or (7) (hereinafter referred to as a "company cultivating new business field" in this paragraph), or in a company prescribed in paragraph (5) or company that corresponds to a company specified by Cabinet Office Order referred to in paragraph (7) applied mutatis mutandis pursuant to the preceding paragraph following the deemed replacement of terms (hereinafter referred to as a "company in the business revitalization process" in this Section and Article 35, paragraph (3), item (ix)), by the base disposition date (meaning the day on which fifteen years have elapsed from the date of the acquisition of the voting rights in a company cultivating new business field, or the day on which ten years have elapsed from the date of the acquisition of the voting rights in a company in the business revitalization process (if the voting rights are voting rights in a company prescribed in Article 17-2, paragraph (7) (limited to one that falls under item (v) or (vi) of that paragraph), and the period during which the company receives the assistance exceeds ten years from the day of the acquisition of the voting rights: the day on which the assistance ends); hereinafter the same applies in this paragraph), the company cultivating new business field or company in the business revitalization process (hereinafter referred to as a "company cultivating new business field, etc." in this paragraph, Article 34-20, paragraph (1), item (ix), and Article 34-23-2,

paragraph (3)) is treated as not corresponding to a company specified by Cabinet Office Order as prescribed in Article 52-23, paragraph (1), item (xi) of the Act which pertains to the bank holding company in the case of a company cultivating new business field, or to a company specified by Cabinet Office Order as prescribed in item (xi)-2 of that paragraph which pertains to the bank holding company in the case of a company in the business revitalization process, respectively, from the day following the base disposition date; provided, however, that this does not apply when, if the disposition is performed, the number of voting rights in the company cultivating new business field, etc. held by the bank holding company or its subsidiary company falls below the base number of voting rights as of the base disposition date (with regard to the voting rights in a domestic company and voting right in a company in the business revitalization process (limited to one that satisfies the requirements specified in paragraph (6); the same applies in the following paragraph, Article 34-20, paragraph (1), item (ix), Article 34-23-2, paragraph (3), and Article 35, paragraph (3), item (ix)), meaning the number of voting rights obtained by multiplying the number of all shareholders', etc. voting rights by fifteen percent; and with regard to the voting rights in a foreign company, meaning the number of voting rights obtained by multiplying the number of all shareholders', etc. voting rights by fifty percent; hereinafter the same applies in this paragraph and the following paragraph), and if the specified subsidiary company disposes of a portion of voting rights exceeding the base number of voting rights as of the base disposition date among the voting rights in the company cultivating new business field, etc. held by the bank holding company or its subsidiary company, during the period from the date of the acquisition to the base disposition date.

(10) Notwithstanding the provisions of paragraphs (5) and (8), if a bank holding company or its subsidiary company other than a specified subsidiary company does not dispose of the voting rights acquired thereby in a company in the business revitalization process by the base disposition date (meaning the day on which the period specified in the items of Article 17-2, paragraph (12) has elapsed from the date of the acquisition of the voting rights in accordance with the categories of voting rights set forth respectively in those items; hereinafter the same applies in this paragraph), the company in the business revitalization process is treated as not corresponding to a company specified by Cabinet Office Order as prescribed in Article 52-23, paragraph (1), item (xi)-2 of the Act which pertains to the bank holding company from the day following the base disposition date; provided, however, that this does not apply when, if the disposition is performed, the number of voting rights in the company in the business revitalization process held by the bank holding company or its subsidiary company other than a specified subsidiary company falls below the

base number of voting rights as of the base disposition date, and if the bank holding company or its subsidiary company other than a specified subsidiary company disposes of a portion of voting rights exceeding the base number of voting rights as of the base disposition date among the voting rights in the company in the business revitalization process held by the bank holding company or its subsidiary company other than a specified subsidiary company, during the period from the date of the acquisition to the base disposition date.

(11) The company specified by Cabinet Office Order that is provided for in Article 52-23, paragraph (1), item (xi) of the Act means a company engaging exclusively in services as set forth in Article 17-3, paragraph (2), item (xii) and services incidental thereto.

(12) The company specified by Cabinet Office Order that is provided for in Article 52-23, paragraph (1), item (xii) of the Act means one as follows; provided, however that if the relevant holding company carries out a business as set forth in each item of Article 17-3, paragraph (1), the business must be that carried out for business that is carried out by a bank, its subsidiary company, or a person as set forth in each item of paragraph (1) pursuant to the standards specified by the Commissioner of the Financial Services Agency:

(i) with regard to a holding company of which subsidiary company is a company specialized in securities, a company specialized in securities intermediation, or a foreign company that carries out securities-related business as prescribed in Article 52-23, paragraph (1), item (vii) of the Act (excluding a foreign company that carries out banking) and company specialized in trust business or a foreign company that carries out trust business as prescribed in item (ix) of that paragraph (excluding a foreign company that carries out banking), a company that carries out business to engage only in management of the subsidiary company, business incidental to this, and business as set forth in each item of Article 17-3, paragraphs (1) and (2) (excluding items (xxiv) to (xxxiv)) (limited to cases in which the company does not hold the company as prescribed in Article 16-2, paragraph (1), items (i), (ii), (v), (v)-2, (vii), and (ix) of the Act as its subsidiary company; the same applies hereinafter except in the following item and item (iii));

(ii) with regard to a holding company of which subsidiary company is a company specialized in securities, company specialized in securities intermediation, or a foreign company that carries out securities-related business as prescribed in Article 52-23, paragraph (1), item (vii) of the Act (excluding a foreign company that carries out banking), a company that carries out business to engage only in management of the subsidiary company, business incidental to this, and business as set forth in each item of Article 17-3, paragraphs (1) and (2) (excluding items (xxiv) to (xxxvii)) (limited to cases in which the company does not hold the company as

- prescribed in Article 16-2, paragraph (1), items (i), (ii), (v) to (vii), (ix), and (x) of the Act as its subsidiary company);
- (iii) with regard to a holding company of which subsidiary company is a company specialized in trust business or a foreign company that carries out trust business as provided in Article 52-23, paragraph (1), item (ix) of the Act (excluding a foreign company that carries out banking), a company that carries out business to engage only in management of the subsidiary company, business incidental to this, and business as set forth in each item of Article 17-3, paragraphs (1) and (2) (excluding items (xix) to (xxxiv)) (limited to cases in which the company does not hold the company as provided in Article 16-2, paragraph (1), items (i), (ii), (iii) to (v)-2, and (vii) to (ix) of the Act as its subsidiary company);
- (iv) with regard to a holding company of which subsidiary company is a company as provided in Article 52-23, paragraph (1), item (i)-2, or items (x) to (xi)-3 of the Act, a company that carries out business to engage only in management of the subsidiary company, business incidental to this, and business as set forth in each item of Article 17-3, paragraphs (1) and (2) (excluding items (xix) to (xxxiv));
- (v) with regard to a holding company as prescribed in Article 17-3, paragraph (6) of the Act among a company specialized in securities or a company specialized in securities intermediation that is a subsidiary company of the bank as prescribed in Article 16-2, paragraph (2), item (vi), sub-item (c) of the Act, a company that carries out business to engage only in management of a subsidiary company of the holding company, business incidental to this, and business as set forth in each item of Article 17-3, paragraphs (1) and (2) (excluding items (xxiv) to (xxxvii));
- (vi) with regard to a holding company as prescribed in Article 17-3, paragraph (7) of the Act among subsidiary companies of an insurance company that is a subsidiary company of the bank as prescribed in Article 16-2, paragraph (2), item (vii), sub-item (c) of the Act, a company that carries out business to engage only in management of a subsidiary company of the holding company, business incidental to this, and business as set forth in each item of Article 17-3, paragraphs (1) and (2) (excluding items (xiv) to (xxiii), and (xxxv) to (xxxvii)); or
- (vii) with regard to a holding company as prescribed in Article 17-3, paragraph (8) of the Act among subsidiary companies of a trust bank or a company specialized in trust business, which is a subsidiary company of the bank as prescribed in Article 16-2, paragraph (2), item (viii), sub-item (d) of the Act, a company that carries out business to engage only in management of a subsidiary company of the holding company, business incidental to this, and business as set forth in each item, paragraphs (1) and (2) of that Article

(excluding items (xiv) to (xxxiv)).

- (13) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to voting rights as prescribed in paragraph (6), paragraph (7) (including as applied mutatis mutandis pursuant to paragraph (8) following the deemed replacement of terms), paragraph (9) and paragraph (10).

(Causes of Non-Applicability of the Provisions of Article 52-23, paragraph (1) of the Act Do Not Apply)

Article 34-17 (1) The causes specified by Cabinet Office Order that are provided for in the main clause of Article 52-23, paragraph (2) of the Act are the following:

- (i) acquisition of Shares, etc. by acceptance of substitute performance of a bank holding company or its subsidiary company;
  - (ii) acquisition of voting rights from shares or equity held by a bank holding company or its subsidiary company in respect of which voting rights cannot be exercised (limited to acquisition due to the occurrence of an event that is not based on the intention of the bank holding company or its subsidiary company);
  - (iii) conversion of shares of a company for which shares are held by a bank holding company or its subsidiary company (excluding the cases of conversion that are requested by the bank holding company or its subsidiary company);
  - (iv) consolidation, split, allotment of share without contribution of Shares, etc. of a company for which Shares, etc. are held by a bank holding company or its subsidiary company;
  - (v) change of content of rights or number of share units pertaining to Shares, etc. due to a change of articles of incorporation of a company for which Shares, etc. are held by a bank holding company or its subsidiary company;
  - (vi) acquisition of its own Shares, etc. of a company for which Shares, etc. are held by a bank holding company or its subsidiary company; or
  - (vii) acquisition of Shares, etc. by a company set forth in Article 52-23, paragraph (1), item (xi) or item (xi)-2 of the Act that is a subsidiary company of a bank holding company.
- (2) The cause specified by Cabinet Office Order that is provided for in the proviso to Article 52-23, paragraph (2) of the Act is the cause set forth in item (vii) of the preceding paragraph.
- (3) The causes specified by Cabinet Office Order that are provided for in Article 52-23, paragraph (7) of the Act are the acquisition of Shares, etc. by a bank holding company or its subsidiary company through the exercise of a security right or any of the causes set forth in paragraph (1), items (i) to (vi).

(Exclusions from Consideration as a Bank, etc. Eligible to Be a Subsidiary Company from among Companies Eligible to Be Subsidiary Companies)

Article 34-18 The company specified by Cabinet Office Order that is provided for in Article 52-23, paragraph (6) of the Act means a company that carries out only the following services:

- (i) services set forth in Article 17-3, paragraph (2), items (i) to (xviii)-5;
- (ii) other services as provided by the Commissioner of the Financial Services Agency as being similar to services set forth in the preceding item; or
- (iii) services set forth in Article 17-3, paragraph (2), item (xxxix) that are connected with services incidental to the services set forth in the preceding two items.

(Application for Authorization to Make a Bank Eligible to Be a Subsidiary Company a Subsidiary Company)

Article 34-19 (1) When a bank holding company intends to obtain an authorization for making a bank, etc. eligible to be a subsidiary company (meaning a bank, etc. eligible to be a subsidiary company as prescribed in Article 52-23, paragraph (6) of the Act, and excluding a company set forth in paragraph (1), item (xi)-3 of that Article (hereinafter referred to as an "advanced banking service company" in this Subsection, the following Subsection, and Article 35, paragraph (1), item (xii)); hereinafter the same applies in this Article) its subsidiary company pursuant to the provisions of that paragraph, must submit a written application for authorization accompanied by the following documents to the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) the following documents concerning the bank holding company:
  - (a) documents stating the system pertaining to management of a subsidiary company executed by the bank holding company;
  - (b) documents stating the situation of securing employees with knowledge and experience concerning the bank services;
  - (c) if the bank, etc. eligible to be a subsidiary company would become its subsidiary company due to a share exchange, the following documents:
    1. minutes of shareholders meeting and other documents certifying that necessary procedures were followed;
    2. documents stating the contents of the share exchange agreement;
    3. documents stating the cost for the share exchange;
- (iii) the following documents concerning the bank holding company and its subsidiary company, etc. (which means a subsidiary company, etc., as prescribed in Article 52-25 of the Act; hereinafter the same applies in this item; the following paragraph; paragraph (1), item (iii) of the following

Article; Article 34-29, paragraph (1), items (v) and (ix); Article 34-30, paragraph (1), items (v) and (ix); Article 34-31, paragraph (1), items (iv) and (vi); and Article 35, paragraph (3)):

- (a) with regard to the bank holding company and its subsidiary company, etc., the latest consolidated balance sheet, profit and loss statement, and statement of changes in net assets (including documents similar thereto; the same applies in paragraph (1), item (iii), sub-item (a) of the following Article, and Article 34-19-5, paragraph (1), item (iii), sub-item (a)), and other documents providing the latest status of business, assets, and profit and loss in these companies; and
  - (b) documents stating an estimation of income and expenditures and consolidated capital adequacy ratio of the bank holding company and its subsidiary company, etc. (including a company to become a subsidiary company, etc.) after obtaining the authorization;
  - (iv) the following documents concerning the bank, etc. eligible to be a subsidiary company to which that authorization pertains:
    - (a) documents stating the name, the location of its principal business office or office;
    - (b) documents stating the content of business;
    - (c) the latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest status of business, assets, and profit and loss; and
    - (d) documents stating the titles and names of the officers (if an officer is a corporation, including the person responsible for performing the duties thereof).
  - (v) if, by making the bank, etc. eligible to be a subsidiary company to which the authorization pertains its subsidiary company, the bank holding company or its subsidiary company would come to hold voting rights in a domestic company in a total number that exceeds the maximum threshold for voting rights, documents stating the name and content of business of the domestic company; and
  - (vi) other documents giving information that should serve as a reference in an examination as prescribed in the following paragraph.
- (2) The Commissioner of the Financial Services Agency, when an application of authorization pursuant to the provisions of the preceding paragraph is filed, is to examine whether it conforms to the following standards:
- (i) the income and expenditures of the bank holding company that filed the application and its subsidiary companies, etc. are positive at the time of the application and are expected to also show positive movements after the bank, etc. eligible to be a subsidiary company to which the authorization pertains is made its subsidiary company;

- (ii) the consolidated capital adequacy ratio of the bank holding company that filed the application and its subsidiary companies, etc. (including the bank, etc. eligible to be a subsidiary company to which that authorization pertains) is expected to reach the proper level;
  - (iii) the bank holding company which filed the application, in light of such matters as systems pertaining to its personnel structure and business management of the subsidiary company, may carry out proper and fair business management of the bank, etc. eligible to be a subsidiary company to which that authorization pertains; and
  - (iv) the bank, etc. eligible to be a subsidiary company to which the authorization pertains is capable of performing its business properly and fairly .
- (3) When a bank holding company intends to obtain an approval under Article 52-23, paragraph (4) of the Act for continuing to have a foreign company that does not constitute a Company eligible to be a subsidiary company (meaning a Company Eligible to Be a Subsidiary Company prescribed in paragraph (1) of that Article; hereinafter the same applies in this paragraph) as its subsidiary company, it must attach the following documents to a written application for approval and submit them to the Commissioner of the Financial Services Agency:
- (i) a written statement of reasons;
  - (ii) a document stating the policies on holding the voting rights of the foreign company not constituting a company eligible to be a subsidiary company for which approval is sought;
  - (iii) the following documents concerning the foreign company not constituting a company eligible to be a subsidiary company for which approval is sought;
    - (a) a document stating the name and the location of its principal business office or office;
    - (b) a document stating the details of its business;
    - (c) the latest balance sheet, profit and loss statement, statement of changes in net assets (including documents similar thereto), and other documents that provide the latest conditions of business, assets, and profit and loss; and
    - (d) a document stating the titles and names of the officers (if an officer is a corporation, including the person responsible for performing the duties thereof); and
  - (iv) other documents giving information that should serve as a reference in an examination regarding the approval under the provisions of Article 52-23, paragraph (4) of the Act.
- (4) The provisions of paragraphs (1) and (2) apply mutatis mutandis to the authorization under the provisions of the proviso to Article 52-23, paragraph

(7) of the Act (excluding the authorization for allowing a bank holding company or its subsidiary companies, having acquired or come to hold voting rights in an advanced banking service company which, in total, exceed the maximum threshold for voting rights, to continue to hold the voting rights beyond the maximum threshold for voting rights).

(5) The provisions of paragraph (1) apply mutatis mutandis to an authorization pursuant to the provisions of Article 52-23, paragraph (8) of the Act.

(6) The provisions of Article 2, paragraph (1) of the Act apply mutatis mutandis to voting rights as prescribed in paragraph (1), item (v) (including as applied mutatis mutandis pursuant to the preceding two paragraphs), paragraph (3), item (ii), and paragraph (4).

(Application for Authorization to Make an Advanced Banking Service Company a Subsidiary Company)

Article 34-19-2 (1) If a bank holding company intends to obtain authorization for it or its subsidiary companies to acquire or hold voting rights in an advanced banking service company which, in total, exceed the maximum threshold for voting rights (meaning the maximum threshold for voting rights prescribed in Article 52-24, paragraph (1) of the Act; hereinafter the same applies in this Article), it must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency:

(i) a written statement of reasons;

(ii) the following documents concerning the bank holding company:

(a) a document stating the condition of securing employees with knowledge and experience concerning bank services; and

(b) if the bank holding company or its subsidiary companies intends to acquire or hold, through a share exchange, voting rights in an advanced banking service company which, in total, exceed the maximum threshold for voting rights, the following documents:

1. minutes of shareholders meetings or other documents certifying that necessary procedures are followed;

2. a document stating the content of the share exchange contract; and

3. a document stating the cost for the share exchange;

(iii) the following documents concerning the bank holding company and its subsidiary companies:

(a) with regard to the bank holding company and its subsidiary companies, the latest consolidated balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of business, assets, and profit and loss of these companies; and

(b) a document stating an estimation of income and expenditures and the

- consolidated capital adequacy ratio of the bank holding company and its subsidiary companies (including the company that is to become a subsidiary company, etc.) after obtaining the authorization;
- (iv) the following documents concerning the advanced banking service company to which that authorization pertains:
    - (a) a document stating the name and the location of its principal business office or office;
    - (b) a document stating the content of the business and the system for executing the business;
    - (c) the latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide the latest conditions of business, assets, and profit and loss; and
    - (d) a document stating the titles and names of the officers (if an officer is a corporation, including the person responsible for performing the duties thereof);
  - (v) if, by acquiring or holding voting rights in the advanced banking service company to which that authorization pertains which, in total, exceed the maximum threshold for voting rights, the bank holding company or its subsidiary companies would come to hold voting rights in a domestic company which, in total, exceed the maximum threshold for voting rights, a document stating the name and content of business of that domestic company; and
  - (vi) other documents giving information that should serve as a reference in an examination as prescribed in the following paragraph.
- (2) When an application of authorization is filed pursuant to the provisions of the preceding paragraph, the Commissioner of the Financial Services Agency is to examine whether it conforms to the following standards:
- (i) the income and expenditures of the bank holding company which filed the application and its subsidiary companies, etc. are positive at the time of the application and are also expected to show positive movements after the bank holding company or its subsidiary companies acquire or hold voting rights in the advanced banking service company to which that authorization pertains which, in total, exceed the maximum threshold for voting rights;
  - (ii) even if the whole amount of investment in the advanced banking service company to which the application pertains is lost, the conditions of assets, and profits and losses of the bank holding company that filed the application and its subsidiary companies, etc. (excluding the company that is to become a subsidiary company, etc. based on the authorization) are expected to be positive;
  - (iii) the advanced banking service company to which the authorization pertains is capable of conducting its business properly and fairly;

- (iv) if the bank holding company that filed the application or its subsidiary companies acquire or hold voting rights in the advanced banking service company to which that authorization pertains which, in total, exceed the maximum threshold for voting rights, this is expected to contribute to the advanced banking conducted by the banks which are subsidiary companies of the bank holding company or the enhanced convenience of users of the applicant bank;
  - (v) in light of the status of business of the bank holding company that filed the application, there is found to be no serious risk that may affect the sound and appropriate management of the services of the banks which are subsidiary companies of the bank holding company even after the bank holding company or its subsidiary companies acquire or hold voting rights in the advanced banking service company to which that authorization pertains which, in total, exceed the maximum threshold for voting rights;
  - (vi) there is found to be no serious risk of a bank that is the subsidiary company of the bank holding company filing the application wrongfully using its advantageous position as a bank in a transaction to put its customer at a disadvantage as concerns a condition or implementation of a transaction connected with its services; or there is found to be no serious risk of the advanced banking service company subject to the relevant authorization wrongfully using its advantageous position in a transaction that involves its services to put its customer at a disadvantage as concerns a condition or implementation of a transaction connected with its services; and
  - (vii) there is found to be no serious risk that the interests of customers of the services carried out by the banks that are subsidiary companies of the bank holding company that filed the application or by the advanced banking service company subject to the relevant authorization will be wrongfully harmed in connection with transactions conducted by the banks that are subsidiary companies of that bank holding company or by that advanced banking service company.
- (3) The provisions of the preceding two paragraphs apply mutatis mutandis to the authorization under the provisions of the proviso to Article 52-23, paragraph (7) of the Act (limited to the authorization for allowing a bank holding company or its subsidiary companies, having acquired or come to hold voting rights in an advanced banking service company which, in total, exceed the maximum threshold for voting rights, to continue to hold the voting rights beyond the maximum threshold for voting rights).
- (4) The provisions of paragraph (1) apply mutatis mutandis to the authorization under the provisions of Article 52-23, paragraph (9) of the Act.
- (5) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to the voting rights prescribed in paragraph (1) (including as applied mutatis

mutandis pursuant to the preceding two paragraphs), paragraph (2), items (i), (iv) and (vi), and paragraph (3).

(Persons Similar to a Bank Holding Company and Its Subsidiary Company)

Article 34-19-3 Persons specified by Cabinet Office Order that are provided for in Article 52-23-2, paragraph (1) item (i), sub-item (a) of the Act are those set forth in the items of Article 34-16, paragraph (1) of the Act.

(Services of Specified Bank Holding Company Subsidiaries)

Article 34-19-4 The services specified by Cabinet Office Order that are provided for in Article 52-23-2, paragraph (2) of the Act are the purchase and sale of instruments prescribed in Article 10, paragraph (2), item (xiv) of the Act pertaining to financial derivatives transactions prescribed in that item.

(Application for Authorization to Make a Company Eligible to Be a Special Subsidiary Company a Specified Bank Holding Company Subsidiary)

Article 34-19-5 (1) A bank holding company, when intending to obtain an authorization to make a company eligible to be a special subsidiary company pursuant to the provisions of Article 52-23-2, paragraph (3) of the Act (which means a company eligible to be a special subsidiary company as prescribed in paragraph (1) of that Article; hereinafter the same applies in this Article) a specified bank holding company subsidiary (which means a specified bank holding company subsidiary prescribed in paragraph (1) of that Article; hereinafter the same applies in this Article and the following Articles), must attach the following documents to a written application for authorization and submit them to the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) the following documents pertaining to the bank holding company:
  - (a) a document describing the system of management of the specified bank holding company subsidiary that the bank holding company exercises;
  - (b) a document describing the status of recruitment of personnel having knowledge and experience in bank services;
  - (c) when making a company eligible to be a special subsidiary company a specified bank holding company subsidiary by means of share exchange, the following documents:
    1. minutes of shareholders meetings and other documents certifying that necessary procedures are followed;
    2. a document describing the details of the share exchange contract; and
    3. a document stating the cost of the share exchange;
- (iii) the following documents concerning the bank holding company and its subsidiary company, etc. (which means the subsidiary company, etc.

prescribed in Article 52-25 of the Act; hereinafter the same applies in this item and the following paragraph, item (i)):

- (a) with regard to the bank holding company and its subsidiary company, etc., the latest consolidated balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide information on the latest conditions of the business, assets, and profit and loss of these companies; and
- (b) a document giving an estimate of income and expenditures and the consolidated capital adequacy ratio of the bank holding company and its subsidiary company, etc. (including the company to become a subsidiary company, etc. ) after obtaining the authorization;
- (iv) the following documents concerning the company eligible to be a special subsidiary company to which the authorization pertains:
  - (a) a document stating the name and the location of its principal business office or office;
  - (b) a document describing the details of business;
  - (c) the latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents that provide information on the latest conditions of business, assets, and profit and loss; and
  - (d) a document stating the titles and names of the officers (if an officer is a corporation, including the persons responsible for performing the duties thereof);
  - (v) any other documents giving information that should serve as a reference in an examination prescribed in the following paragraph;
- (2) The Commissioner of the Financial Services Agency is to, when an application for authorization pursuant to the provisions of the preceding paragraph is filed, examine whether it conforms to the following standards:
  - (i) the income and expenditures of the applicant bank holding company and its subsidiary Companies, etc. are positive at the time of the application and are also expected to show positive movements after the company eligible to be a special subsidiary company to which the authorization pertains is made a specified bank holding company subsidiary;
  - (ii) the consolidated capital adequacy ratio (which means the ratio obtained by the formula of the criteria prescribed in Article 52-25 of the Act) of the applicant bank holding company and its subsidiary companies, etc. (which means subsidiary Companies, etc. as prescribed in that Article), the consolidated capital adequacy ratio (which means the ratio obtained by the formula of the criteria prescribed in Article 14-2, item (ii) of the Act) of a bank that is a subsidiary company of that bank holding company and its subsidiary companies, etc. (which means subsidiary Companies, etc. as prescribed in that item), and the non-consolidated capital adequacy ratio of

- the bank (which means the ratio obtained by the formula of the criteria prescribed in Article 14-2, item (i) of the Act) are all at satisfactory levels at the time of the application and are expected to remain at satisfactory levels after the company eligible to be a special subsidiary company to which the authorization pertains is made a specified bank holding company subsidiary.
- (iii) in light of such matters as its personnel structure and systems pertaining to business management of the subsidiary company, the applicant bank holding company is capable of ensuring a proper and fair management of the company eligible to be a special subsidiary company to which the authorization pertains.
  - (iv) the company eligible to be a special subsidiary company to which the authorization pertains is capable of conducting its business properly and fairly.
  - (v) In light of the status of business of the applicant bank holding company, there is no risk that may affect the sound and proper operation of the services of the bank that is a subsidiary company of the bank holding company even after the bank holding company has made the company eligible to be a special subsidiary company to which the authorization pertains a specified bank holding company subsidiary.
- (3) The provisions of the preceding two paragraphs apply mutatis mutandis to an authorization pursuant to the provisions of Article 52-23-2, proviso of paragraph (5) of the Act.
- (4) The provisions of paragraph (1) apply mutatis mutandis to an authorization pursuant to the provisions of Article 52-23-2, paragraph (6) of the Act.

(Requirements Deemed Necessary to Ensure Sound and Proper Operation of the Services of a Bank That Is a Subsidiary Company of a Bank Holding Company)

- Article 34-19-6 (1) The requirements specified by Cabinet Office Order that are provided for in Article 52-23-2, paragraph (4) of the Act for the services prescribed in Article 34-19-4 of the Act are as follows:
- (i) the total amount of the commodity held by the specified bank holding company subsidiary as a result of the business prescribed in Article 34-19-4 does not exceed the amount prescribed by the Commissioner of the Financial Services Agency;
  - (ii) the company does not own any facility for the storage or transport of the commodity; and
  - (iii) the company does not perform any conversion of the commodity such as refining and processing;
- (2) The amount of the commodity prescribed in item (i) of the preceding paragraph is accounted for at market value; provided, however, that, when the

total amount of the commodity exceeds the sum of the prices of acquisition of the commodity (when the decline in the value of the merchandise is deducted as loss in the calculation of profit and loss, the balance of the deduction), the amount is the sum.

(Causes of Non-Applicability of the Provisions of Article 52-24, paragraph (1) of the Act Do Not Apply)

Article 34-20 (1) The causes specified by Cabinet Office Order that are provided for in Article 52-24, paragraph (2) of the Act are the following causes:

- (i) acquisition of Shares, etc. by exercise of the security right of a bank holding company or its subsidiary company;
- (ii) acquisition of Shares, etc. by acceptance of substitute performance of a bank holding company or its subsidiary company;
- (iii) acquisition of Shares, etc. by a bank holding company or its subsidiary company, based on a streamlined business improvement plan with a company which it has business dealings (limited to cases in which the acquisition of Shares, etc. is executed in order to extinguish a debt of the company to the bank holding company or its subsidiary company, and the cases in which the business management of the company is expected to be improved within a reasonable period by the acquisition of Shares, etc.);
- (iv) acquisition of voting rights from shares or equity held by a bank holding company or its subsidiary company in respect of which voting rights cannot be exercised (limited to those shares or voting rights acquired due to occurrence of an event that is not based on the intention of the bank holding company or its subsidiary company);
- (v) conversion of shares of a company of whose shares are held by a bank holding company or its subsidiary company (excluding cases in which the conversion is executed by request of the bank holding company or its subsidiary company);
- (vi) consolidation, split or allotment of share without contribution of Shares, etc. of a company for which Shares, etc. are held by a bank holding company or its subsidiary company;
- (vii) change of the content of rights or a the number of share unit pertaining to Shares, etc. due to a change of articles of incorporation of a company for which Shares, etc. are held by a bank holding company or its subsidiary company;
- (viii) acquisition of own Shares, etc. by a company for which Shares, etc. are held by a bank holding company or its subsidiary company;
- (ix) when intending to dispose of the voting rights of a company cultivating new business field, etc. pursuant to the provisions of Article 34-16, paragraph (9) or intending to dispose of voting rights of a company in the

business revitalization process pursuant to the provisions of paragraph (10) of that Article, the voting rights are unable to be disposed of because transfer of the voting rights is extremely difficult due to a reason found to be compelling; and

- (x) with regard to shares that were issued by a company with which a bank holding company or its subsidiary company has business dealings, and acquired based on a streamlined business improvement plan with that company, if an approval by the Commissioner of the Financial Services Agency has been obtained in advance for a transfer of the shares (excluding those corresponding to reasons set forth in item (v)) necessary in order to dispose of the shares within a reasonable period of time in accordance with improvement in management of that company, or for that there are other reasonable reasons.
- (2) When intending to obtain an approval described in item (x) in the preceding paragraph, a written application for approval accompanied by the following documents must be submitted to the Commissioner of the Financial Services Agency:
  - (i) a written statement of reasons;
  - (ii) a document stating the trade name and content of business of a domestic company pertaining to the approval;
  - (iii) a document stating the policies concerning the method of disposition of a portion of voting rights of a domestic company pertaining to the approval that voting rights are acquired or held exceeding the maximum threshold for voting rights held; and
  - (iv) other documents giving information that should serve as a reference in an examination as prescribed in the following paragraph.
- (3) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether there are reasonable grounds for the bank holding company that filed the application to own or hold a number of voting rights exceeding the maximum threshold for voting rights held, and whether it is proper or not that the policies concerning method to dispose of portion of voting rights exceeding the maximum threshold for voting rights held which is to be acquired or possessed.

(Application for Approval for Holding of Voting Rights Exceeding the Maximum Threshold for Voting Rights Held)

Article 34-21 (1) A bank holding company, when intending to obtain an approval pursuant to the provisions of Article 52-24, proviso of paragraph (2) of the Act, must submit a written application for approval accompanied by the following documents to the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
  - (ii) a document stating the trade name and content of business of a domestic company pertaining to the approval;
  - (iii) a document stating the policies concerning the method of disposition of a portion of the voting rights of a domestic company pertaining to the approval, for which was acquired or possessed in number exceeding the maximum threshold for voting rights held; and
  - (iv) other documents giving particulars to be referenced for the examination as prescribed in the following paragraph.
- (2) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether the bank holding company that filed the application or its subsidiary company has what is found to be a compelling reason to hold voting rights exceeding the maximum threshold for voting rights held.
- (3) The provisions of Article 2, paragraph (11) of the Act apply to the voting rights prescribed in paragraph (1), item (iii).

(Cases in Which Voting Rights May Be Held Exceeding the Maximum Threshold for Voting Rights Held)

- Article 34-22 (1) The case specified by Cabinet Office Order that is provided for in Article 52-24, paragraph (4) of the Act means if the relevant bank holding company has made a bank, a long-term credit bank, a company specialized in securities, company specialized in securities intermediation, an insurance company, or a small amount and short-term insurance company its subsidiary company in accordance with an authorization as prescribed in Article 52-23, paragraph (6) of the Act.
- (2) The case specified by Cabinet Office Order that is provided for in Article 52-24, paragraph (4), item (vi) of the Act means if the bank holding company has made a bank, a long-term credit bank, a company specialized in securities, company specialized in securities intermediation, an insurance company, or a small amount and short-term insurance company its subsidiary company due to succession of business based on an absorption-type company split after obtaining an authorization as prescribed in Article 52-35, paragraph (2) of the Act.
- (3) The case specified by Cabinet Office Order that is provided for in Article 52-24, paragraph (4), item (vii) of the Act means if the relevant bank holding company holds a bank, a long-term credit bank, a company specialized in securities, company specialized in securities intermediation, an insurance company, or a small amount and short-term insurance company its subsidiary company due to a business acquisition after obtaining an authorization as prescribed in Article 52-35, paragraph (3) of the Act.

(Subsidiary Company of a Bank Holding Company)

Article 34-23 The company uniquely related to a bank holding company as specified by Cabinet Office Order that is provided for in Article 52-25 of the Act means:

- (i) a subsidiary corporation, etc. of the bank holding company (which means a subsidiary corporation, etc. as prescribed in Article 4-2, paragraph (2) of the Order; the same applies in paragraph (1) of the following Article and Article 35, paragraph (3)); or
- (ii) an affiliated corporation, etc. of the bank holding company (which means an Affiliated Corporation, etc. as prescribed in Article 4-2, paragraph (3) of the Order).

(Company Subject to Special Provisions)

Article 34-23-2 (1) The company specified by Cabinet Office Order that is provided for in Article 52-24, paragraph (8) of the Act means a company which has received capital contributions from an entity that falls under either of the following items or a company which prepares a business reconstruction plan with the involvement of Regional Economy Vitalization Corporation of Japan (limited to a company that is not a subsidiary company, etc. of a bank holding company; referred to as a "company in the business revitalization process under special provisions" in the following paragraph):

- (i) an investment limited partnership in which a stock company to be incorporated through the implementation of the activity set forth in Article 22, paragraph (1), item (viii) of the Act on Regional Economy Vitalization Corporation of Japan is an unlimited liability partner, if the bank holding company or its subsidiary company is a partner of the investment limited partnership; or
  - (ii) an investment limited partnership in which a stock company to be incorporated through the implementation of the activity set forth in Article 22, paragraph (1), item (viii) of the Act on Regional Economy Vitalization Corporation of Japan is an unlimited liability partner, if the bank holding company or its subsidiary company makes capital contributions to the stock company.
- (2) Notwithstanding the provisions of the preceding paragraph, if a specified subsidiary company does not dispose of the voting rights acquired thereby in a company in the business revitalization process under special provisions by the base disposition date (meaning the day on which ten years have elapsed from the day of the acquisition of the voting rights; hereinafter the same applies in this paragraph), the company in the business revitalization process under special provisions is treated as not corresponding to a company specified by

Cabinet Office Order as prescribed in Article 52-24, paragraph (8) of the Act which pertains to the bank holding company from the day following the base disposition date; provided, however, that this does not apply when, if the disposition is performed, the number of voting rights in the company in the business revitalization process under special provisions held by the bank holding company or its subsidiary company falls below the base number of voting rights as of the base disposition date (meaning the number of voting rights obtained by multiplying the number of all shareholders', etc. voting rights by fifteen percent; hereinafter the same applies in this paragraph), and if the specified subsidiary company disposes of a portion of voting rights exceeding the base number of voting rights as of the base disposition date among the voting rights in the company in the business revitalization process under special provisions held by the bank holding company or its subsidiary company, during the period from the date of the acquisition to the base disposition date.

- (3) The company uniquely related to the relevant person as specified by Cabinet Office Order that is provided for in Article 52-24, paragraph (8) of the Act means a subsidiary company, etc. of a company cultivating new business field or company in the business revitalization process, if the total number of voting rights held by the bank holding company or its subsidiary Companies, other than one that is a company cultivating new business field or company in the business revitalization process does not exceed the number of voting rights obtained by multiplying the number of all shareholders', etc. voting rights by fifteen percent.
- (4) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to the voting rights prescribed in the preceding two paragraphs.

### **Subsection 3 Accounting**

(Business Report Pertaining to a Bank Holding Company)

- Article 34-24 (1) An interim business report pursuant to the provisions of Article 52-27, paragraph (1) of the Act must be prepared pursuant to item (xi) of the appended form in regard to the condition of business and assets in the period from the starting date of the business year to September 30 of the business year in an interim summary statement of business and in interim consolidated financial statements separately, and must be submitted to the Commissioner of the Financial Services Agency, etc. within three months after the close of the period (with regard to a bank holding company located in a foreign state, within six months after the close of the period).
- (2) A business report pursuant to the provisions of Article 52-27, paragraph (1) of the Act must be prepared pursuant to item (xii) of the appended form in a

summary statement of business and in consolidated financial statements separately, and must be submitted to the Commissioner of the Financial Services Agency, etc. within three months after the close of the business year (with regard to a bank holding company located in a foreign state, within six months after the close of the business year).

- (3) A bank holding company, if an interim business report or a business report is unable to be submitted within the period prescribed in the preceding two paragraphs due to compelling reasons, the bank holding company may postpone the submission after obtaining an approval from the Commissioner of the Financial Services Agency in advance (when the Director General of the Local Finance Bureau, who has jurisdiction over the location of the main office of the bank holding company pursuant to the provisions of Article 17-3 of the Order, receives the report (when the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director General of the Fukuoka Local Finance Branch Bureau), the Director General of the Local Finance Bureau, or the Director General of the Fukuoka Local Finance Branch Bureau).
- (4) A bank holding company, when intending to obtain an approval pursuant to the provisions of the preceding paragraph, must submit a written application for approval accompanied by a written statement of reasons to the Commissioner of the Financial Services Agency, etc.
- (5) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the bank holding company that filed that application has what is found to be a compelling reason to postpone submission of an interim business report or business report.

(Public Notice of Balance Sheet Pertaining to a Bank Holding Company)

- Article 34-25 (1) An interim consolidated balance sheet, etc. that is to be prepared pursuant to the provisions of Article 52-28, paragraph (1) of the Act (which means an interim consolidated balance sheet, etc. as specified in that paragraph; including an electronic or magnetic record prepared pursuant to the provisions of same Article, paragraph (2); the same applies hereinafter in paragraph (4)) must be prepared in accordance with item (xiii), 1 of the appended form and a consolidated balance sheet, etc. (which means a consolidated balance sheet, etc. as specified in paragraph (1) of same Article; including an electronic or magnetic record prepared pursuant to the provisions of paragraph (2) of same Article; hereinafter the same applies in paragraph (4)) must be prepared in accordance with item (xiii)-2, 1 of the appended form.
- (2) A bank holding company, when intending to obtain an approval for postponement of public notice pursuant to the provisions of Article 52-28,

proviso of paragraph (3) of the Act, must submit a written application for approval accompanied by a written statement of reasons to the Commissioner of the Financial Services Agency, etc.

- (3) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the bank holding company that filed the application has what is found to be a compelling reason to postpone a public notice as under the provisions of the proviso of Article 52-28, paragraph (3) of the Act.
- (4) The gist of the interim consolidated balance sheet, etc. that a bank holding company is to announce pursuant to the provisions of Article 52-28, paragraph (4) of the Act is to be specified in item (xiii), 2 of the appended form, and the gist of the consolidated balance sheet, etc. is to be specified in item (xiii)-2, 2 of the appended form.
- (5) Measures pursuant to the provisions of Article 52-28, paragraph (5) of the Act are to be undertaken by means of the use of an automatic public transmission server connected to the Internet among the means set forth in Article 19, paragraph (7), item (i), sub-item (b).

(Public Inspection of Explanatory Documents Concerning the Condition of Business and Assets Concerning a Bank Holding Company)

Article 34-26 (1) The particulars specified by Cabinet Office Order that are provided for in Article 52-29, the first sentence of paragraph (1) of the Act means the following particulars (with regard to interim explanatory documents, except the particulars set forth in item (i), sub-items (a), and (d) to (f); item (ii); item (iv), sub-item (f); and item (v)); provided, however, that the particulars set forth in item (iv), sub-item (d) are limited to those concerning a bank holding company which has, as its subsidiary company, a bank having an overseas business location, and a subsidiary company, etc. of the bank holding company:

- (i) the following particulars concerning the general condition and organization of a bank holding company:
  - (a) the organization of business management (including the system pertaining to business management of a subsidiary company, etc. of a bank holding company (which means a subsidiary company, etc. as prescribed in Article 52-25 of the Act (excluding a subsidiary company, etc. that does not have material effects to the content of the explanatory documents prescribed in the first sentence of Article 52-13, paragraph (1) of the Act); hereinafter the same applies in this item));
  - (b) stated capital and total number of issued shares;
  - (c) the following particulars concerning the largest ten or more shareholders in order of the number of shares held:
    1. name (when shareholder is a corporation or other organization, its

- name);
- 2. number of shares held by each shareholder; and
- 3. percentage of shares held by each shareholder of the total number of issued shares;
- (d) the names and titles of the directors and auditors (for a company with audit and supervisory committee, the directors; and for a company with nominating committee, etc., the directors and executive officers);
- (e) with regard to a company with accounting advisors, the names of the accounting advisors; and
- (f) the name of the financial auditor;
- (ii) the following particulars concerning the general condition of the bank holding company and its subsidiary company, etc.:
  - (a) the content of the principal business and structure of the organization of the bank holding company and its subsidiary companies, etc.;
  - (b) the following particulars concerning a subsidiary company, etc. of the bank holding company:
    - 1. name;
    - 2. the location of its principal business office or office;
    - 3. stated capital or contribution in capital;
    - 4. content of business;
    - 5. date of incorporation;
    - 6. percentage of voting rights of a subsidiary company, etc. held by a bank holding company to the number of voting rights held by all of shareholders or all of investors; and
    - 7. percentage of voting rights of a single subsidiary company, etc. of a bank holding company, held by another subsidiary company, etc. other than the single subsidiary company, etc. to the number of voting rights held by all of shareholders or all of investors;
- (iii) the following particulars concerning the principal business of a bank holding company and its subsidiary company, etc.:
  - (a) general condition of business in the latest interim period of the business year or business year; and
  - (b) the following particulars set forth as indicators that indicate the condition of the principal business in the latest three interim periods of consolidated fiscal year and two consolidated fiscal years, or, in the latest five consolidated fiscal years:
    - 1. ordinary income or any amount equivalent thereto;
    - 2. ordinary profit or ordinary loss, or any amount equivalent thereto;
    - 3. interim net income attributable to the shareholders of the parent company or interim net loss attributable to the shareholders of the parent company, or net income for the period attributable to the

- shareholders of the parent company or net loss for the period attributable to the shareholders of the parent company;
4. comprehensive income;
  5. amount of net assets;
  6. amount of total assets; and
  7. consolidated capital adequacy ratio;
- (iv) the following particulars concerning the condition of assets of a bank holding company and its subsidiary company, etc. in the latest two interim periods of consolidated fiscal year or two consolidated fiscal years:
- (a) interim consolidated balance sheet or consolidated balance sheet, interim consolidated profit and loss statement or consolidated profit and loss statement, and interim consolidated statement of changes in net assets or consolidated statement of changes in net assets (including documents similar thereto; the same applies in sub-item (g));
  - (b) amount of loans which correspond to the following and its total amount:
    1. loans corresponding to claims to debtors in bankruptcy;
    2. loans corresponding to claims in arrears;
    3. loans corresponding to claims in arrears for three months or more;
    4. loans corresponding to claims with moderate loan conditions;
  - (c) the particulars specified separately by the Commissioner of the Financial Services Agency concerning the condition of adequacy of equity capital;
  - (d) the particulars specified separately by the Commissioner of the Financial Services Agency concerning the condition of soundness in management in terms of liquidity;
  - (e) segment information prescribed in Article 15-2, paragraph (1) of the Regulation on Consolidated Financial Statements or information equivalent thereto;
  - (f) when documents prepared pursuant to the provisions of Article 52-28, paragraph (1) of the Act (including an electronic or magnetic record prepared pursuant to the provisions of paragraph (2) of the Article) are audited by financial auditors pursuant to the provisions of Article 396, paragraph (1) of the Companies Act, that effect thereof;
  - (g) when a bank holding company obtains an audit certification of a certified public accountant or auditing firm based on Article 193-2 of the Financial Instruments and Exchange Act, for an interim consolidated balance sheet or consolidated balance sheet, interim consolidated profit and loss statement or consolidated profit and loss statement, and interim consolidated statement of changes in net assets or consolidated statement of changes in net assets, that effect; or
  - (h) if an external audit has been conducted concerning the calculation of consolidated capital adequacy ratio, that effect;

- (v) the particulars of remuneration, etc. (meaning remuneration, bonuses or any other type of economic benefit payable from a bank holding company or its subsidiary company, etc. as consideration of performance of duties or bonuses prescribed in Article 11 of the Labor Standards Act), which are specified separately by the Commissioner of the Financial Services Agency as particulars that may have a material impact on the conditions of business operation or assets of a bank holding company or its subsidiary company, etc.;
  - (vi) if, at the end of the business period (in interim explanatory documents, at the end of the interim business period), there exists an event or circumstances that cast serious doubt on the premise that the bank holding company will continue its business activities in the future or any other event that may have a significant effect on the management of the bank holding company (hereinafter referred to as a "material event, etc." in this item), a statement to such effect and the details of such events, the results of analysis and examination of the material event, etc. as well as the specific measures to be taken to eliminate or improve the material event, etc.; and
  - (vii) in the case of a corporation, etc. subject to special business accounting standards, etc., the business accounting standards adopted thereby.
- (2) Notwithstanding the provisions of the preceding paragraph, a bank holding company located in a foreign state must keep documents (including those written in any language other than Japanese) giving particulars concerning the condition of business and assets of the bank holding company located in a foreign state at a business office of a bank that is a subsidiary company of the bank holding company located in a foreign state (excluding an unmanned business office, and a business office located in a foreign state; the same applies in the following paragraph) and must make the documents available for public inspection.
- (3) When the documents specified in the preceding paragraph are stated in a language other than Japanese, a bank holding company located in a foreign state, in addition to the documents stating general conditions of business concerning the bank holding company located in a foreign state, interim balance sheet or balance sheet, and interim profit and loss statement or profit and loss statement, must prepare documents stated in Japanese, keep such documents in an office of a bank that is a subsidiary company of the bank holding company located in a foreign state, and must make such documents available for public inspection.
- (4) A business office as specified by Cabinet Office Order that is provided for in the first sentence of Article 52-29, paragraph (1) of the Act means one of the following offices:
- (i) an unmanned business office of a bank that is a subsidiary company of a

- bank holding company; or
- (ii) a business office located in a foreign state of a bank that is a subsidiary company of a bank holding company.

Article 34-27 (1) A bank holding company must make available for public inspection the documents prepared pursuant to the provisions of Article 52-28, paragraph (1) and Article 52-29, paragraph (1) of the Act (with regard to a bank holding company located in a foreign state, the documents prescribed in paragraphs (2) and (3) of the preceding Article) (including an electronic or magnetic record prepared pursuant to the provisions of Article 52-28, paragraph (2) and Article 52-29, paragraph (2) of the Act; hereinafter referred to as "documents for public inspection" in this paragraph and the following paragraph) no later than four months after the end of an interim period of business year and business year of the bank holding company (with regard to a bank holding company located in a foreign state, no later than six months after the end of an interim period of business year and business year) and keep the documents available for public inspection until the time that the bank holding company commences to make available documents for public inspection concerning the interim period of business year or business year following the interim period of business year and business year.

(2) If a bank holding company is unable to commence to make available for public inspection the documents for public inspection by the date specified in the preceding paragraph due to an compelling reason, the bank holding company may postpone the commencement of the public inspection after obtaining an approval of the Commissioner of the Financial Services Agency in advance (in the case of a bank holding company other than a bank holding company designated by the Commissioner of the Financial Services Agency, the Director General of the Local Finance Bureau that has jurisdiction over the location of the principal office of the bank holding company (when the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director General of the Fukuoka Local Finance Branch Bureau)).

(3) A bank holding company, when intending to obtain an approval pursuant to the provisions of the preceding paragraph, must submit a written statement of reasons attached to a written application for approval to the Commissioner of the Financial Services Agency, etc.

(4) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the bank holding company that filed the application has what is found to be a compelling reason to postpone the commencement date of the public inspection as under the provisions of paragraph (1).

(5) The measure specified by Cabinet Office Order that is provided for in Article

52-29, paragraph (3) of the Act means one that is taken to show the information that has been recorded in an electronic or magnetic record on a sheet of paper or to display it on a screen.

Article 34-27-2 A bank holding company must endeavor to disclose, for each quarter of the business year, particulars of special materiality (including particulars specified separately by the Commissioner of the Financial Services Agency) among those particulars which are to be referenced for depositors and other customers of a bank that is a subsidiary company of the bank holding company as prescribed in Article 52-29, paragraph (5) of the Act to understand the condition of business and assets of the bank holding company and its subsidiary company, etc.

(Information for Inclusion in a Business Report of a Bank Holding Company)

Article 34-28 (1) A business report pursuant to the provisions of Article 52-30 of the Act must be prepared in accordance with item (xiv) of the appended form. (2) The annexed detailed statement as prescribed in the provisions of Article 52-30 of the Act must be prepared in accordance with item (xv) of the appended form.

#### **Subsection 4 Mergers, Company Splits, and Business Transfers and Acquisitions**

(Written Application for Approval for Merger Pertaining to a Bank Holding Company)

Article 34-29 (1) A bank holding company, when intending to obtain an authorization for merger pursuant to Article 52-35, paragraph (1) of the Act, must submit a written application for authorization accompanied by the following documents to the Commissioner of the Financial Services Agency:

- (i) a written statement of reasons;
- (ii) minutes of shareholders meetings and other documents certifying that necessary proceedings were followed;
- (iii) documents stating the content of the merger agreement;
- (iv) documents stating the cost of the merger;
- (v) with regard to the bank holding company and its subsidiary company, etc., the latest consolidated balance sheet, profit and loss statement, statement of changes in net assets, and other documents providing the latest conditions of business, assets and profit and loss of these companies;
- (vi) if there is any shareholder that has made a demand under Article 784-2, Article 796-2, or Article 805-2 of the Companies Act, a document stating the progress of the procedures pertaining to the demand;

- (vi)-2 if there is any creditor that has given a public notice or other notice (when a public notice is given by means of a daily newspaper publishing the particulars of current events or an electronic public notice in addition to by means of an official gazette pursuant to the provisions of Article 789, paragraph (3); Article 799, paragraph (3); or Article 810, paragraph (3) of the Companies Act, the public notice by these means) pursuant to the provisions of Article 789, paragraph (2); Article 799, paragraph (2); or Article 810, paragraph (2) of the Companies Act, a document evidencing that the debt was paid to the creditor, reasonable security was provided to the creditor, or reasonable assets was entrusted for the purpose of payment to the creditor, or that there is no risk of loss to the creditor if the merger is implemented;
- (vii) if a company disappearing in the merger or a company that would consolidate its shares is a company that issues share certificates, a document evidencing that public notice has been given pursuant to the provisions of Article 219, the main clause of paragraph (1) of the Companies Act, or a document evidencing that share certificates have not been issued pertaining to all of the shares;
- (vii)-2 if a company disappearing in the merger has issued share options, a document evidencing that public notice was given pursuant to the provisions of Article 293, paragraph (1) of the Companies Act, or a document evidencing that share option certificates as prescribed in that paragraph have not been issued;
- (viii) a document evidencing that notification was given pursuant to the provisions of Article 15, paragraph (2) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade;
- (ix) articles of incorporation, resumes of the directors and auditors (for a company with audit and supervisory committee, the directors; and for a company with nominating committee, etc., the directors and executive officers), a document stating the location of offices of the bank holding company surviving the merger, and documents stating the prospective income and expenditures and consolidated capital adequacy ratio of the bank holding company and its subsidiary company, etc. after the merger;
- (ix)-2 if the bank holding company surviving the merger or the bank holding company incorporated in the merger would be a company with accounting advisors, the resumes of the accounting advisors of that bank holding company;
- (ix)-3 the resume of the financial auditor of the bank holding company surviving the merger or the bank incorporated in the merger;
- (x) if any of the parties to the merger is not a bank holding company, the articles of incorporation, the latest balance sheet, profit and loss statement, statement of changes in net assets, and other documents providing the latest

- conditions of business, assets, and profit and loss of any party that is not a bank holding company;
- (xi) a document stating the system pertaining to management of a subsidiary company conducted by the bank holding company surviving the merger;
  - (xii) a document stating the condition of securing employees with knowledge and experience concerning bank services;
  - (xiii) if the bank holding company surviving the merger would make a company eligible to be a subsidiary company (meaning a company eligible to be a subsidiary company as prescribed in Article 52-23, paragraph (1) of the Act, and excluding an advanced banking service company; hereinafter the same applies in this item, paragraph (1), item (xiv) of the following Article, and Article 34-31, paragraph (1), item (x)) its a subsidiary company, the documents set forth in Article 34-19, paragraph (1), item (iv) concerning the company eligible to be a subsidiary company;
  - (xiii)-2 if, due to the merger, the bank surviving the merger or the bank holding company incorporated in the merger would come to hold voting rights in an advanced banking service company which, in total, exceed the maximum threshold for voting rights: a document set forth in Article 34-19-2, paragraph (1), item (iv) regarding the company;
  - (xiv) if, due to the merger, the bank holding company surviving the merger or its subsidiary company would come to hold voting rights in a domestic company in a total number that exceeds the maximum threshold for voting rights held, a document stating the name and content of business of the domestic company; and
  - (xv) other documents giving information that should serve as a reference in an examination as prescribed in Article 52-18, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 52-35, paragraph (4) of the Act.
- (2) The provisions of Article 34-10, paragraph (3) apply mutatis mutandis to an examination as prescribed in Article 52-18, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 52-35, paragraph (4) of the Act pertaining to an application for authorization pursuant to the provisions of the preceding paragraph.
- (3) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to voting rights as prescribed in paragraph (1), items (xiii)-2 and (xiv).

(Written Application for Approval of a Company Split Pertaining to a Bank Holding Company)

Article 34-30 (1) A bank holding company, when intending to obtain an approval for a company spilt as prescribed in the provisions of Article 52-35, paragraph (2) of the Act, must submit a written application for authorization accompanied by the following documents to the Commissioner of the Financial Services

Agency:

- (i) a written statement of reasons;
- (ii) minutes of shareholders meetings and other documents certifying that necessary proceedings were followed;
- (iii) a document stating the content of the incorporation-type company split plan or absorption-type company split agreement;
- (iv) a document stating the cost of the company split;
- (v) the latest consolidated balance sheet, profit and loss statement, statement of changes in net assets of the bank holding company and its subsidiary company, etc., and other documents providing the latest conditions of business, assets, and profit and loss of these companies;
- (vi) if there is any shareholder that has made a demand under Article 784-2, Article 796-2, or Article 805-2 of the Companies Act, a document stating the progress of the procedures pertaining to the demand;
- (vi)-2 if there is any creditor that has given public notice or other notice (when a public notice is made by means of daily newspaper publishing the particulars of current events or an electronic public notice, in addition to by means of an official gazette pursuant to the provisions of Article 789, paragraph (3); Article 799, paragraph (3); or Article 810, paragraph (3) the Companies Act, the public notice by these means (when a separate notice is not required pursuant to the provisions of Article 789, paragraph (3) or Article 810, paragraph (3) of that Act, the public notice and other notice)) pursuant to the provisions of Article 789, paragraph (2); Article 799, paragraph (2); or Article 810, paragraph (2) of the Companies Act, a document evidencing that the debt was paid to the creditor, reasonable security was provided to the creditor, or reasonable assets were entrusted for the purpose of payment to the creditor, or there is no risk of loss to the creditor if the company split is implemented;
- (vii) if a share certificate-issuing company would consolidate shares, a document evidencing that public notice has been given pursuant to the provisions of Article 219, the main clause of paragraph (1) of the Companies Act, or a document evidencing that share certificates have not been issued with regard to all of the shares;
- (vii)-2 if the splitting company has issued share options and in cases as prescribed in Article 758, item (v) or Article 763, paragraph (1), item (x) of the Companies Act, a document evidencing that public notice has been given pursuant to the provisions of Article 293, paragraph (1) of that Act and a document evidencing that share options as prescribed in the paragraph have not been issued;
- (viii) if a notification is required pursuant to the provisions of Article 15-2, paragraph (2) or (3) of the Act on Prohibition of Private Monopolization and

- Maintenance of Fair Trade, a document evidencing that the notification has been submitted;
- (ix) the articles of incorporation, resumes of the directors and auditors (for a company with audit and supervisory committee, the directors; and for a company with nominating committee, etc., the directors and executive officers), and a document stating the location of offices of the bank holding company after the company split, and a document stating the prospective income and expenditures and consolidated capital adequacy ratio of the bank holding company and its subsidiary company, etc.;
  - (ix)-2 if the bank holding company after the company split would be a company with accounting advisors, the resumes of the accounting advisors of that bank holding company;
  - (ix)-3 the resume of the financial auditor of the bank holding company after the company split;
  - (x) if any of the parties to a company split is not a bank holding company, the prior articles of incorporation, the latest balance sheet, profit and loss statement, statement of changes in net assets and other documents providing the latest conditions of business, assets, and profit and loss of any party that is not a bank holding company;
  - (xi) a document stating the system pertaining to business management of a subsidiary company conducted by the bank holding company;
  - (xii) a document stating the condition of securing employees with knowledge and experience concerning bank services;
  - (xiii) if the company split would cause a subsidiary company of the bank holding company to no longer be its subsidiary company, a document stating the name of the subsidiary company;
  - (xiv) if the company split would make a company eligible to be a subsidiary company the subsidiary company of the relevant person, the documents set forth in Article 34-19, paragraph (1), item (iv) concerning the company eligible to be a subsidiary company;
  - (xiv)-2 if the company split would cause the relevant person to come to hold voting rights in an advanced banking service company which, in total, exceed the maximum threshold for voting rights: a document set forth in Article 34-19-2, paragraph (1), item (iv) regarding the company;
  - (xv) if the company split would cause the bank holding company or its subsidiary company to come to hold voting rights in a domestic company in a total number that exceeds the maximum threshold for voting rights held, a document stating the name and content of business of the domestic company; and
  - (xvi) other documents giving particulars to be referenced for an examination as prescribed in Article 52-18, paragraph (1) of the Act, as applied mutatis

mutandis pursuant to Article 52-35, paragraph (4) of the Act.

- (2) The provisions of Article 34-10, paragraph (3) apply mutatis mutandis to an examination as prescribed in Article 52-18, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 52-35, paragraph (4) pertaining to an application of an approval pursuant to the provisions of the preceding paragraph.
- (3) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to voting rights as prescribed in paragraph (1), items and (xiv)-2 and (xv).

(Amount of Assets)

Article 34-30-2 (1) The amount specified by Cabinet Office Order as an amount of debts as prescribed in Article 16-2-4, paragraph (1), item (ii), sub-item (a) of the Order is the amount obtained by deducting the amount set forth below in item (ii) from the amount set forth in item (i):

- (i) the amount obtained by deducting the amounts which are to be stated in the accounting books pertaining to Shares, etc. as prescribed in Article 795, paragraph (2), item (ii) of the Companies Act (limited to corporate bonds (excluding a corporate bond that was held by the bank holding company immediately before the absorption-type company split)) from the amount, when a balance sheet of the bank holding company is deemed to be prepared immediately after the absorption-type company split, which should be included as the liabilities of the balance sheet;
- (ii) the amount, when a balance sheet of the bank holding company is deemed to be prepared immediately before the absorption-type company split, which should be included as the liabilities of the balance sheet.
- (2) The amount specified by Cabinet Office Order as an amount of assets as prescribed in Article 16-2-4, paragraph (1), item (ii), sub-item (a) of the Order is the amount obtained by deducting the amount set forth in item (ii) from the amount set forth in item (i):
- (i) the amount which is to be included as the assets of the balance sheet, when a balance sheet of the bank holding company is deemed to be prepared immediately after an absorption-type company split;
- (ii) the amount obtained by deducting the book value of money, etc. as prescribed in Article 795, paragraph (2), item (ii) of the Companies Act (including corporate bonds held by the bank holding company immediately before the absorption-type company split among Shares, etc. as prescribed in that item) from the amount, when a balance sheet of the bank holding company is deemed to be prepared immediately before the absorption-type company split, which should be included as the assets of the balance sheet.
- (3) Notwithstanding the provisions of the preceding paragraph, if the bank holding company is a company subject to restriction of consolidated dividends,

and the splitting company in an absorption-type company split (which means a splitting company in an absorption-type company split as prescribed in Article 758, item (i) of the Companies Act) is a subsidiary company of that bank holding company, the amount specified by Cabinet Office Order as an amount of assets as prescribed in Article 16-2-4, paragraph (1), item (ii), sub-item (a) of the Order is the larger of the following:

- (i) the amount obtained by deducting the amount set forth in paragraph (1), item (ii) from the amount set forth in item (i) of that paragraph;
- (ii) the amount obtained by deducting the amount set forth in item (ii) of the preceding paragraph from the amount set forth in item (i) of the preceding paragraph.

(Written Application for Authorization for Business Transfer Pertaining to a bank Holding Company)

Article 34-31 (1) A bank holding company, when intending to obtain an authorization for a business transfer or acquisition pursuant to the provisions of Article 52-35, paragraph (3) of the Act (hereinafter referred to as a "business transfer, etc." in this Article), must submit a written application for authorization accompanied by the following documents to the Commissioner of the Financial Services Agency, etc.:

- (i) a written statement of reasons;
- (ii) minutes of shareholders meetings and other documents certifying that necessary proceedings were followed;
- (iii) documents stating the content of the contract of the business transfer, etc.;
- (iv) the latest consolidated balance sheet, profit and loss statement, and statement of changes in net assets for the bank holding company and its subsidiary companies, etc., and other documents providing the latest conditions of business, assets, and profit and loss of the companies;
- (v) if notification is required pursuant to the provisions of Article 16, paragraph (2) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, a document evidencing that the notification was submitted;
- (vi) documents stating the prospective income and expenditures, and consolidated capital adequacy ratio of the bank holding company and its subsidiary company, etc., after the business transfer, etc.;
- (vii) a document stating the system pertaining to business management of a subsidiary company conducted by the bank holding company;
- (viii) a document stating the condition of securing employees with knowledge and experience concerning bank services;
- (ix) if the business transfer would cause a subsidiary company of the bank holding company to no longer be its subsidiary company, documents stating

- the name of the subsidiary company;
  - (x) if the business acquisition would make a company eligible to be a subsidiary company the subsidiary company of the relevant person, the documents set forth in Article 34-19, paragraph (1), item (iv) concerning the company eligible to be a subsidiary company;
  - (x)-2 if the business transfer would cause the relevant person to come to hold voting rights in an advanced banking service company which, in total, exceed the maximum threshold for voting rights held: a document set forth in Article 34-19-2, paragraph (1), item (iv) regarding the company;
  - (xi) if the business acquisition would cause the bank holding company or its subsidiary company to come to hold voting rights in a domestic company in a total number that exceeds the maximum threshold for voting rights held, documents stating the name and content of business of the domestic company; and
  - (xii) other documents giving information that should serve as a reference in an examination as prescribed in Article 52-18, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 52-35, paragraph (4) of the Act.
- (2) The provisions of Article 34-10, paragraph (3) apply mutatis mutandis to the examination as prescribed in Article 52-18, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 52-35, paragraph (4) pertaining to an application for an approval pursuant to the provisions of the preceding paragraph.
- (3) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to voting rights as prescribed in paragraph (1), items (x)-2 and (xi).

## **Chapter VIII-2 Bank Agency Services**

### **Section 1 General Rules**

(Information for Inclusion in a Written Application for Permission for Bank Agency Services)

Article 34-32 (1) The particulars specified by Cabinet Office Order that are provided for in Article 52-37, paragraph (1), item (vi) of the Act are the following particulars:

- (i) when a bank agent is an individual, the following particulars:
  - (a) if that individual is involved in the ordinary business of another corporation, the other corporation's trade name or name, the location of its principal business office or office, and its types of business;
  - (b) the trade name or name, the location of its principal business office or office, name of the representative person, and the types of business of the following corporations, etc. (which means a company, partnership or other equivalent business entity (including a business entity in a foreign state

equivalent to the above and excluding a business entity that has no business office, office or other facilities equivalent thereto in Japan), hereinafter the same applies in this Article) with which the individual is associated:

1. a business entity, etc. in which the individual holds voting rights exceeding fifty percent of the all shareholders', etc. voting rights;
2. a subsidiary corporation, etc. (excluding a foreign corporation or other organization that has no business office, office or other facilities equivalent thereto in Japan; the same applies in the following item (b)) of a corporation, etc. as set forth in 1.;

(ii) if a bank agent is a corporation, the following particulars:

- (a) if an officer of that corporation is involved in ordinary business or carries out the business of another corporation, the name of that officer, the corporation's trade name, the location of its principal business office or office, and its types of business;
- (b) the trade name or name, principal business office or office location, name of the representative person or corporation, and type of business for the following corporations, etc. associated with the corporation in question:
  1. its subsidiary corporation, etc.;
  2. its parent corporation, etc. (excluding a foreign corporation or other organization that has no business office, office or other facilities equivalent thereto in Japan)
  3. any other subsidiary corporation, etc. of its parent corporation, etc. (other than entity as prescribed in 1.);

(iii) if services are further entrusted to a bank agent by a principal bank Agent (which means a principal bank agent as prescribed in Article 52-28, paragraph (2) of the Act, the same applies hereinafter), the trade name or business name and the location of its principal business office or office of the principal bank agent;

(iv) if further entrusting bank agency services, the trade name or name and the location of its principal business office or office of a secondary bank agent to which they are further entrusted (which means a secondary bank agent as prescribed in Article 52-58, paragraph (2) of the Act; the same applies hereinafter).

(2) Notwithstanding the provisions of the preceding paragraph, the particulars specified by Cabinet Office Order that are provided for in Article 52-37, paragraph (1), item (vi) of the Act, for which a bank, etc. is to give notice pursuant to the provisions of Article 52-61, paragraph (3), etc. of the Act as prescribed in paragraph (1) of that Article, are the particulars set forth in items (iii) and (iv) of the preceding paragraph.

(3) The provisions of Article 1-6, paragraph (3) are applied mutatis mutandis to

the voting rights held, in the case of the paragraph (1), item (i), sub-item (b), 1., by the applicant prescribed in Article 52-37, paragraph (1) of the Act.

(Content and Method of Services of Bank Agency Services)

Article 34-33 (1) The particulars specified by Cabinet Office Order that are provided for in Article 52-37, paragraph (2), item (ii) of the Act are the following:

- (i) the type of contract as prescribed in each item of Article 2, paragraph (14) of the Act that a bank agent handles (including type of deposit, type of borrower, and use of funds borrowed);
- (ii) whether the relevant person acts as an agent or as an intermediary for each type of contract as prescribed in each item of Article 2, paragraph (14) of the Act that a bank agent handles (if it acts as both agent and intermediary, a statement to that effect);
- (iii) the system of carrying out bank agency services.

(2) The system of carrying out bank agency services as prescribed in item (iii) of the preceding paragraph, is to include, in addition to a system to prevent actions as prescribed in each item of Article 52-45 of the Act and other actions which may harm proper and sure operations of bank agency services, a system as set forth in each of the following item corresponding to the following categories of case:

- (i) when a bank agent is authorized to receive delivery of cash or other assets from a customer concerning activities as a bank agent (which means activities as a bank agent as prescribed in Article 52-43 of the Act; the same applies hereinafter), a system in order to separate and manage the assets from its own assets;
- (ii) when a bank agent operates bank agency services by using a computer connected with electronic telecommunications lines: a system to prevent a customer from misidentifying the bank agent for another party;
- (iii) when concurrent business (which means a business other than bank agency services and business incidental to bank agency services; the same applies hereinafter) is carried out: a system to handle properly information of customers that is acquired concerning activities as a bank agent.

(Written Applications for Permission and Other Documents Attached Thereto)

Article 34-34 The documents specified by Cabinet Office Order that are provided for in Article 52-37, paragraph (2), item (iii) of the Act means the following documents:

- (i) if a bank agent is an individual, a resume and extract of a resident record (if the individual is a foreign national and resides in Japan, a copy of the residence card prescribed in Article 19-3 of the Immigration Control and

Refugee Recognition Act (Cabinet Order No. 319 of 1951), a copy of the 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 an extract of the resident record; the same applies hereinafter except in Article 34-68, paragraph (3), item (iii)) or documents alternative thereto, and documents in which the person swears not to fall under any of the provisions of any of sub-items (a) to (h) of Article 34-37, item (iv);

(i)-2 if the name used before marriage of an applicant (meaning the applicant prescribed in Article 52-37, paragraph (1) of the Act; hereinafter the same applies in this item and item (ii)-2) that is an individual is stated together with the applicant's current name in a written application (meaning the written application referred to in that paragraph; the same applies in item (ii)-2), and the extract of the resident record or any document alternative thereto as referred to in the preceding item does not certify the applicant's name used before marriage: a document evidencing the name used before marriage;

(ii) if a bank agent is a corporation, a resume (if an officer is a corporation, including documents stating its history) of each officer (if an officer is a corporation, including the person responsible for performing the duties thereof; hereinafter the same applies in this item, Article 34-37 and Article 34-48, paragraph (1)), extracts of resident records of officers (if an officer is a corporation, including a certificate of registered information of the officer) (limited to officers working in a business office or other office in Japan) or alternative documents thereto, documents in which it swears not to fall under any of the provisions of Article 34-37, item (v), sub-items (a) to (c) and a document in which an officer swears not to fall under any of the provisions of item (iv), sub-items (a) to (h) of that Article;

(ii)-2 if the name used before marriage of an officer of an applicant that is an individual is stated together with the officer's current name in a written application, and the extract of the resident record or any document alternative thereto as referred to in the preceding item does not certify the officer's name used before marriage: a document evidencing the name before marriage;

(iii) when carrying out bank agency services as entrusted by a principal bank, the draft of the entrustment contract of the business concerning bank agency services with the principal bank;

(iv) when carrying out bank agency services as further entrusted by a principal bank agent, the draft of the entrustment contract of the business concerning bank agency services with the principal bank agent, and a document in

- which the principal bank swears that the principal bank agent has obtained the authorization of the principal bank;
- (v) documents stating the condition of securing persons with abilities concerning bank agency services and the condition of placement of those persons (including documents certifying that those persons are competent in bank agency services);
  - (vi) if a bank agent is an individual, a record concerning assets prepared pursuant to item (xvi) of the appended form for the business year preceding the business year that includes the date of application for permission (the business year of an individual is from January 1 to December 31 of the same year; the same applies hereinafter)
  - (vii) if a bank agent is a corporation, the balance sheet pertaining to the business year preceding the business year that includes the date of application for permission or alternative documents thereto; provided, however, that if a bank agent is a corporation that was incorporated in the business year that includes the date of application for permission, the balance sheet prepared at the time of incorporation of the corporation or alternative documents thereto;
  - (viii) if a bank agent is a company with financial auditors, documents stating the contents of an financial audit report as prescribed in Article 396, paragraph (1) of the Companies Act pertaining to the business year preceding the business year that includes the date of application for permission;
  - (ix) documents stating the prospective condition of income and expenditures, and assets, in the three business years after the commencement of bank agency services;
  - (x) if a principal bank (if the relevant person is further entrusted by a principal bank agent, including the principal bank agent) collects a guarantee by a guarantor, documents certifying the guarantee and documents concerning the guarantor as prescribed in items (vi) and (vii);
  - (xi) if a bank agent engages in another business, documents stating the content and means of concurrent business;
  - (xii) the internal rules, etc. concerning management of the bank agency services;
  - (xiii) a pictorial drawing of the surrounding area of the business office or offices where bank agency services are carried out and its layout (including the condition of setting security cameras and condition of security, etc.) and documents stating the name of the business office and the business office of a principal bank, which directs business management of the bank agency services which are carried out at the business office; and
  - (xiv) documents giving information that should serve as a reference in an

examination as prescribed in Article 52-38, paragraph (1), beyond the provisions set forth in each of the preceding items.

(Information for Inclusion in a Draft of an Entrustment Contract)

- Article 34-35 (1) The information to be stated in a draft of an entrustment contract as prescribed in the preceding three paragraphs are the following:
- (i) the particulars of the establishment, closure or relocation of a business office or office where bank agency services are carried out;
  - (ii) the particulars of the content of bank agency services (including identification whether this involves agency or intermediation; the same applies hereinafter);
  - (iii) the particulars of business days and business hours of the bank agency services;
  - (iv) provisions prohibiting the following activities of a bank agent:
    - (a) the acts of divulging trade secrets of a principal bank or information about the credit of its clients to a person other than the principal bank or the client, or making use thereof for a person other than principal bank or the client;
    - (b) the acts as set forth in each item of Article 52-45 of the Act;
  - (v) handling standards of cash and securities, etc. and the particulars of the responsibilities of the bank agent pertaining thereto;
  - (vi) the particulars of further entrustment of bank agency services;
  - (vii) the particulars of supervision, audit, and collection for a report by the principal bank;
  - (viii) the particulars of terms, renewal, and cancellation of agreements;
  - (ix) the particulars of the display at the storefront regarding content of the bank agency services and business days and business hours of the bank agency services;
  - (x) other particulars found to be necessary.
- (2) The provisions of the preceding paragraph apply mutatis mutandis to the particulars which are to be stated in the draft of an entrustment contract of business pertaining to bank agency services between a principal bank agent and secondary bank agent as prescribed in item (iv) of the preceding Article. In this case, the term "bank agent" in item (iv) and (v) of that paragraph is deemed to be replaced with "secondary bank agent"; the term "further entrustment" in item (vi) of that paragraph is deemed to be replaced with "prohibition of further entrustment", and the term "a principal bank" in item (vii) of that paragraph is deemed to be replaced with "an principal bank and a principal bank agent."

(Financial Basis)

Article 34-36 (1) The standards specified by Cabinet Office Order that are provided for in Article 52-38, paragraph (1), item (i) of the Act are that the amount calculated by deducting the total amount of liabilities from the total amount of assets recorded on the record concerning the assets as prescribed in Article 34-34, item (vi), the balance sheet as prescribed in item (vii) of that Article, or equivalent documents thereto (which is referred to as the "Amount of Net Assets" in the following paragraph) is equal to or greater than the amount as set forth in each of the following items, in accordance with the category as set forth in each of those items:

- (i) an individual: three million yen;
- (ii) a corporation: five million yen.

(2) The following persons are deemed to possess the financial basis as prescribed in Article 52-38, paragraph (1), item (i) of the Act:

- (i) a person that is an individual (limited to an individual whose Amount of Net Assets is not below zero), whose principal bank (if that individual carries out bank agency services as further entrusted by a principal bank agent, including that principal bank agent) collects a guarantee by a guarantor (limited to a person whose Amount of Net Assets is equal to or greater than the amount as prescribed in each item of the preceding paragraph) concerning damages pertaining to bank agency services, and other person that is found to possess a financial basis which is equal to or greater than the standards as prescribed in the preceding item;
- (ii) a local government.

(Examination for Permission for Bank Agency Services)

Article 34-37 The Commissioner of the Financial Services Agency, etc., when an application for permission as prescribed in Article 52-36, paragraph (1) of the Act is filed, and when examining as prescribed in Article 52-38, paragraph (1) of the Act, is to consider the following particulars:

- (i) the applicant is an individual or a corporation (excluding a foreign corporation that does not have any office in Japan);
- (ii) the applicant falls under the provisions of paragraph (1) or (2) of the preceding Article, and it is expected that it will fall under the provisions of paragraph (1) or (2) of that Article during the three business years after the commencement of bank agency services;
- (iii) in light of its condition of securing persons with abilities concerning bank agency services and its systems, etc. concerning business management of bank agency services, the applicant is found to possess sufficient abilities for performance of the business, such as corresponding to the following requirements:
  - (a) when the applicant is an individual (excluding a person that engages in

bank agency services in two or more offices), the applicant has sufficient knowledge concerning bank agency services that the applicant carries out; provided, however, that when engaging in the special activities as a bank agent (which means acting as agent or intermediary in the conclusion a contract of which the content is the acceptance of current deposit, or acts as set forth in Article 2, paragraph (14), item (ii) of the Act (excluding acts pertaining to a loan agreement that a principal bank concludes with security of deposit, etc. or national government bonds, and acts pertaining to a regular loan agreement pertaining to funds for the use of other than business, which acts are not participating in the examination pertaining to conclusion of the agreement); the same applies in sub-item (b)), the applicant satisfies the following requirements in accordance with the following categories of content of special activities as a bank agent:

1. when the applicant is not participating in the examination pertaining to conclusion of the contract or standardized loan products pertaining to funds for the use of business (which means loan products of which possibility and conditions of the loan have been determined only by mechanical processing of financial data concerning the fund consumers; the same applies in sub-item (b), and in item (vi), sub-item (c) and item (vii), sub-item (b)): the applicant is a person that has engaged in fund lending services for one year or more, or is found to possess abilities equal or better thereto (excluding cases in which an applicant does not carry out concurrent business);
  2. when the applicant does not act as set forth in Article 2, paragraph (14), item (ii) of the Act: the applicant is a person that has engaged in current deposit services or fund lending services for three or more years in total, or is found to possess abilities equal or better thereto;
  3. in the cases other than 1. or 2.: the applicant is a person that has engaged in fund lending services for three or more years, or is found to possess abilities equal or better thereto;
- (b) when the applicant is a corporation (including an individual who engages in bank agency services at two or more offices), the applicant assigns a responsible person (limited to a person that has sufficient knowledge concerning the bank agency services) for operations in order to secure compliance with laws and regulations, etc. pertaining to bank agency services that the corporation engages in to each business office or office where the operation is performed, and assigns a supervising manager (limited to a person that has sufficient knowledge concerning the bank agency services) for directing the responsible person and for supervising of securing compliance with laws and regulations, etc. to a department controlling the operation of principal business office or office (excluding a

corporation which does not engage in bank agency services in a business office or office other than the principal business office or office) respectively; provided, however, that when performing special activities as a bank agent, at least one person of each the persons satisfies the following requirements in accordance with the following categories of content of special activities as a bank agent:

1. when the applicant is not participating in the examination pertaining to conclusion of the contract pertaining to standardized loan products pertaining to funds for the use of business: the applicant is a person that has engaged in fund lending services for one or more years, or is found to possess abilities equal or better thereto (excluding the cases in which an applicant does not engage in concurrent business and the cases in which an applicant is an insurance company or a person as provided by the Commissioner of the Financial Services Agency);
  2. when the applicant does not act as prescribed in Article 2, paragraph (14), item (ii) of the Act: the applicant is a person that has engaged in current deposit services or fund lending services for three or more years, or is found to possess abilities equal or better thereto;
  3. in the cases other than 1. or 2.: the applicant is a person that has engaged in fund lending services for three or more years, or is found to possess abilities equal or better thereto;
- (c) when the applicant performs acts as prescribed in Article 2, paragraph (14), items (i) and (iii) of the Act, the necessary systems of business operations are developed in accordance with the category of bank agency services, such as processing services by means of on-line processing or other appropriate methods;
- (d) the management compliance with laws and regulations, etc. is found to be assured, such as that the applicant determines internal rules, etc. concerning bank agency services and views business management based on the rules;
- (e) it is not found that the personnel structure, capital structure, or organization, etc. of the applicant is not likely to hinder carrying out of bank agency services precisely, fairly, and efficiently;
- (iv) when the applicant is an individual, the applicant does not correspond to any of the following:
- (a) an adult ward, a person under curatorship, or a person that is dealt with in the same manner as the above under the foreign laws and regulations;
  - (b) a bankrupt who has not obtained the restoration of rights, or a person that is dealt with in the same manner as the above under the foreign laws and regulations;
  - (c) a person that has been sentenced to imprisonment without work or

severer punishment (including equivalent punishment thereto under foreign laws and regulations) and five years have not elapsed since the date when the sentence was completed or the effectuation of the sentence is ceased;

- (d) when corresponding to any of the following, a person that was a director, executive officer, accounting advisor, auditor, financial auditor, administration officer, inspector, or any equivalent person thereto, or a representative person in Japan (which means a representative person in Japan as prescribed in Article 47, paragraph (2) of the Act; the same applies in 1.) within 30 days before the date of a revocation (in the cases of a refusal of renewal, the date when the refusal of renewal is disposed; the same applies in sub-item (f) and in the following item, sub-item (a)) and five years have not elapsed since the date of the revocation:
1. when a license as prescribed in Article 4, paragraph (1) of the Act is revoked pursuant to the provisions of Article 27 or Article 28 of the Act; when an authorization as prescribed in Article 52-9, paragraph (1) or the proviso of paragraph (2) of that Article is revoked pursuant to the provisions of Article 52-15, paragraph (1) of the Act; when an authorization as prescribed in Article 52-17, paragraph (1) or the proviso of paragraph (3) of that Article is revoked pursuant to the provisions of Article 52-34, paragraph (1) of the Act; or when a permission as prescribed in Article 52-36, paragraph (1) of the Act is revoked pursuant to the provisions of Article 52-56, paragraph (1) of the Act;
  2. when a license as prescribed in Article 4, paragraph (1) of the Long-Term Credit Bank Act is revoked pursuant to the provisions of Article 27 or Article 28 of the Act, as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act; when an authorization as prescribed in Article 16-2-2, paragraph (1) or the proviso of paragraph (2) of that Article of the Long-Term Credit Bank Act is revoked pursuant to the provisions of Article 52-15, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act; when an authorization as prescribed in Article 16-2-4, paragraph (1) or the proviso of paragraph (3) of that Article of the Long-Term Credit Bank Act is revoked pursuant to the provisions of Article 52-34, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act; or when a permission as prescribed in Article 16-5, paragraph (1) of the Long-Term Credit Bank Act is revoked pursuant to the provisions of Article 52-56, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act;

3. when a license as prescribed in Article 4 of the Shinkin Bank Act is revoked pursuant to the provisions of Article 27 or Article 28 of the Act, as applied mutatis mutandis pursuant to Article 89, paragraph (1) of the Shinkin Bank Act, or when a permission as prescribed in Article 85-2, paragraph (1) of the Shinkin Bank Act is revoked pursuant to the provisions of Article 52-56, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 89, paragraph (5) of the Shinkin Bank Act;
4. when a license as prescribed in Article 6 of the Labor Bank Act is revoked pursuant to the provisions of Article 95 of the Labor Bank Act, or when a permission as prescribed in Article 89-3, paragraph (1) of the Labor Bank Act is revoked pursuant to the provisions of Article 52-56, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 94, paragraph (3) of the Labor Bank Act;
5. when the dissolution is ordered pursuant to the provisions of Article 27 or Article 28 of the Act, as applied mutatis mutandis pursuant to Article 106, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act or Article 6, paragraph (1) of the Act on Financial Business by a Cooperative, or when a permission as prescribed in Article 6-3, paragraph (1) of the Act on Financial Business by a Cooperative is revoked pursuant to the provisions of Article 52-56, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) of the Act on Financial Business by a Cooperative;
6. when a permission as prescribed by Article 92-2, paragraph (1) of the Agricultural Co-operatives Act is revoked under the provisions of Article 52-56, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 92-4, paragraph (1) of the Agricultural Co-operatives Act, or when an agricultural cooperative or a federation of agricultural cooperatives is ordered dissolution pursuant to the provisions of Article 95-2 of the Agricultural Co-operative Act;
7. when a permission as prescribed in Article 121-2, paragraph (1) of the Fishery Cooperative Act is revoked pursuant to the provisions of Article 52-56, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 121-4, paragraph (1) of the Fishery Cooperative Act, or when a fisheries cooperative or a federation of fishery processing cooperatives is ordered dissolution pursuant to the provisions of Article 124-2 of Fishery Cooperative Act;
8. when a permission as prescribed in Article 95-2, paragraph (1) of the Norinchukin Bank Act is revoked pursuant to the provisions of Article 52-56, paragraph (1) of the Act, as applied mutatis mutandis pursuant

- to Article 95-4, paragraph (1) of the Norinchukin Bank Act, or when dissolution is ordered pursuant to the provisions of Article 86 of the Norinchukin Bank Act;
9. when a renewal of registration as prescribed in Article 3, paragraph (1) of the Money Lending Business Act (Act No. 32 of 1983), or when a registration as prescribed in Article 3, paragraph (1) of that Act is revoked pursuant to the provisions of Article 37, paragraph (1) of that Act;
  10. when a license, permission, authorization, or registration that is equivalent to a license, permission, authorization or registration (including other administrative disposition equivalent to the license, permission, authorization, or registration; hereinafter the same applies in this item) as prescribed in the preceding items (i) to (ix) that are provided in a foreign state pursuant to the provisions of laws or regulations of the foreign state which are equivalent to the Act, the Long-Term Credit Bank Act, the Shinkin Bank Act, the Labor Bank Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Business by a Cooperative, the Agricultural Co-operatives Act, the Fishery Cooperative Act, the Norinchukin Bank Act, or the Money Lending Business Act is revoked, or a renewal of the license, permission, authorization or registration is refused;
- (e) when an authorization as prescribed in Article 52-9, paragraph (1) or the proviso of paragraph (2) of that Article of the Act is revoked pursuant to the provisions of Article 52-15, paragraph (1) of the Act; when permission as prescribed in Article 52-36, paragraph (1) of the Act, permission as prescribed in Article 16-5, paragraph (1) of the Long-Term Credit Bank Act, permission as prescribed in Article 85-2, paragraph (1) of the Shinkin Bank Act, permission as prescribed in Article 89-3, paragraph (1) of the Labor Bank Act, permission as prescribed in Article 6-3, paragraph (1) of the Act on Financial Business by a Cooperative, permission as prescribed in Article 92-2, paragraph (1) of the Agricultural Co-operatives Act, permission as prescribed in Article 121-2, paragraph (1) of the Fishery Cooperative Act, or permission as prescribed in Article 95-2, paragraph (1) of the Norinchukin Bank Act is revoked pursuant to the provisions of Article 52-56, paragraph (1) of the Act (including cases as applied *mutatis mutandis* pursuant to Article 17 of the Long-Term Credit Bank Act; Article 89, paragraph (5) of the Shinkin Bank Act; Article 94, paragraph (3) of the Labor Bank Act; Article 6-5, paragraph (1) of the Act on Financial Business by a Cooperative; Article 92-4, paragraph (1) of the Agricultural Co-operatives Act; Article 121-4, paragraph (1) of the Fishery Cooperative Act; or Article 95-4, paragraph (1) of the Norinchukin Bank Act); when an

authorization as prescribed in Article 16-2-2, paragraph (1) or proviso of paragraph (2) of that Article of the Long-Term Credit Bank Act is revoked pursuant to the provisions of Article 52-15, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act; or when renewal of registration as prescribed in Article 3, paragraph (1) the Money Lending Business Act is refused pursuant to the provisions of Article 6, paragraph (1) of that Act or is revoked pursuant to the provisions of Article 37, paragraph (1) of that Act, a person for whom five years have not elapsed since the date of the revocation;

- (f) when an authorization, permission or registration which pertains to a type equivalent to those prescribed in Article 52-9, paragraph (1) or the proviso of paragraph (2) of that Article, or Article 52-36, paragraph (1) of the Act, or Article 3, paragraph (1) of the Money Lending Business Act and which are obtained in a foreign state pursuant to the provisions of laws and regulations of the foreign state equivalent to the Act is revoked or renewal of the authorization, permission or registration is refused, a person for whom five years have not elapsed since the date of the revocation;
- (g) a person that corresponds to any of the following and for whom five years have not elapsed since the date of the disposition:
1. a director, executive officer, accounting advisor, auditor, financial auditor or representative person in Japan, whose dismissal was ordered pursuant to the provisions of Article 27 of the Act or Article 52-34, paragraph (1) of the Act, or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Act;
  2. a director, executive officer, accounting advisor, accounting auditor, auditor or financial auditor, whose dismissal was ordered pursuant to the provisions of Article 27 of the Act or Article 52-34, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act;
  3. an administration officer, inspector or financial auditor whose dismissal was ordered pursuant to the provisions of Article 27 of the Act, as applied mutatis mutandis pursuant to Article 89, paragraph (1) of the Shinkin Bank Act, or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 89, paragraph (5) of the Shinkin Bank Act;

4. an administration officer, inspector or financial auditor whose dismissal was ordered pursuant to the provisions of Article 95, paragraph (1) of the Labor Bank Act, or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 94, paragraph (3) of the Labor Bank Act;
5. an administration officer, inspector or financial auditor whose dismissal was ordered pursuant to the provisions of Article 27 of the Act, as applied mutatis mutandis pursuant to Article 6, paragraph (1) of the Act on Financial Business by a Cooperative, or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) of the Act on Financial Business by a Cooperative;
6. an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 92-4, paragraph (1) of the Agricultural Co-operatives Act, or an officer concerning who was ordered to reelect pursuant to the provisions of Article 95, paragraph (2) of the Agricultural Co-operatives Act;
7. an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 121-4, paragraph (1) of the Fishery Cooperative Act, or an officer concerning who was ordered to reelect pursuant to the provisions of Article 124, paragraph (2) of the Fishery Cooperative Act;
8. an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 95-4, paragraph (1) of the Norinchukin Bank Act, or an administration officer, business management feeder, inspector or financial auditor whose dismissal was ordered pursuant to the provisions of Article 86 of the Norinchukin Bank Act;
9. an officer whose dismissal was ordered pursuant to the provisions of Article 24-6-4, paragraph (2) of the Money Lending Business Act;
10. a director, executive officer, accounting advisor, auditor, financial auditor or equivalent person thereto whose dismissal was ordered pursuant to the provisions of foreign laws and regulations which are equivalent to the Act, the Long-Term Credit Bank Act, the Shinkin Bank Act the Labor Bank Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Business by a Cooperative, the Agricultural Co-operatives Act, the Fishery Cooperative Act, the Norinchukin Bank Act, or the Money Lending Business Act;

- (h) a person that violates a provisions of the Act, the Long-Term Credit Bank Act, the Shinkin Bank Act the Labor Bank Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Business by a Cooperative, the Agricultural Co-operatives Act, the Fishery Cooperative Act, the Norinchukin Bank Act, the Money Lending Business Act, the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates (Act No. 195 of 1954), or foreign laws and regulations equivalent thereto, has been sentenced to a fine (including equivalent punishment thereto under foreign laws and regulations), and for whom five years have not elapsed since the date when the sentence is completed or the effectuation of the sentence is ceased;
- (v) if the applicant is a corporation, the applicant does not correspond to any of the following:
  - (a) if the applicant corresponds to any of the preceding (d), 1. to 10, a person for whom five years have not elapsed since the date of the revocation;
  - (b) a person that violates the provisions as prescribed in the preceding (h) or foreign laws and regulations equivalent thereto, who is sentenced to a fine (including equivalent punishment thereto under foreign laws and regulations), and for whom five years have not elapsed since the date when the sentence is completed or the effectuation of the sentence is ceased;
  - (c) an officer who corresponds to any of (a) to (h) of the preceding item;
- (vi) when the content of its main concurrent business is other than the lending of funds, discounting of bills and notes, guarantee of debt, accepting of bills and notes, or any other business of extending of credit: the concurrent business does not correspond to any of the following:
  - (a) the content of its concurrent business violates laws and regulations;
  - (b) the content of its concurrent business is likely to damage the social credibility as a bank agent;
  - (c) the content of bank agency services is found to have possibilities to conduct transactions in which interests of principal bank and bank agent conflict, in light of the fact that the content is actions as agent or intermediary for the conclusion of a contract of which the content is the lending of funds or discounting of bills and notes for the use of business (excluding a service pertaining to a contract with security of deposits, etc. or national government bonds that a principal bank received, and services that does not participate in the examination pertaining to conclusion of the contact of standardized loan products (limited to the products of which the loan amount does not exceed ten million yen)), and other transaction with a customer in the course of concurrent business (excluding the cases in which an applicant is an insurance company or other person as specified by the Commissioner of the Financial Services Agency);

- (d) there is found to be a likelihood of conduct being undertaken in connection with bank agency services that would result in insufficient customer protection, due to its wrongful use of an advantageous position in a transaction based on its concurrent business; and
  - (e) in light of the content of bank agency services, it is found that carrying out of concurrent business is likely to result in insufficient customer protection and to hinder performance of sound and appropriate services of the principal bank.
- (vii) if the content of its main concurrent business is the lending of funds, discounting of bills and notes, guarantee of debt, accepting of bills and notes, or any other business of extending of credit: the concurrent business does not correspond to any of sub-items (a) to (e) of the preceding item, and except when it is not found that there is any possibility of transactions that could result in a conflict of interests between the principal bank and the bank agent in the course of the business, the content and method of the act as prescribed in Article 2, paragraph (14), item (ii) of the Act which is conducted as bank agency services (excluding acts pertaining to a contract with security of deposits, etc. or national government bonds that a principal bank received) correspond to all of the following conditions:
- (a) the act is connected with a loan agreement that is concluded with security of goods or articles purchased with the loan funds (excluding acts connected with funds for the use of business);
  - (b) the act is not concerned with the examination pertaining to the conclusion of the contract of standardized loan products; and
  - (c) when acting as agent or intermediary for the conclusion of a contract of which the content is the lending of funds or discounting of bills and notes pertaining to bank agency services, for a customer to whom credit is extended in the course of the concurrent business, the bank agent is required to inform the principal bank of the outstanding credit extended and any other material particulars relating to the concurrent business that may affect the principal bank's judgment concerning the conclusion of a contract, after obtaining prior consent in writing from the customer.

(Preliminary Examination of Permission for Bank Agency Services)

Article 34-38 A person that intends to obtain a permission for bank agency services pursuant to the provisions of Article 52-36, paragraph (1) of the Act, may request a preliminary examination by submitting documents equivalent to the provisions provided in Article 52-37 of the Act to the Commissioner of the Financial Services Agency, etc.

(Notification of Change)

Article 34-39 A bank agent that submits a notification pursuant to the provisions of Article 52-39, paragraphs (1) and (2) of the Act, must submit to the Commissioner of the Financial Services Agency, etc., in accordance with the categories set forth in the top columns of the Appended Table 2, a written notice stating the particulars specified in the middle columns of the Table, accompanied by documents as specified in the lower columns of the Table,

(Form of Sign)

Article 34-40 The form specified by Cabinet Office Order that is provided for in Article 52-40, paragraph (1) of the Act is as prescribed in item (xvii) of the appended form.

## **Section 2 Services**

(Application of Approval for Concurrent Business)

Article 34-41 (1) A bank agent, when intending to obtain an approval for concurrent business pursuant to the provisions of Article 52-42, paragraph (1) of the Act, must submit a written application for approval accompanied by the following documents to the Commissioner of the Financial Services Agency, etc.:

- (i) a written statement of reasons;
  - (ii) a document stating content of the concurrent business and its methods; and
  - (iii) any other document giving information that should serve as a reference.
- (2) The document set forth in item (ii) of the preceding paragraph must state clearly that no risk has been found that would hinder the proper and certain performance of the bank agency services.
- (3) The Commissioner of the Financial Services Agency, etc., when an application of approval is filed pursuant to the provisions of paragraph (1), may refuse to provide an approval only if the applicant corresponds to any particular as set forth in Article 34-37, item (vi) or if the applicant does not fall under item (vii) of that Article.

(Segregated Maintenance)

Article 34-42 A bank agent, based on the provisions of Article 52-43 of the Act, must manage money or other assets delivered by customers, with regard to its activities as a bank agent, in a condition that is immediately distinguishable as to whether the asset is its own asset or belongs to any principal bank, by separating the places of management or by other methods.

(Matters to Be Clearly Indicated)

Article 34-43 (1) The particulars specified by Cabinet Office Order that are

provided for in Article 52-44, paragraph (1), item (iii) of the Act are the following particulars:

- (i) when receiving the delivery of money or other assets from a customer with regard to activities as a bank agent, the bank agent is authorized by the principal bank to receive the delivery;
  - (ii) when there are two or more principal banks, and when the fees pertaining to activities as a bank agent that the customer is to pay for a contract that the customer intends to conclude and the fee to be paid to another principal bank for the same type of contract as the contract are different, that effect;
  - (iii) when there are two or more principal banks, and when the bank agent acts as agent or intermediary for the conclusion of the same type of contract that a customer intends to conclude as a contract pertaining to the activities as a bank agent for another principal bank, that effect;
  - (iv) when there are two or more principal banks, the trade name or name of the principal bank that is the other party of the transaction of the customer.
- (2) A principal bank as prescribed in each item of the preceding paragraph (excluding item (i)), is to include, when the bank agent is an agent of a long-term credit bank as prescribed in Article 16-5, paragraph (3) of the Long-Term Credit Bank Act, the entrusting long-term credit bank; when the bank agent is an agent of a Shinkin bank as prescribed in Article 85-2, paragraph (3) of the Shinkin Bank Act, the entrusting Shinkin bank as prescribed in that paragraph; when the bank agent is an agent of a labor bank as prescribed in Article 89-3, paragraph (3) of the Labor Bank Act, the entrusting labor bank as prescribed in that paragraph; when the bank agent is a credit cooperative as prescribed in Article 6-3, paragraph (3) of the Act on Financial Business by a Cooperative, the entrusting credit cooperative as prescribed in that paragraph; when the bank agent is a specified quasi-banking business agent as prescribed in Article 92-2, paragraph (3) of the Agricultural Co-operatives Act, the entrusting cooperative as prescribed in that paragraph; when the bank agent is a specified quasi-banking business agent as prescribed in Article 121-2, paragraph (3) of the Fishery Cooperative Act, the entrusting cooperative as prescribed in that paragraph or when the bank agent is an agent of Norinchukin bank as prescribed in Article 95-2, paragraph (3) of the Norinchukin Bank Act, the Norinchukin bank; when the bank agent is an agricultural cooperative engaging in agency services for business with authorization under Article 42, paragraph (3) of the Act on Enhancement and Restructuring of Quasi-banking Business Conducted by The Norinchukin bank and Specified Agricultural and Fishery Cooperative Savings Insurance Cooperation, etc. (Act No. 118 of 1996), the Norinchukin bank or the Prefectural Credit Federations of Agricultural Cooperatives prescribed in Article 2, paragraph (1), item (ii) of that Act, which has obtained authorization

referred to in Article 42, paragraph (3) of that Act.

(Provision of Information to Depositor by a Bank Agent)

Article 34-44 The provisions of Article 13-3 apply mutatis mutandis to the provision of information to Depositor, etc. provided by a bank agent pursuant to the provisions of Article 52-44, paragraph (2) of the Act.

(Prevention of Misidentification of a Deposit)

Article 34-45 (1) The provisions of Article 13-5, paragraphs (1), (2), and (4) apply mutatis mutandis when the bank agent (excluding a bank, etc., as prescribed in Article 52-61, paragraph (1) of the Act) sells financial instruments (which means the sale of financial instruments as prescribed in Article 2, paragraph (1) of the Act on Sales, etc. of Financial Instruments (Act No. 101 of 2000); excluding acts as set forth in items (i) and (ii) of that paragraph) or acting as agent or intermediary.

(2) A bank agent must display for easy viewing of customers that it performs activities as a bank agent, at the counter of the business office or an office that carries out activities as a bank agent.

(3) The provisions of paragraph (1) do not apply to a counter at which the person does not act as a bank agent.

(4) A bank agent must take measures to prevent a customer from mistaking a counter of its business office or office at which the person does not act as a bank agent for a counter at which the person does act as a bank agent.

(Provision of Information Pertaining to the Same Type of Contract as Another Principal Bank)

Article 34-46 (1) A bank agent, if it has clarified the particulars prescribed in Article 34-43, paragraph (1), item (iii), must respond to the request of a customer and provide the content of the same type of contract of another principal bank and other information to serve as a reference for the customer.

(2) The provisions of Article 34-43, paragraph (2) apply mutatis mutandis to a case of the preceding paragraph.

(Treatment of Individual Customer Information)

Article 34-47 The provisions of Article 13-6-5 to Article 13-6-7 apply mutatis mutandis to a bank agent.

(Consent by a Document Pertaining to the Use of Customer Information)

Article 34-48 (1) A bank agent must take measures in order to ensure that non-public financial information (which means information concerning a deposit, etc., a funds transfer transaction, or a loan of a customer which an officer or

employee obtains in the course of duties and other information which is not publicly disclosed concerning a financial transaction or the assets of a customer (excluding information as prescribed in Article 13-6-6, as applied mutatis mutandis pursuant to the preceding Article and special non-public information as prescribed in Article 13-6-7, as applied mutatis mutandis pursuant to the preceding Article)) concerning a customer handled in the course of bank agency services is not used for concurrent business (excluding business pertaining to Solicitation for Insurance; the same applies in the following paragraph) without obtaining the customer's prior consent in writing or other appropriate method.

- (2) A bank agent must take measures in order to ensure that non-public information (which means information which is obtained in the course of its concurrent business and not publicly disclosed (excluding information as prescribed in Article 13-6-6, as applied mutatis mutandis pursuant to the preceding Article and special non-public information as prescribed in Article 13-6-7, as applied mutatis mutandis to the preceding Article); the same applies in the following paragraph) concerning a customer handled for concurrent business is not used for bank agency services and incidental business to bank agency services without obtaining the customer's prior consent in writing or other appropriate method.
- (3) A bank agent must take measures in order to ensure that non-public information concerning a customer handled in the course of concurrent business is not provided to a principal bank without obtaining the customer's consent in writing or other appropriate method.

(Internal Rules Pertaining to Bank Agency Services)

Article 34-49 A bank agent must establish internal rules concerning explanations to a customer of material particulars based on the customer's knowledge, experience, condition of assets, and the purpose of the transaction and other measures (including the explanation of financial instruments, transactions, and their risks and measures taken by the principal bank of the bank agent as prescribed in Article 12-3, paragraph (1) of the Act by delivery of documents or other appropriate method and measures to prevent crime) in order to ensure sound and appropriate business management that corresponds to the content and method of its bank agency services, and must develop training for employees and other sufficient systems in order to manage business based on the internal rules, etc.

(Closely Related Parties of a Bank Agent)

Article 34-50 A person closely related to a bank agent as specified by Cabinet Office Order that is provided for in Article 52-45, item (iii) of the Act means a

specified related party of a principal bank of the bank agent (which means a specified related party as prescribed in Article 13-2 of the Act and excluding a subsidiary company of the bank agent).

(Conduct Unlikely to Result in Insufficient Customer Protection)

Article 34-51 The conduct specified by Cabinet Office Order as being unlikely to result in insufficient customer protection that is provided for in Article 52-45, item (iii) of the Act means conduct not constituting a bank agent unjustifiably acting as agent or intermediary in the conclusion of a contract whose substance is the lending of funds or discounting of bills and notes on the condition that the customer effect a transaction.

(Matters without Risk of Hindrance Performance of the Sound and Proper Services of a Principal Bank)

Article 34-52 The conduct specified by Cabinet Office Order as unlikely to impair the sound and appropriate performance of the services of the principal bank that is provided for in Article 52-45, item (iv) means conduct involved in a transaction or activity for which the principal bank has obtained the approval under the proviso of Article 13-2 of the Act.

(Prohibited Acts Pertaining to Bank Agency Services)

Article 34-53 The conduct specified by Cabinet Office Order that is provided for in Article 52-45, item (v) of the Act means:

- (i) not conveying to a customer, commensurate with the substance of its bank agency services and business methods, a particular that is material in light of that customer's knowledge, experience, financial status, or purpose for effecting a transaction, or conveying something to the customer that is likely to lead to a misunderstanding;
- (ii) wrongfully acting as agent or intermediary in the conclusion of a contract as prescribed in one of the items of Article 2, paragraph (14) of the Act on the condition that the customer effect a transaction with the bank agent or a business operator it designates (this excludes conduct set forth in Article 52-45, item (iii) of the Act);
- (iii) wrongfully using its advantageous position in a transaction as a bank agent's to put a customer at a disadvantage as concerns a condition or implementation of a transaction;
- (iv) wrongfully having the customer effect a transaction with itself or a person doing business it designates on the condition that it act as agent or intermediary in the conclusion of a contract as prescribed in each item of Article 2, paragraph (14) of the Act;
- (v) improperly using its advantageous position in a transaction in its

concurrent business to put a customer at a disadvantage as concerns a condition or implementation of a transaction involving bank agency services; and

- (vi) not conveying to the principal bank a material particular that may affect its judgment regarding the conclusion of a contract connected with the relevant person's activities as a bank agent, or conveying something that is false regarding this.

(Acts Similar to Advertisement)

Article 34-53-2 The acts as specified by Cabinet Office Order that are provided for in each item of Article 37 of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act, means providing information of the same content to many persons by postal mail, correspondence, using a facsimile device, sending electronic mail, distributing fliers or pamphlets, or by other means, excluding the following:

- (i) distributing a document that is prepared based on laws and regulations or a disposition of an administrative government agency in accordance with laws and regulations;
- (ii) distributing materials concerning analysis and evaluation of an individual enterprise that is not used for the solicitation for conclusion of a specified deposit, etc. contract;
- (iii) providing persons with premiums or other goods that only show all the following information (limited to goods for which the information set forth in sub-items (b) to (d) are shown clearly and properly) (if any of this information is not indicated on a premium or other good, this includes providing such a premium or other good together as a single unit with any other goods that shows that information):
  - (a) name of the financial instrument (including an alias);
  - (b) trade name, name or alias of these objects of a bank agent that provides the same content of information to many persons by a method as prescribed in this item;
  - (c) information as set forth in Article 16-6-2, paragraph (2), item (i) of the Order (limited to information conveyed using characters and numerals of a size that is not significantly different from the largest size used to show characters and numerals conveying information other than the information in question); and
  - (d) an indication to thoroughly read the content of the one of the following documents:
    1. a document as prescribed in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act (hereinafter referred to as "documents to

be delivered Prior to the concluding the contract" from this Article to Article 34-53-17-2);

2. a document of a foreign currency deposit, etc. as prescribed in Article 34-53-10, paragraph (1), item (i); and
3. a contract change documnet as prescribed in Article 34-53-10, paragraph (1), item (ii).

(Indication Method of Advertisement Regarding the Content of Services as Agent or Intermediary in the Conclusion of a Specified Deposit Contract)

- Article 34-53-3 (1) A bank agent, in the case of advertising the content of services as agent or intermediary in the conclusion of a specified deposit, etc. contract or performing an act (which is referred to as "Advertisement, etc." in the following paragraph) as prescribed in the preceding Article, must indicate clearly and accurately the particulars set forth in each item of Article 37, paragraph (1) (excluding item (ii)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act.
- (2) If a bank agent runs an Advertisement, etc. about the substance of its services as agent or intermediary in the conclusion of specified deposit, etc. contracts, any characters or numerals that convey the information set forth in Article 16-6-2, paragraph (1), item (ii) of the Order are to be shown in a size that is not significantly different from the largest size used to show characters and numerals that convey information other than the information in question.
  - (3) If a bank agent runs an Advertisement, etc. about the substance of its services as agent or intermediary in the conclusion of specified deposit, etc. contracts by causing something to be broadcast using the broadcasting equipment of a basic broadcaster or by any of the methods set forth in the items of Article 34-53-6, paragraph (1) (excluding audio broadcasting), notwithstanding the provisions of the preceding paragraph, any characters or numerals that convey the information set forth in Article 16-6-2, paragraph (2), item (i) of the Order are to be shown in a size that is not significantly different from the largest size used to show characters and numerals that convey information other than the information in question.

(Particulars of Compensation to Be Paid by a Customer)

- Article 34-53-4 The particulars specified by Cabinet Office Order that are provided for in Article 16-6-2, paragraph (1), item (i) of the Order are a breakdown of the amounts by category of the fees, etc. or their maximum limits, or an overview of the way these are calculated (including the percentage to the amount of principal of the specified deposit, etc. contract; hereinafter the same applies in this Article) and a breakdown of the total of those amounts or maximum limits, or an overview of the way these are calculated; provided,

however, that if these cannot be given, this means an indication of this and the reasons therefor.

(Material Particulars That Impact Customers' Judgment)

Article 34-53-5 The particulars specified by Cabinet Office Order that are provided for in Article 16-6-2, paragraph (1), item (iii) of the Order are the following particulars:

- (i) with regard to a specified deposit, etc. for which a principal bank of the bank agent has the right to extend the deposit period, when the rights are exercised, the effect that is likely to be disadvantageous to a customer due to the money rate of the specified deposit, etc. falling below the money market rate;
- (ii) any other fact regarding the material particulars of the specified deposit, etc. contract that may become disadvantageous to the customer.

(Means Equivalent to Causing Something to Be Broadcast Using the Broadcasting Equipment of a Basic Broadcaster)

Article 34-53-6 (1) The methods specified by Cabinet Office Order that are provided for in Article 16-6-2, paragraph (2) of the Order are the following:

- (i) causing something to be broadcast using the broadcasting equipment of a basic broadcaster;
  - (ii) making the substance of information recorded in a file that has been prepared on a computer used by a bank agent or a person that is entrusted with services involving Advertisement, etc. conducted by the bank agent (limited to information of the same substance as the particulars provided by causing something to be broadcast using the broadcasting equipment of a basic broadcaster or by a means set forth in the preceding item) available for inspection to customers through a telecommunications line;
  - (iii) causing something to be indicated to the public regularly or continually for a certain period inside or outside a building by having it installed or indicated on a signboard, standing signboard, placard and label, advertising tower, advertising board, building, or other structure, etc. or by any equivalent means.
- (2) The particulars specified by Cabinet Office Order that are provided for in Article 16-6-2, paragraph (2), item (ii) of the Order are the particulars set forth in Article 34-53-2, item (iii), sub-item (d).

(Particulars That Must Not Be Exaggerated)

Article 34-53-7 The particulars specified by Cabinet Office Order that are provided for in Article 37, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2, are

the following particulars:

- (i) the particulars of cancellation of a specified deposit, etc. contract;
- (ii) the particulars of all or part of share of loss or guarantee of profit pertaining to a specified deposit, etc. contract;
- (iii) the particulars of liquidated damages pertaining to a specified deposit, etc. contract (including a penalty); and
- (iv) the particulars of the amount of a Fee, etc. to be paid by a customer concerning a specified deposit, etc. contract or its calculation method, payment method, or timing, and the payee.

(Method of Entry of a Document to be Delivered Prior to the Conclusion of a Contract)

Article 34-53-8 (1) In a document to be delivered prior to the conclusion of a contract, the particulars set forth in each item of Article 37-3, paragraph (1) (excluding items (ii) and (vi)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act, must be entered clearly and properly by using printed characters and numerals in a size of eight points or larger as defined by Japanese Industrial Standard Z 8305.

(2) Notwithstanding the provisions of the preceding paragraph, in a document to be delivered prior to the conclusion of a contract, the following particulars are to be entered clearly and properly in a line by using printed characters and numerals in a size of 12 points or larger as defined by Japanese Industrial Standard Z 8305, and are to be entered following the particulars prescribed in the following paragraph:

- (i) a summary of the particulars set forth in Article 37-3, paragraph (1), item (iv) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act, and the particulars set forth in item (v) of that paragraph; and Article 34-53-12, paragraph (1), item (xi); and
- (ii) the particulars set forth in Article 34-53-12, paragraph (1), item (xii).

(3) A bank agent, in a document to be delivered prior to the conclusion of a contract, is to enter those of the particulars set forth in Article 34-53-12, paragraph (1), item (i), and the particulars set forth in each item of Article 37-3, paragraph (1) (excluding items (ii) and (vi)) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act, that are of particular materiality in their impact on customers' judgment in plain language, using printed characters and numerals of size 12 points or larger as defined by Japanese Industrial Standard Z 8305 at the top of the document to be delivered prior to the conclusion of a contract.

(Method of Provision of Information)

Article 34-53-9 Provision of information as prescribed in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act, is to be implemented by delivery of a document to be delivered prior to the conclusion of a contract.

(When Delivery of a Document to be Delivered Prior to the Conclusion of a Contract Is Not Required)

Article 34-53-10 (1) The case specified by Cabinet Office Order that is provided for in Article 37-3, proviso of paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act means:

- (i) if, within one year before the conclusion of a specified deposit, etc. contract pertaining to a foreign currency deposit, etc., a document in which the particulars set forth in Article 37-3, paragraph (1), items (i), and (iii) to (v) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 52-45-2 of the Act and the particulars set forth in Article 34-53-12, paragraph (1), items (i), (xi), (xvii), and (xviii) are stated with regard to the specified deposit, etc. contract by a method equivalent to the method prescribed in Article 34-53-8 (hereinafter referred to as a "document of foreign currency deposit, etc." in this Article to Article 34-53-17-2) has been delivered to the customer (limited to the cases in which the customer declared the intention not to require the delivery of the document to be delivered prior to the conclusion of a contract);
- (ii) if, within one year before the conclusion of a specified deposit, etc. contract, a document to be delivered prior to the conclusion of a contract pertaining to a specified deposit, etc. contract with the content identical to that of the specified deposit, etc. contract has been delivered to the customer (including the cases in which a document to be delivered prior to the conclusion of a contract has not been delivered regarding the specified deposit, etc. contract with the identical content pursuant to the provisions of the preceding item); and
- (iii) if the relevant person acts as agent or intermediary in the conclusion of a specified deposit, etc. contract aiming at changing part of the terms of the specified deposit, etc. contract already concluded, the cases set forth in the following:
  - (a) when there is nothing to be changed, pursuant to the change, in the entry of the document to be delivered prior to the conclusion of a contract for the specified deposit, etc. contract already concluded; and
  - (b) if, pursuant to the change, there are changes to be made in the entry of the document to be delivered prior to the conclusion of a contract for a

specified deposit, etc. contract already concluded: when a document in which the change is stated (referred to as a "contract change document" in the following paragraph and Article 34-53-17-2, item (ii)) is delivered to the customer.

- (2) The provisions of Article 14-11-25, paragraph (2) apply mutatis mutandis to delivery of a document of foreign currency deposit, etc. pursuant to the provisions of item (i) of the preceding paragraph and delivery of a contract change document pursuant to the provisions of item (iii), sub-item (b) of that paragraph.
- (3) If a specified deposit, etc. contract pertaining to a foreign currency deposit, etc. is concluded within one year from the date when a document of foreign currency deposit, etc. is delivered (including the date when a document of foreign currency deposit, etc. is deemed to be delivered pursuant to the provisions of this paragraph) (limited to the cases in which the customer declared the intention not to require delivery of a document to be delivered prior to the conclusion of a contract), it is deemed that a document of foreign currency deposit, etc. is delivered on the date of the conclusion, and the provisions of paragraph (1), item (i) apply.
- (4) If, within one year from the date when a document to be delivered prior to the conclusion of a contract is delivered (if a document to be delivered prior to the conclusion of a contract is not delivered with regard to a specified deposit, etc. contract pursuant to the provisions of paragraph (1), item (i), including the date of conclusion of the specified deposit, etc. contract and the date when a document to be delivered prior to the conclusion of a contract is deemed to be delivered pursuant to the provisions of this paragraph), a specified deposit, etc. contract with the content identical to that of the specified deposit, etc. contract pertaining to the document to be delivered prior to the conclusion of a contract is concluded, the document to be delivered prior to the conclusion of a contract is deemed to be delivered on the date of the conclusion, and provisions of paragraph (1), item (ii) apply.

(Particulars of Compensation to Be Paid by a Customer)

Article 34-53-11 The particulars specified by Cabinet Office Order that are provided for in Article 37-3, paragraph (1), item (iv) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act, are the amounts by category of Fee, etc. that the customer is to pay for a specified deposit, etc. contract, regardless of whether this is referred to as a fee, consideration, charge, or any other term, or their maximum limits, or the way these are calculated (including the percentage of Fee, etc. as compared to the principal amount pertaining to the specified deposit, etc. contract; hereinafter the same applies in this Article) and the total

of those amounts or maximum limits, or the way these are calculated; provided, however, that when these cannot be given, this means an indication of this and the reasons therefor.

(Information for Inclusion in a Document to be Delivered Prior to the Conclusion of a Contract)

Article 34-53-12 (1) The particulars specified by Cabinet Office Order that are provided for in Article 37-3, paragraph (1), item (vii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act, are the following particulars:

- (i) an indication that the content of the document to be delivered prior to the conclusion of a contract should be read sufficiently;
- (ii) name of the financial instrument (including an alias);
- (iii) the distinction of whether it is subject to an insurance payment as prescribed in Article 53 of the Deposit Insurance Act;
- (iv) scope of the persons subject to acceptance;
- (v) period of deposit (including an indication of whether the deposit will automatically renew, or not);
- (vi) minimum amount of deposit, unit of deposit, and any other item concerning the deposit;
- (vii) method of repayment;
- (viii) method of establishing interest payment, payment method, calculation method, and any other item concerning interest;
- (ix) the particulars of any special provisions that may be added;
- (x) handling the termination of the contract during the period of deposit (including the calculation methods of interest and fees);
- (xi) the following particulars, if there is a risk for a loss to arise that has as its direct cause fluctuations in the money rate, the value of currencies, quotations on a financial instruments market, or any other indicator, as regards the specified deposit, etc. contract into which the customer will enter:
  - (a) the indicator in question; and
  - (b) the reasons that fluctuations in that indicator could give rise to a loss;
- (xii) with regard to a specified deposit, etc. that a principal bank of the bank agent holds the right to extend the deposit period, the fact that in the case the right is exercised, it is likely to be disadvantageous to the customer due to the money rate of the specified deposit, etc. falling below the money market rate;
- (xiii) in the case of handling a financial instrument that does not guarantee the repayment of the full amount at expiry of the amount paid for the combination of the following items and for the specified deposit, etc. at the

time of initial deposit, an explanation stating that the deposited amount is not guaranteed to be repaid in the full amount at expiry and any other detailed explanations concerning the commodity:

- (a) a market derivatives transaction or foreign market derivatives transaction (excluding a transaction corresponding to securities-related derivatives transactions);
- (b) a financial derivatives transaction as prescribed in Article 10, paragraph (2), item (xiv) of the Act;
- (c) a future foreign funds transfer transaction;
- (d) a securities-related derivatives transaction (excluding a transaction set forth in Article 2, paragraph (21), item (i) of the Financial Instruments and Exchange Act and a similar transaction in a foreign financial instruments market to that as set forth in that item); and
- (e) a transaction set forth in Article 2, paragraph (21), item (i) of the Financial Instruments and Exchange Act or a similar transaction in a foreign financial instruments market to that as set forth in that item (limited to a National Government Bond Certificate, etc. and securities set forth in paragraph (1), item (xvii) of that Article pertaining to those that have characteristics as prescribed in item (i) of that paragraph);
- (xiv) when the way of establishing an indicator to be the standard for establishing a money rate of a floating rate deposit and money rate are specified, the particulars of the standards, method, and money rate;
- (xv) a description of the taxation concerning the specified deposit, etc. contract;
- (xvi) a method to contact the principal bank of the bank agent by the customer;
- (xvii) the existence of a recognized investor protection association in which the principal bank of the bank agent is a subject business operator (when the principal bank of the bank agent is a subject business operation, its name); and
- (xviii) the particulars prescribed in the following (a) or (b) for the categories of cases set forth respectively therein:
  - (a) when there exists a designated dispute resolution organization, the trade name or name of the designated dispute resolution organization, which is the other party to the basic contract for the implementation of dispute resolution procedures, prescribed in Article 12-3, paragraph (1), item (i) of the Act, that the principal bank of the bank agent takes a measure to conclude;
  - (b) when there does not exist any designated dispute resolution organization, the details of the complaint handling measures and the dispute resolution measure of the principal bank of the bank agent prescribed in Article 12-3, paragraph (1), item (ii) of the Act.
- (xix) other information found to be of reference concerning the depositing of a

specified deposit, etc.

- (2) When a bank or a bank agent must deliver a document as prescribed in the provisions of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 and Article 52-45-2 of the Act to a customer, pursuant to that paragraph with regard to conclusion of a single specified deposit, etc. contract, and when the bank implements the delivery, the bank agent, notwithstanding the provisions of the preceding paragraph, is not required to enter the particulars set forth in each item of that paragraph in the document to be delivered prior to the conclusion of a contract.

(Provision by Use of Information and Communications Technology)

Article 34-53-13 (1) The means specified by Cabinet Office Order that are provided for in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 37-3, paragraph (2) of that Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act (including as applied mutatis mutandis pursuant to Article 37-4, paragraph (2) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 52-45-2 of the Act; hereinafter the same applies in this Article) are the following:

- (i) one of the following means of employing an electronic data processing system:
- (a) a means that causes information that is required to be given in a document (hereinafter referred to as "required information" in this Article) to be transmitted over a telecommunications line that connects a computer used by a bank agent (including a person that prepares a file on a computer under its administration based on a contract with a bank agent which provides persons with the particulars prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 37-3, paragraph (2) of that Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act, and makes that file available for use by the persons to which the bank agent provides those particulars (hereinafter each such person is referred to as a "customer" in this Article) or by that bank agent; hereinafter the same applies in this Article) and the computer used by a customer, etc. (meaning a customer or a person that prepares a customer file (which means a file made available exclusively for use by a customer) on a computer under its administration based on a contract with the customer; hereinafter the same applies in this Article) and to be recorded in a customer file that has been prepared on the computer used by the customers, etc. (for consent indicating that a person is willing, or a notice indicating that a person is not willing, to be provided

- with information by the means prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act, this means a means that causes what has been indicated to be recorded in a file that has been prepared on a computer used by a bank agent which provides persons with the particulars prescribed in that paragraph);
- (b) a means that uses a telecommunications line to make the required information that has been recorded into a file which has been prepared on a computer used by a bank agent available for a customer to inspect and causes that required information to be recorded in the customer file for that customer that has been prepared on a computer used by the customer, etc. (for consent indicating that a person is willing, or a notice indicating that a person is not willing, to be provided with information by the means prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act, as applied mutatis mutandis in Article 37-3, paragraph (2) of that Act, as applied mutatis mutandis in Article 52-45-2 of the Act, this means a means that causes what has been indicated to be recorded in a file that has been prepared on a computer used by the bank agent);
  - (c) a means that uses a telecommunications line to make the required information that has been recorded into a customer file which has been prepared on a computer used by a bank agent available for a customer to inspect; or
  - (d) a means that uses a telecommunications line to make the required information that has been recorded in an inspection file (meaning a file that has been prepared on a computer used by a bank agent into which required information is recorded so that it can be made available for multiple customers to inspect simultaneously; hereinafter the same applies in this Article) available for a customer to inspect.
- (ii) a means of delivering to the relevant person a record of the required information that has been recorded into a file created using a magnetic disk, CD-ROM, or other object with an equivalent means of reliably storing fixed sets of data .
- (2) The means set forth in the items of the preceding paragraph must conform to the following standards:
- (i) it enables the customer to create a document by outputting what has been recorded in the customer file or inspection file;;
  - (ii) if using a means as set forth in item (i), sub-item (a), (c), or (d) of the preceding paragraph (excluding a means that causes required information to be recorded in a customer file that has been prepared on a computer used by the customer), the relevant person notifies the customer that the required information will be or has been recorded in the customer file or inspection file; provided, however, that this does not apply if it has confirmed that the

- customer has inspected the required information;
- (iii) the means set forth in item (i), sub-item (c) and (d) of the preceding paragraph, makes it so that the relevant person cannot delete or modify the following information for five years after the final date on which a transaction set forth in the required information is carried out (or, if a complaint involving that required information is filed by the day on which that period ends, the relevant information cannot be deleted or modified until the date on which that period ends or the date on which that complaint is resolved, whichever occurs later); provided, however, that if the relevant person delivers, in writing, the required information that it has made available for inspection; if the relevant person obtains the customer's consent (meaning consent by a means prescribed in Article 16-6-3 of the Order) and provides the relevant information by a means set forth in item (i), sub-item (a) or (b) of the preceding paragraph or item (ii); or if the customer instructs the relevant person to delete the required information; the person may delete that required information:
    - (a) the required information recorded in the customer file, in connection with a means as set forth in item (i), sub-item (c) of the preceding paragraph; or
    - (b) the required information recorded in the inspection file, in connection with a means as set forth in item (i), sub-item (d) of the preceding paragraph;
  - (iv) if the relevant person uses the means as set forth in item (i), sub-item (d) of the preceding paragraph, that means conforms to the following standards:
    - (a) it causes the information that a customer needs to have in order to inspect the inspection file to be recorded in the customer file; and
    - (b) it allows the customer file into which, pursuant to sub-item (a), the relevant person has recorded the information that a customer needs to have in order to inspect the inspection file, as well as the inspection file itself, to be maintained in a state that allows persons to connect to them using a telecommunications line until the end of the period prescribed in the preceding item; provided, however, that this does not apply if a customer that has been given access to those files has notified the relevant person that it is not necessary to maintain them in a state that allows the customer to connect to them.
- (3) The term "electronic data processing system" as used in paragraph (1), item (i) means an electronic data processing system that uses a telecommunications line to connect the computer used by the bank agent and the computer on which the customer file has been prepared that is used by the customer, etc. or the bank agent.

(Type and Substance of Electronic or Magnetic Means)

Article 34-53-14 The type and substance of the means that the relevant person is required to indicate pursuant to the provisions of Article 16-6-3, paragraph (1) of the Order means the following particulars:

- (i) those of the means set forth in the items of paragraph (1) of the preceding Article that the bank agent will use; and
- (ii) the formalities used to record data to the file.

(Information for Inclusion in a Document to be Delivered upon the Conclusion of a Contract)

Article 34-53-15 (1) The following particulars must be entered in a document to be prepared when a specified deposit, etc. contract is effected, as the document prescribed in Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 (the document is referred to as a " document to be delivered upon the conclusion of a contract " in the following paragraph and the following Article):

- (i) trade name of the principal bank of the bank agent;
- (ii) amount of deposit (when the principal amount is indicated in a foreign currency, the principal amount indicated in the foreign currency);
- (iii) distinction of whether subject to an insured payment as prescribed in Article 53 of the Deposit Insurance Act;
- (iv) date of deposit and expiry (including an indication whether the deposit will automatically renew, or not);
- (v) method of repayment;
- (vi) method of establishing interest payment, payment method, calculation method, and other items concerning interest;
- (vii) handling the termination of the contract during the period of deposit (including the calculation methods of interest and fees);
- (viii) the date the specified deposit, etc. contract is effected;
- (ix) the particulars of a Fee, etc. pertaining to the specified deposit, etc. contract;
- (x) name of the customer; and
- (xi) a method to contact the principal bank of the bank agent by the customer.

(2) When a bank or a bank agent must deliver a document as prescribed in the provisions of Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 13-4 and Article 52-45-2 of the Act to a customer, pursuant to that paragraph with regard to conclusion of a single specified deposit, etc. contract, and the bank performed the delivery, the bank agent, notwithstanding the provisions of the preceding paragraph, is not required to enter the particulars set forth in items (ii) to (vii) of that paragraph in the document to be delivered upon the conclusion of a contract.

(When Delivery of a Document to be Delivered upon the Conclusion of a Contract Is Not Required)

Article 34-53-16 (1) The case specified by Cabinet Office Order that is provided for in Article 37-4, proviso of paragraph (1) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act as regards a document to be delivered upon the conclusion of a contract means:

- (i) if, within one year before the conclusion of a specified deposit, etc. contract pertaining to a foreign currency deposit, etc., a document of foreign currency deposit, etc. has been delivered to the customer (limited to the cases in which the customer declared the intention not to require the delivery of the document to be delivered upon the conclusion of a contract);
- (ii) if, within one year before the conclusion of a specified deposit, etc., a document to be delivered upon the conclusion of a contract pertaining to a specified deposit, etc. contract with the content identical to that of the specified deposit, etc. contract has been delivered to the customer (including the cases in which a document to be delivered upon the conclusion of a contract has not been delivered regarding the specified deposit, etc. contract with the identical content pursuant to the provisions of the preceding item); and
- (iii) in the cases of acting as an agent or intermediary for conclusion of a specified deposit, etc. contract aiming at changing part of the terms of the specified deposit, etc. contract already concluded, the cases set forth in the following:
  - (a) when there is nothing to be changed, pursuant to the change, in the entry of the document to be delivered upon the conclusion of a contract for the specified deposit, etc. contract already concluded; and
  - (b) if, pursuant to the change, there are changes to be made in the entry of the document to be delivered upon the conclusion of a contract for a specified deposit, etc. contract already concluded: when a document in which the change is stated has been delivered to the customer.

(2) The provisions of Article 14-11-29, paragraph (2) apply mutatis mutandis to delivery of documents pursuant to the provisions of item (iii), sub-item (b) of the preceding paragraph.

(3) If a specified deposit, etc. contract pertaining to a foreign currency deposit, etc. is concluded within one year from the date when a document of foreign currency deposit, etc. is delivered (including the date when a document of foreign currency deposit, etc. is deemed to be delivered pursuant to the provisions of this paragraph) (limited to the cases in which the customer declared the intention not to require delivery of a document to be delivered

upon the conclusion of a contract), it is deemed that a document of foreign currency deposit, etc. is delivered on the date of the conclusion, and the provisions of paragraph (1), item (i) apply.

- (4) If, within one year from the date when a document to be delivered upon the conclusion of a contract is delivered (if a document to be delivered upon the conclusion of a contract is not delivered with regard to a specified deposit, etc. contract pursuant to the provisions of paragraph (1), item (i), including the date of conclusion of the specified deposit, etc. contract and the date when a document to be delivered upon the conclusion of a contract is deemed to be delivered pursuant to the provisions of this paragraph), a specified deposit, etc. contract with the content identical to that of the specified deposit, etc. contract pertaining to the document to be delivered upon the conclusion of a contract is concluded, the document to be delivered upon the conclusion of a contract is deemed to be delivered on the date of the conclusion, and provisions of paragraph (1), item (ii) apply.

(Significance of Registration of a Credit Rating Agency and Other Matters)

Article 34-53-17 (1) The particulars specified by Cabinet Office Order that are provided for in Article 38, item (iii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act, are the following:

- (i) the significance of registration pursuant to Article 66-27 of the Financial Instruments and Exchange Act;
  - (ii) with regard to a person that gave a credit rating, the particulars set forth in the following:
    - (a) trade name or name;
    - (b) if the person is a corporation (including an organization without legal personality and appoints a representative or an administrator), the name of its officers (for an organization without legal personality and appoints a representative or an administrator, such representative or administrator);
    - (c) names and locations of the head office and other principal business offices or offices;
  - (iii) the outline of the policy and method that the person that gave the credit rating uses to give the credit rating;
  - (iv) the premise, significance, and limitations of credit rating.
- (2) Notwithstanding the provisions of the preceding paragraph, with regard to Credit Ratings determined by a specified associated corporation, particulars specified by Cabinet Office Order that are provided for in Article 38, item (iii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act are the following:
- (i) the significance of registration pursuant to Article 66-27 of the Financial

Instruments and Exchange Act;

- (ii) trade name, name and registration number of credit rating agency whose associated corporation is designated as the specified associated corporation by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 116-3, paragraph (2) of the Cabinet Office Order on Financial Instruments Business;
- (iii) the name used by the specified associated corporation as a representation of the Credit Rating Business;
- (iv) the outline of the policy and method that the specified associated corporation that gave the credit rating uses to give the credit rating or way to obtain information on the the outline from credit rating agency specified by item (ii);
- (v) the premise, significance, and limitations of credit rating.

(Prohibited Acts)

Article 34-53-17-2 The acts specified by Cabinet Office Order that are provided for in Article 38, item (viii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act, means:

- (i) acts as set forth in each item of Article 34-53;
- (ii) with regard to delivery of the following documents, acting as agent or intermediary in the conclusion of a specified deposit, etc. contract without explaining to a customer (excluding a professional investor (excluding a person that is found to be a customer other than a professional investor pursuant to Article 34-2, paragraph (5) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act, and including a person that is found to be a professional investor pursuant to Article 34-3, paragraph (4) of the Financial Instruments and Exchange Act (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act, as applied mutatis mutandis pursuant to Article 52-45-2 of the Act), as applied mutatis mutandis pursuant to Article 52-45-2 of the Act); hereinafter the same applies in this item) in advance regarding the particulars set forth in Article 37-3, paragraph (1), items (iii) to (v) and item (vii) of the Financial Instruments and Exchange Act, as applied mutatis mutandis to Article 52-45-2 of the Act (when a contract change documnet is delivered, the particulars that are stated in the contract change documnet and are pertaining to the particulars set forth in items (iii) to (v) and item (vii) of that paragraph) by a necessary method and level in order to facilitate the customer in light of the customer's knowledge, experience, condition of assets, and the purpose of concluding the specified deposit, etc. contract:
  - (a) document to be delivered prior to the conclusion of a contract;

- (b) document of foreign currency deposit, etc.; and
- (c) contract change document;
- (iii) with regard to solicitation for conclusion of a specified deposit, etc. contract, an act that indicates a misrepresentation, or an act of indication that may cause misleading of a material particular;
- (iv) with regard to a specified deposit, etc. contract, an act to promise the provision of special profit to a customer or a person specified by the customer, or to provide special profit to a customer or a third person (including an act to order a third person to promise the provision of special profit or to provide special profit);
- (v) with regard to conclusion or termination of a specified deposit, etc. contract, an act to solicit by telephone or visit during hours when a customer (limited to an individual) finds it annoying.

(Specified Activities as a Bank Agent)

Article 34-54 The deposits specified by Cabinet Office Order that are provided for in Article 52-46, paragraph (1) of the Act means current deposits.

(Business Hours of a Specified Bank Agent)

Article 34-55 (1) The business hours of a specified bank agent (which means a specified bank agent prescribed in Article 52-46, paragraph (1) of the Act; the same applies hereinafter) are from 9:00 a.m. to 3:00 p.m.

- (2) The business hours prescribed in the preceding paragraph may be extended due to the convenience of business.
- (3) If a specified bank agent's business office or office corresponds to all of the following (excluding cases corresponding to the preceding paragraph), the specified bank agency may change business hours with regard to the business office or office:
  - (i) if it needs to set different business hours from business hours as prescribed in paragraph (1) due to special circumstances in the locality of the business office or office or in the location where it has been established, or due to other circumstances; and
  - (ii) if the change of the business hours does not harm in the extreme the convenience of customers of the business office or office.
- (4) If a specified bank agent changes business hours pursuant to the provisions of the preceding paragraph, it must display the following particulars in front of the relevant business office or office:
  - (i) the period during which the business hours after the change apply (limited to the case in which such period is set); and
  - (ii) the name, location, telephone number and other contact information of the business office or office that is closest to the relevant business office or office,

- or of the business office of the principal bank of the specified bank agent.
- (5) The provisions of paragraph (1), paragraph (3) and the preceding paragraph do not apply to the business hours of a business office or an office (including a facility other than a facility where specified activities as a bank agent are performed of a business office or office where specified activities as a bank agent are performed) that does not perform specified activities as a bank agent of a specified bank agent (which means a specified activities as a bank agent as prescribed in Article 52-46, paragraph (1) of the Act).
- (6) A bank agent must display its holidays and business hours in a place that is prominent to the public by each business office or other office engaging in bank agency services.

(Notification of Temporary Closing of a Specified Bank Agent)

Article 34-56 (1) A specified bank agent that submits a written notice pursuant to Article 52-47, paragraph (1) of the Act must submit notification stating the particulars set forth in each item of the following to the Commissioner of the Financial Services Agency, etc.:

- (i) name and location of a business office or office that suspends all or part of business pertaining to specified activities as a bank agent (which is referred to as "Business" in item (iv));
  - (ii) reasons of suspension;
  - (iii) suspension period;
  - (iv) scheduled recommencement day of Business or recommencement day of Business; and
  - (v) the method of display pursuant to the provisions of Article 52-47, paragraph (1) of the Act.
- (2) The case specified by Cabinet Office Order that is provided for in Article 52-47, paragraph (1) of the Act means:
- (i) when a principal bank is ordered to suspend all or part of business pursuant to the provisions of Article 26, paragraph (1), Article 27, or Article 52-34, paragraph (1) or (4) of the Act;
  - (ii) if, on a holiday of a specified bank agent as prescribed in Article 52-46, paragraph (1) of the Act, all or part of business by a cash dispenser, etc. is suspended on the holiday at a business office or other office of a specified bank agent that carries out all or part of business pertaining to specified activities as a bank agent;
  - (iii) when, at an unmanned business office or other office that carries out business pertaining to specified activities as a bank agent of a specified bank agent, all or a part of its business is suspended (excluding a cases in which corresponds to the preceding item);
  - (iv) when all or part of business pertaining to specified activities as a bank

agent is ordered to suspend, pursuant to the provisions of Article 52-56, paragraph (1) of the Act.

(3) The case specified by Cabinet Office Order that is provided for in Article 52-47, paragraph (2) of the Act means any of the following cases:

- (i) if a specified bank agent temporarily suspends all or part of its business at an unmanned business office or office that carries out business connected with its specified activities as a bank agent; and
- (ii) if the suspension period is one business day or less and business is reliably predicted to be recommenced immediately.

(Display of Discontinuance of a Principal Bank)

Article 34-57 A bank agent, in the case of displaying pursuant to the provisions of Article 52-48 of the Act, is to display the content of which it has been informed by the principal bank and policies of disposition of deposit, etc. at the principal bank, and other transactions pertaining to the bank agency services carried out by the bank agent.

### **Section 3 Accounting**

(Books and Documents Concerning Bank Agency Services)

Article 34-58 A bank agent, pursuant to the provisions of Article 52-49 of the Act, must prepare books and documents as prescribed in each item of the following (when not acting as agency in the conclusion of contract as prescribed in each item of Article 2, paragraph (14) of the Act, limited to those as prescribed in item (iii)) for each principal bank, and keep them on file for the period prescribed in the each item, in order to clarify the dispositions and calculations of a bank agency services:

- (i) general ledger: five years from the date of preparation;
- (ii) bank agency account ledger: ten years from the date of preparation;
- (iii) a document in which the content of intermediation for the conclusion of a contract that is performed with a customer pertaining to the bank agency services and is as prescribed in any item of Article 2, paragraph (14) of the Act: five years from the date the intermediary is conducted.

(Form of a Report Concerning Bank Agency Services)

Article 34-59 (1) A report concerning bank agency services pursuant to the provisions of Article 52-50, paragraph (1) of the Act must be prepared pursuant to item (xviii) of the appended form when a bank agent is an individual, and pursuant to item (xix) of the appended form when a bank agent is a corporation, respectively, and must be submitted to the Commissioner of the Financial Services Agency, etc., accompanied by a record concerning assets and a

document stating the condition of income and expenditures prepared pursuant to item (xvi) of the appended form in the case of an individual, and a balance sheet and profit and loss statement or documents in lieu of the above, in the case of a corporation, within three months after the end of the business year.

- (2) A bank agent, if a report concerning the bank agency services is unable to be submitted within the period prescribed in the preceding paragraph due to a compelling reason, may postpone the submission after obtaining prior approval of the Commissioner of the Financial Services Agency (when the Director General of the Local Finance Bureau who has jurisdiction over the location of the principal business office or offices of the bank agent pursuant to the provisions of Article 17-4 of the Order (when the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director General of the Fukuoka Local Finance Branch Bureau) accepts reports concerning the bank agency services, the Director General of the Local Finance Bureau or Fukuoka Local Finance Branch Bureau).
- (3) A bank agent, when intending to obtain an approval pursuant to the provisions of the preceding paragraph, must submit a written application for approval accompanied by a written statement of reasons to the Commissioner of the Financial Services Agency, etc.
- (4) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the bank agent that filed the application has what is found to be a compelling reason to postpone the submission of a report as under the provisions of paragraph (2).
- (5) The Commissioner of the Financial Services Agency, etc. is to keep a portion of the report concerning a bank agency services pertaining to the business year of the bank agent immediately prior to when an approval was provided, excluding particulars which are likely to harm the confidentiality of a customer and particulars which are likely to cause unfair disadvantages to the carrying out of the business of the bank agent, that are necessary for the protection of customers, at the Financial Services Agency (when the Director General of the Local Finance Bureau (when the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director General of the Fukuoka Local Finance Branch Bureau) has jurisdiction over the location of the principal business office or offices of the bank agent pursuant to the provisions of Article 17-4 of the Order that receives the reports, the Local Finance Bureau or Fukuoka Local Finance Branch Bureau for which the jurisdictional district includes the location of the principal business office or offices of the bank agent) and make them available for public inspection.

(Inspection of Explanatory Statements of a Principal Bank)

Article 34-60 (1) A bank agent must commence to make available the documents that its principal bank prepares pursuant to the provisions of Article 20, paragraphs (1) and (2) of the Act and Article 21, paragraphs (1) and (2) (when the principal bank is a foreign bank branch, including documents as prescribed in Article 19-2, paragraphs (3) and (4)), or the documents that a bank holding company of which a subsidiary company is the principal bank prepares pursuant to the provisions of Article 52-28 of the Act and Article 52-29, paragraph (1) (when the bank holding company of which a subsidiary company is the principal bank is a bank holding company located in a foreign state, documents as prescribed in Article 34-26, paragraphs (2) and (3)) (including electronic or magnetic records prepared pursuant to the provisions of Article 20, paragraph (3) of the Act; and Article 21, paragraph (3); Article 52-28, paragraph (2); and Article 52-29, paragraph (2); hereinafter referred to as "Inspection Documents" in this paragraph and the following paragraph) for inspection within four months (if the principal bank is a foreign bank branch, or if a bank holding company of which a subsidiary company is the principal bank is a bank holding company located in a foreign state, within six months after the close of a business year) after each business year of the principal bank or a bank holding company of which a subsidiary company is the principal bank, and must make the documents available for public inspection until the commencement of inspection of each document subject to inspection pertaining to the business year following the business year.

(2) A bank agent, if a document subject to inspection is not available for inspection before the end of the period as prescribed in the preceding paragraph due to a compelling reason, may obtain prior approval of the Commissioner of the Financial Services Agency (with regard to a bank agent other than a bank agent designated by the Commissioner of the Financial Services Agency, the Director General of the Local Finance Bureau who has jurisdiction over the location of the principal business office or offices of the bank agent (with regard to the location within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director General of the Fukuoka Local Finance Branch Bureau)) and may postpone the commencement of the inspection.

(3) A bank agent, when intending to obtain an approval pursuant to the provisions of the preceding paragraph, must submit a written application for approval accompanied by a written statement of reasons to the Commissioner of the Financial Services Agency, etc.

(4) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether the bank agent that filed the application has a compelling reason to postpone the commencement of the inspection as under the provisions

of paragraph (1).

- (5) The measure specified by Cabinet Office Order that is provided for in Article 52-51, paragraph (2) of the Act means one that is taken to show the information that has been recorded in an electronic or magnetic record on a sheet of paper or to display it on a screen.

#### **Section 4 Supervision**

(Notification of Discontinuance)

Article 34-61 A person that submits a notification pursuant to the provisions of Article 52-52, according to the categories set forth in the top columns of the Appended Table 3, must submit a written notice stating the particulars provided in the middle columns of the same table, and attach the documents as prescribed in the bottom columns of the same table to the Commissioner of the Financial Services Agency, etc.

(Application of Approval Pertaining to the Effect of Permission)

Article 34-62 (1) A person that has obtained a permission as prescribed in Article 52-36, paragraph (1) of the Act, when intending to obtain an approval pursuant to the provisions of Article 52-57, item (iii) of the Act, must submit a written application for approval accompanied by a written statement of reasons to the Commissioner of the Financial Services Agency, etc.

(2) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether it conforms to the following standards:

- (i) there is what is found to be a compelling reason that the bank agency services cannot be commenced within six months from the date the permission as prescribed in Article 52-36, paragraph (1) of the Act is obtained;
- (ii) it is expected that the bank agency services can be commenced within a reasonable period;
- (iii) at the time of licensing, there are expected to be no material changes in the particulars on which the examination has been based before the time that the bank agency services are expected to commence.

#### **Section 5 Principal Bank**

(Measures to Ensure Appropriateness of the Business of a Bank Agent by a Principal Bank)

Article 34-63 (1) A principal bank must take the following measures in order to ensure sound and appropriate business management pertaining to bank agency

services of a bank agent::

- (i) measures regarding the bank agent and employees of its bank agency services for guidance of business pertaining to bank agency services, implementation, etc. of training for compliance with laws and regulations, etc. concerning bank agency services;
  - (ii) measures for necessary and appropriate supervision, etc. of the bank agent, such as viewing whether the bank agent carries out the business of bank agency services appropriately by confirming the implementation status of business pertaining to the bank agency services of the bank agent regularly or as necessary, etc. and ordering improvements if necessary;
  - (iii) measures, when it is found necessary to ensure sound and appropriate business management of the bank agency services, to change the content or terminate the entrustment contract with the bank agent or further entrustment contract between a principal bank agent and a secondary bank agent;
  - (iv) with regard to the acts that a bank agent performs and are as prescribed in the provisions of Article 2, paragraph (14), item (ii) of the Act, measures so that the bank agent itself conducts an examination if necessary;
  - (v) measures to ensure appropriate management of customer information, such as not to permit the bank agent wrongfully to acquire information concerning a customer from the principal bank;
  - (vi) measures to order the display of the trade name of the principal bank, lettering that indicates the bank agent as the agent of the bank, and the trade name or name of the bank agent at the front of offices;
  - (vii) measures to prevent crime concerning business pertaining to bank agency services at the business office or other office of the bank agent;
  - (viii) with regard to the closure of a business office or office that carries out bank agency services of a bank agent, measures to avoid considerably affecting the customers of the business office or other office, such as the succession of transactions pertaining to the customers of the business office or other office by a business office of the principal bank, another financial institution, or another bank agent, etc. without any problems;
  - (ix) measures necessary for the appropriate and prompt disposition of customer complaints pertaining to bank agency services of the bank agent.
- (2) The provisions of the preceding paragraph (excluding items (iv) and (viii)) apply mutatis mutandis to measures that a principal bank agent must take in order to ensure sound and appropriate business management of a secondary bank agent. In this case, the term "bank agent" in the provisions of that paragraph is deemed to be replaced with "a secondary bank agent", and the term "bank agency services" is deemed to be replaced with "bank agency services carried out based on further entrustment"

(Information for Inclusion in Registry of a Bank Agent)

Article 34-64 (1) A principal bank must enter the following particulars concerning a bank agent pertaining to the principal bank in a registry as prescribed in Article 52-60, paragraph (1) of the Act (hereinafter referred to as a "registry" in this Article):

- (i) the trade name or name of the bank agent;
- (ii) if the bank agent is a corporation, the name of its representative person;
- (iii) the content of bank agency services;
- (iv) the name and location of the business office or office that carries out bank agency services; and
- (v) the date that the permission as prescribed in Article 52-36, paragraph (1) of the Act is obtained.

(2) Beyond those particulars set forth in each item of the preceding paragraph, when a bank agent pertaining to the principal bank corresponds to a category as set forth in each of the following items, the particulars set forth in those items must be entered in the registry:

- (i) a principal bank agent: the particulars set forth in each item of the preceding paragraph pertaining to a secondary bank agent that is further entrusted with services by the principal bank agent;
- (ii) a secondary bank agent: the particulars set forth in each item of the preceding paragraph pertaining to a principal bank agent by which the secondary bank agent has been further entrusted with services.

(3) The business offices specified by Cabinet Office Order that are provided for in Article 52-60, paragraph (1) of the Act are any of the following business offices:

- (i) an unmanned business office of a principal bank; and
- (ii) a business office located in a foreign state of a principal bank.

### **Chapter VIII-3 Designated Dispute Resolution Organization**

#### **Section 1 General Rules**

(Calculation of Percentage)

Article 34-65 The calculation of percentage prescribed in Article 52-62, paragraph (1), item (viii) of the Act is to be made by dividing the number of banks that have raised objection (limited to objection based on reasonable grounds) about the terms of termination of the basic contract for the implementation of dispute resolution procedures, other terms of the basic contract for the implementation of dispute resolution procedures (excluding the particulars set forth in the items of Article 52-67, paragraph (2) of the Act), and other details of the operational rules (excluding the particulars that must be contained therein pursuant to the provisions of Article 52-67, paragraph (3)

of the Act and particulars necessary for their compliance with the standards set forth in the items of paragraph (4) and item (i) of paragraph (5) of that Article) by submitting, to the person intending to file an application pursuant to Article 52-62, paragraph (1) of the Act, a document (which is referred to as a "written opinion" in the following Article) stating whether or not the banks have any objection about the details of the operational rules (which means the operational rules prescribed in item (vii) of Article 52-62, paragraph (1) of the Act; hereinafter the same applies in this Article, paragraph (1) of the following Article, and Article 34-77, paragraph (2)) and, if any, the detail of and reasons for such objection, by the number of banks publicly disclosed by the Commissioner of the Financial Services Agency (which are referred to as "all banks" in the following Article and Article 34-68, paragraph (2)) on the date the person intending to file the application delivered or sent the operational rules prescribed in paragraph (1), item (ii) of the following Article (if such rules have been delivered or sent for over two or more dates, the last of such dates ; the same applies in Article 34-67).

(Hearing Banks)

Article 34-66 (1) A person that intends to file an application pursuant to Article 52-62, paragraph (1) of the Act must, pursuant to the provisions of paragraph (2) of that Article, when explaining to banks the details of its operational rules and hearing their opinions on whether they have any objection (if any, including reasons therefor), hold an orientation meeting as prescribed below:

- (i) The date and place of the orientation meeting are determined for the convenience of all banks to attend.
- (ii) The person that intends to file the application delivers or sends to all banks, no later than two weeks prior to the date of the orientation meeting (the date of the first meeting when holding two or more meetings), documents and operational rules (which are referred to as "operational rules, etc." in the following Article and Article 34-68, paragraph (2)) stating the following particulars:
  - (a) trade name or name, location of principal business office or other offices, telephone numbers or other contacts of the person that intends to hold such orientation meeting;
  - (b) date and place of the orientation meeting.
  - (c) a statement to the effect that banks must submit written opinions to a person intending to file the application within certain period following the date of orientation meeting (the date of the last orientation meeting when two or more meetings are held);
- (iii) a statement to the effect that the certain period referred to in sub-item (c) of the preceding item is not less than two weeks.

- (2) The document stating the results prescribed in Article 52-62, paragraph (2) of the Act must state all of the following particulars:
- (i) dates and places of all orientation meetings;
  - (ii) whether or not all banks attended the orientation meeting;
  - (iii) whether or not all banks submitted written opinions;
  - (iv) whether or not written opinions submitted contained any objection;
  - (v) when the written opinions submitted contains any objection that does not fall under the objection prescribed in Article 52-62, paragraph (1), item (viii) of the Act, a statement to that effect and reasons why it was deemed not to fall under the objection prescribed in that item.
- (3) The document prescribed in the preceding paragraph is to be accompanied with all of the written opinions submitted by the banks.

(Filing of Written Application for Designation)

Article 34-67 The written application for designation prescribed in Article 52-63, paragraph (1) of the Act must be submitted within three months from the date the operational rules were delivered or sent.

(Documents Attached to Written Application for Designation)

Article 34-68 (1) The documents specified by Cabinet Office Order that are provided for by Article 52-63, paragraph (2), item (v) of the Act means the following documents:

- (i) the balance sheet, the income and expenditure account statement or the profit and loss statement for the business year immediately preceding the business year that includes the date of application prescribed in Article 52-62, paragraph (1) of the Act and an inventory list of property as of the end of such immediately preceding business year or any documents equivalent thereto (when the person intending to apply for the designation pursuant to the provisions of that paragraph (which is referred to as an "applicant" in paragraph (3)) is a corporation (which means a corporation prescribed in paragraph (1), item (i) of that Article; the same applies in Article 34-74, paragraph (3), item (iii)) established during the business year that includes the date of application, an inventory of property as of the date of the establishment or any document equivalent thereto).
  - (ii) a document giving an estimate of income and expenditure after the designation is earned pursuant to Article 52-62, paragraph (1) of the Act.
- (2) The documents specified by Cabinet Office Order that are provided for by Article 52-63, paragraph (2), item (vi) of the Act are the following documents:
- (i) the operational rules, etc. delivered or sent to all banks pursuant to the provisions of Article 34-66, paragraph (1), item (ii);
  - (ii) documents certifying the dates and the methods on or by which the

- operational rules, etc. were delivered or sent to all banks;
- (iii) if operational rules, etc. has been sent to a bank, documents certifying the particulars in sub-item (a) or (b) below for the categories of cases set forth respectively therein to indicate whether or not the operational rules, etc. were actually serviced to the bank and other facts pertaining to such service:
- (a) if serviced, the date of such service;
- (b) if not serviced, reason why they were not serviced by normal methods of service.
- (3) The documents specified by Cabinet Office Order that are provided for by Article 52-63, paragraph (2), item (vii) of the Act are the following documents:
- (i) a document stating the trade name or name, address, or locations of principal business office or offices of any person holding voting rights exceeding five percent of the all shareholders', etc. voting rights (which means the voting rights of all shareholders, all employees, all members, all partners, or all investors; the same applies in the following item and Article 34-77, paragraph (2)) of the applicant and the number of voting rights held;
- (ii) a document stating the trade name or name, locations of principal business office or offices, and line of business of the parent corporation (which means a corporation or any other organization holding the majority of the all shareholders', etc. voting rights of the applicant) and the subsidiary corporation (which means a corporation and other organization of which the majority of all shareholders', etc. voting rights is held by the applicant) of the applicant;
- (iii) extracts of the resident records of the officers (if the officer is a corporation, including persons responsible for performing the duties thereof; hereinafter the same applies in this paragraph and Article 34-71 and Article 34-72) (if the officer is a corporation, a certificate of registered information for that officer) or any document alternative thereto;
- (iv) when an officer's name used before marriage is stated together with the officer's current name in a written application for designation referred to in Article 52-63, paragraph (1) of the Act, and the document set forth in the preceding item does not certify the officer's name used before marriage: a document evidencing the name used before marriage;
- (v) a certificate of authorities that any officer does not fall under Article 52-62, paragraph (1), item (iv), sub-item (a) and (b) (when any officer does not have Japanese nationality, a document in which the officer swears not to fall under (a) and (b) of that item);
- (vi) CV of every officer (when the officer is a corporation, a document describing the history of the officer);
- (vii) a document describing the progress of recruitment of candidates for dispute resolution mediators (which means a dispute resolution mediator

- prescribed in Article 52-64, paragraph (1) of the Act; the same applies in Article 34-75, paragraph (2), item (iii) and officers and employees having knowledge and experience in dispute resolution, etc. and assignment of the commissioners (hereinafter referred to as "Officers, etc." in this item, following item, and Article 34-77);
- (viii) a document in which each Officer, etc. swears that that Officer, etc. is not a member of an organized crime group, etc. (which means a member of an organized crime group, etc. prescribed in Article 52-69 of the Act; the same applies in Article 34-77, paragraph (1), item (ii));
- (ix) documents stating other particulars of reference.

## **Section 2 Services**

### **(Particulars to Be Prescribed in Operational Rules)**

Article 34-69 The particulars specified by Cabinet Office Order that are provided for in Article 52-67, paragraph (1), item (viii) of the Act means the following particulars:

- (i) the particulars of the hours of dispute resolution, etc. and holidays;
- (ii) the name and location of business offices or offices, and the particulars of the areas covered by dispute resolution, etc. of the business offices or offices;
- (iii) the particulars of the supervision of employees providing dispute resolution, etc.;
- (iv) when complaint processing procedures or dispute resolution procedures are outsourced, the particulars of the outsourcing;
- (v) other necessary particulars of dispute resolution, etc.

### **(Terms of Basic Contract for the Implementation of Dispute Resolution Procedures)**

Article 34-70 The particulars specified by Cabinet Office Order that are provided for in Article 52-67, paragraph (2), item (xi) of the Act are that, when a customer of a member bank (which means a member bank prescribed in Article 52-65, paragraph (2) of the Act; the same applies hereinafter), which is a party to the dispute, applies, a designated dispute resolution organization may investigate the progress of fulfillment of obligations prescribed in settlement in the dispute resolution procedures and may recommend that the member bank fulfill the obligations.

### **(Substantial Controller)**

Article 34-71 The person specified by Cabinet Office Order as one that is related to a designated dispute resolution organization in such a way as to substantially control the business of the designated dispute resolution

organization or to have a material influence on its business due to its holding of shares in the designated dispute resolution organization, its financing of the designated dispute resolution organization, or any other cause, as provided in Article 52-67, paragraph (4), item (iii) of the Act, means a person as set forth in the following that is not found to be obviously unable to control the business policy decisions or to materially influence the business of the designated dispute resolution organization in light of their business relationship:

- (i) when the total number of voting rights held by a particular person on the person's own account, voting rights held by persons who are found to exercise their voting rights in the same manner as the intent of the particular person due to a close relationship with the particular person in terms of contribution, personnel affairs, funds, technology, transactions, or other matters, and persons who agree to exercise their voting rights in the same manner as the intent of the particular person accounts for one third or more of the voting rights of the designated dispute resolution organization (including the cases in which the particular person does not hold any voting rights on the person's own account), the particular person;
- (ii) a person that is or has been an officer of the designated dispute resolution organization;
- (iii) a relative within the third degree of kinship of an officer of the designated dispute resolution organization;
- (iv) a person that has any of the persons set forth in the preceding two items as its representative (including a representative or administrator of an organization without legal personality and appoints a representative or an administrator; the same applies in item (iv) of the following Article);
- (v) a person for whom one third or more of the officers of the designated dispute resolution organization are or have been its own officers or employees;
- (vi) a person that has concluded a contract with the designated dispute resolution organization for controlling decisions on the business policy of the organization;
- (vii) when a particular person provides a loan (including a guarantee of liabilities and provision of collateral; the same applies in this item and item (vii) of the following Article) for one-third or more of the total amount of the procured funds (limited to those included in the liabilities on the balance sheet; the same applies in this item and item (vii) of the following Article) of the designated dispute resolution organization (including cases in which the amount of such loan exceeds one-third of the total amount of the procured funds when combined with the amount of a loan provided by a person with a close relationship with the particular person in terms of contribution, personnel affairs, funds, technology, transactions or other matters), the

- particular person;
- (viii) beyond the persons set forth in the preceding items, a particular person whose circumstances suggest that it has control over the business policy decisions of the designated dispute resolution organization;
  - (ix) when a particular person has, with any of the persons set forth in the preceding items, a relationship similar to the relationship between any of the persons set forth in the preceding items (excluding items (ii) to (iv); hereinafter the same in this item) and the designated dispute resolution organization as prescribed respectively in the preceding items, the particular person;
  - (x) when any of the persons set forth in items (i) to (viii) has, with a particular person, a relationship similar to the relationship between the designated dispute resolution organization set forth in item (i) or items (v) to (viii) of the following Article and the persons set forth in the respective items, the particular person.

(Subsidiary Company)

Article 34-72 The person specified by Cabinet Office Order as one to which a designated dispute resolution organization is related in such a way as to substantially control its business due to the designated dispute resolution organization's shareholdings or any other cause as prescribed in Article 52-67, paragraph (4), item (iii) of the Act means a person as set forth in the following whose business policy decisions the designated dispute resolution organization is not found to be obviously unable to control, in light of their business relationship.

- (i) when the total number of voting rights held by a designated dispute resolution organization on its own account, voting rights held by persons who are found to exercise their voting rights in the same manner as the intent of the designated dispute resolution organization due to a close relationship with the organization in terms of contribution, personnel affairs, funds, technology, transactions, or other matters, and persons who agree to exercise their voting rights in the same manner as the intent of the designated dispute resolution organization accounts for one third or more of the voting rights of another corporation, or an organization without legal personality and appoints a representative or an administrator (hereinafter referred to as a "corporation, etc." in this item and item (v)) (including the cases in which the dispute resolution organization does not hold any voting rights on its own account), the other corporation, etc.;
- (ii) a person that is or has been an officer or an employee of the designated dispute resolution organization;
- (iii) a relative within the third degree of kinship of an officer of the designated

- dispute resolution organization;
- (iv) a person that has any of the persons set forth in the preceding two items as its representative;
  - (v) when those set forth in the preceding two items account for one third or more of the officers of another corporation, etc., the other corporation, etc.;
  - (vi) if the designated dispute resolution organization has concluded a contract with a particular person for controlling business policy decisions of the particular person, the particular person;
  - (vii) when a designated dispute resolution organization provides a loan for one third or more of the total amount of the procured funds of a particular person (including cases in which the amount of such loan exceeds one-third of the total amount of the procured funds when combined with the amount of a loan provided by a person with a close relationship with the designated dispute resolution organization in terms of contribution, personnel affairs, funds, technology, transactions or other matters), the particular person;
  - (viii) beyond the persons set forth in the preceding items, when the circumstances of a designated dispute resolution organization suggest that it has control over the business policy decisions of a particular person, the particular person;
  - (ix) when any of the persons set forth in the preceding items has, with a particular person, a relationship similar to the relationship between the designated dispute resolution organization in the preceding items (excluding items (ii) to (iv); hereinafter the same applies in this item) and any of the persons set forth therein respectively, the particular person.

(Entry in Record of Complaint Processing Procedures)

- Article 34-73 (1) Pursuant to the provisions of Article 52-71 of the Act, the designated dispute resolution organization must, with regard to complaint processing procedures it performed, keep the following record stating the following particulars:
- (i) date and details of the application filed by a customer of a member bank for resolution of a complaint related to banking services (which means a complaint related to banking services prescribed in Article 2, paragraph (19) of the Act; the same applies in paragraph (3), item (iii) of the following Article);
  - (ii) name and trade name of the customer of a member bank who filed the application in the preceding item; and trade name of the member bank;
  - (iii) history of the complaint processing procedures performed;
  - (iv) results of the complaint processing procedures (including the reasons and date of the termination of the complaint processing procedures).
- (2) The designated dispute resolution organization must keep on file the records

of the particulars prescribed in the preceding paragraph for a minimum of five years from the date the complaint processing procedures it performed terminated.

(Interests of Dispute Resolution Mediators)

Article 34-74 (1) A person that has interests in a party to the dispute (hereinafter referred to simply as "Party to the Dispute" ) prescribed in Article 52-65, paragraph (2) of the Act pertaining to the application in Article 52-73, paragraph (1) of the Act as prescribed in paragraph (3) of that Article, is a person that falls under any of the following items:

- (i) a person that is or had been the spouse of a Party to the Dispute;
- (ii) a person that is or had been a relative by blood within the fourth degree of kinship of a Party to the Dispute; or a relative by marriage or a relative living together within the third degree of kinship of a Party to the Dispute;
- (iii) guardians, supervisors of guardians, curators, supervisors of curators, assistants or supervisors of assistants of a Party to the Dispute;
- (iv) a person that is or had been the attorney or assistant of a Party to the dispute related to banking services pertaining to the application (which means a dispute related to banking services prescribed in Article 2, paragraph (20) of the Act; the same applies in the following Article);
- (v) a person that earns an income from a Party to the Dispute for provision of services or for whom three years have not passed from the date it stopped doing so.

(2) The person specified by Cabinet Office Order that is provided for in Article 52-73, paragraph (3), item (iii) of the Act means a person that holds any of the qualifications below and has been engaged for at least five years in total in a service providing Consumer Affairs Consultation (which means the Consumer Affairs Consultation prescribed in Article 13, paragraph (3), item (v), sub-item (a) of the Consumer Contract Act (Act No. 61 of 2000)):

- (i) title of a specialized consumer affairs consultant given by the Incorporated Administrative Agency National Consumer Affairs Center of Japan;
- (ii) title of a consumer affairs advisor given by Japan Industrial Association;
- (iii) title of a consumer affairs consultant given by Japan Consumers' Association.

(3) The persons specified by Cabinet Office Order that are provided for in Article 52-73, paragraph (3), item (v) of the Act are the following persons:

- (i) a person that has been in one or more of the following occupations for at least five years in total:
  - (a) judge;
  - (b) assistant judge;
  - (c) public prosecutor;

- (d) attorney at law;
- (e) professor or associate professor at a department, major course, or graduate school for the study of law at a university as stipulated by the School Education Act (Act No. 26 of 1947);
- (ii) person that has been in one or more of the following occupations for at least five years in total:
  - (a) public accountant;
  - (b) licensed tax accountant;
  - (c) professor or associate professor at a department, major course, or graduate school for the study of economics or commercial science at a university as stipulated by the School Education Act.;
- (iii) a person that, at a corporation providing services of handling complaints related to banking services or services pertaining to the handling of complaints related to banking services, has engaged for at least ten years in total in such services as investigation, guidance, advice, rulemaking, etc. necessary to ensure the protection of clients;
- (iv) a person recognized by the Commissioner of the Financial Services Agency as having knowledge and experience equal to or greater than a person set forth in any of the preceding three items.

(Explanation to a Customer of a Member Bank Who Is a Party to the Dispute Related to Banking Services)

- Article 34-75 (1) A designated dispute resolution organization, in giving explanation prescribed in Article 52-73, paragraph (8) of the Act and when requested by a customer of a member bank, who is a party to the dispute related to banking services, to deliver a written document, must deliver a written document and give an explanation.
- (2) The particulars specified by Cabinet Office Order that are provided for in Article 52-73, paragraph (8) , item (iii) of the Act are the following particulars:
- (i) method of handling secrets of the parties and third parties to the dispute related to banking services contained in opinions offered or information materials submitted or presented in the course of dispute resolution procedures or recorded in the dispute resolution record prescribed in Article 52-73, paragraph (9) of the Act (referred to as the "dispute resolution record" in paragraph (1) of the following Article);
  - (ii) requirements to be fulfilled for the parties to a dispute related to banking services to terminate such dispute resolution procedures and method of termination;
  - (iii) a statement to the effect that, when the dispute resolution mediator finds the parties to a dispute related to banking services unlikely to reach a settlement through dispute resolution procedures, the Commissioner

promptly terminates the dispute resolution procedures and notify the parties to the dispute related to banking services to that effect;

- (iv) whether or not there are written documents to be established when the parties to a dispute related to banking services reached a settlement and, if there are, the name of the person to establish such documents, number of duplicates, and other outlines pertaining to the establishment of such documents.

(Keeping on File and Establishment of Dispute Resolution Record)

Article 34-76 (1) A designated dispute resolution organization must keep on file the dispute resolution record for at least ten years from the date the dispute resolution procedures it performed ended.

- (2) The particulars specified by Cabinet Office Order that are provided for in Article 52-73, paragraph (9), item (vi) of the Act are the following particulars:
  - (i) description of the application for dispute resolution procedures;
  - (ii) when a Special Mediation (which means the special mediation prescribed in Article 52-67, paragraph (6) of the Act; hereinafter the same applies in this item) is proposed in the dispute resolution procedures, the description of such mediation and the date of proposal;
  - (iii) when the dispute resolution procedures resulted in a settlement, the description of such settlement.

### **Section 3 Supervision**

(Matters to Be Notified)

Article 34-77 (1) A designated dispute resolution organization must, when intending to file a notification pursuant to Article 52-79 of the Act, submit a written notification with the Commissioner of the Financial Services Agency, with a statement of reasons and documents stating other particulars of reference attached thereto (in the cases set forth in the following items, including particulars set forth in the respective items):

- (i) in the cases set forth in Article 52-79, item (i) of the Act, the date of conclusion or termination of the basic contract for the implementation of dispute resolution procedures and the trade name of the bank;
- (ii) in the cases set forth in item (vi) of the following paragraph, a written pledge by persons appointed Officer(s), etc. of the designated dispute resolution organization that they are not members of any organized crime group;
- (iii) in the cases set forth in item (vii) of the following paragraph, the reasons why the Organization suspects that the bank may fail to fulfill obligations under basic contract for the implementation of dispute resolution procedures

and other obligations pertaining to dispute resolution, etc. and the trade name of the bank; .

(iv) in the cases set forth in item (viii) and (ix) of the following paragraph, the following particulars:

(a) name of the business office or office where the act took place;

(b) name or trade name and title of the officer who committed the act;

(c) outline of the act;

(d) remedies to take.

(2) The occasions specified by Cabinet Office Order that are provided for in Article 52-79, item (ii) of the Act are the following occasions:

(i) when the organization changed the articles of incorporation or other regulations equivalent thereto;

(ii) when a parent corporation (which means a corporation or other organization holding the majority of the all shareholders', etc. voting rights of the designated dispute resolution organization; the same applies in the following item) or a subsidiary corporation (which means a corporation or other organization of which the majority of the all shareholders', etc. voting rights is held by the designated dispute resolution organization; the same applies in the item (iv)) changed their trade name or name, the location of principal business office or office, or the line of business;

(iii) when the parent corporation ceased to be the parent corporation;

(iv) when a subsidiary corporation ceases to be a subsidiary corporation or when the designated dispute resolution organization acquired or held the voting rights of a subsidiary corporation;

(v) when a single person acquired or held voting right exceeding five percent of the all shareholders', etc. voting rights of the designated dispute resolution organization;

(vi) when, after a written application for designation prescribed in Article 52-63, paragraph (1) of the Act was filed, there was a person newly appointed an Officer, etc. of the designated dispute resolution organization;

(vii) when a bank offered to conclude a basic contract for the implementation of dispute resolution procedures and the designated dispute resolution organization refused the offer;

(viii) when the designated dispute resolution organization learned that an Officer, etc. of the designated dispute resolution organization or its outsourcee, in providing dispute resolution, etc. (at the outsourcee, limited to services outsourced by the designated dispute resolution organization), committed an act violating a law or regulation or operational rules of the designated dispute resolution organization;

(ix) when the designated dispute resolution organization learned that a member bank or its Officer, etc. committed an act violating the operational

rules of the designated dispute resolution organization.

- (3) Notifications to be filed when the designated dispute resolution organization fell under items (viii) or (ix) of the preceding paragraph must be filed within one month from the date the designated dispute resolution organization learned the facts prescribed in those provisions.

(Submission of Reports on Dispute Resolution)

Article 34-78 (1) A report on dispute resolution, etc., to be established by a designated dispute resolution organization pursuant to Article 52-80, paragraph (1) of the Act must be prepared pursuant to Appended Form No. 20 and submitted to the Commissioner of the Financial Services Agency within three months of the end of the business year.

- (2) The report submitted pursuant to the preceding paragraph must be accompanied with the inventory of property, balance sheet, income and expenditure account statement or profit and loss statement, or any documents equivalent thereto, for the last business year.
- (3) A designated dispute resolution organization, if it is unable to submit the report prescribed in paragraph (1) within the period prescribed in that paragraph for compelling reasons, may postpone the submission under the prior approval of the Commissioner of the Financial Services Agency.
- (4) A designated dispute resolution organization, when intending to gain approval prescribed in the preceding paragraph, must submit a written statement of reasons attached to a written application for approval to the Commissioner of the Financial Services Agency.
- (5) When an application for approval under the preceding paragraph is filed, the Commissioner of the Financial Services Agency is to examine whether the designated dispute resolution organization that filed the application has what is found to be a compelling reason to postpone the submission as under paragraph (3).

## **Chapter IX Miscellaneous Provisions**

(Matters to Be Notified)

Article 35 (1) The case specified by Cabinet Office Order that is provided for in Article 53, paragraph (1), item (viii) of the Act means:

- (i) if the articles of incorporation are changed;
- (ii) if share options or bonds with share options are to be issued;
- (ii)-2 if an accelerated redemption is to be made with regard to bonds with share options (including a case of intending to make a redemption of bonds without a term);
- (iii) if the appointment or resignation of a director representing a bank, a

- director engaging in ordinary business of a bank or an auditor (in the case of a company with audit and supervisory committee, a director representing a bank, a director engaging in ordinary business of a bank or an audit and supervisory committee member (excluding a director engaging in ordinary business of a bank); in the case of a company with nominating committee, etc., a director engaging in ordinary business of a bank, a representative executive officer, an executive officer or an audit committee member (excluding a director engaging in ordinary business of a bank); hereinafter referred to as an "officer, etc." in this item and the following item) is sought (excluding the case that falls under the following item);
- (iii)-2 if the appointment or resignation of an officer, etc. has taken place (limited to the case in which there is a compelling reason for being unable to file, before the appointment or resignation of an officer, etc., a notification to the effect that an officer, etc. is to be appointed or that an officer, etc. is to resign);
- (iii)-3 if the appointment or resignation of an accounting advisor is sought (excluding the case that falls under the following item);
- (iii)-4 if the appointment or resignation of an accounting advisor has taken place (limited to the case in which there is a compelling reason for being unable to file, before the appointment or resignation of an accounting advisor, a notification to the effect that an accounting advisor is to be appointed or that an accounting advisor is to resign)
- (iii)-5 if the appointment or resignation of a financial auditor is sought (excluding the case that falls under the following item); and
- (iii)-6 if the appointment or resignation of a financial auditor has taken place (excluding the case in which the financial auditor is deemed to have been re-appointed pursuant to the provisions of Article 338, paragraph (2) of the Companies Act; and limited to the case in which there is a compelling reason for being unable to file, before the appointment or resignation of a financial auditor, a notification to the effect that a financial auditor is to be appointed or that a financial auditor is to resign);
- (iv) if a Sub-Office as prescribed in Article 9, paragraph (1), item (i) (excluding a temporary or circuit-type facility or an unmanned facility) has been opened, relocated, or closed or a Sub-Office as prescribed in Article 9-2, paragraph (3), item (i) is established;
- (v) if the relevant person seeks to close a Sub-Office as prescribed in Article 9-2, paragraph (3), item (ii) or to change the location of a business office in a foreign state (excluding cases corresponding to the following item; or Article 9, paragraph (1), item (ii) or item (iii));
- (v)-2 if a Sub-Office located in a foreign state (limited to a temporary or circuit-type facility or an unmanned facility) has been closed or its location has been

- changed (excluding cases as set forth in Article 9, paragraph (1), item (ii) or (iii));
- (vi) if a facility or equipment that the relevant person uses only to carry out all or part of the services prescribed in Article 10, paragraph (2) of the Act (excluding cases specified separately by the Commissioner of the Financial Services Agency) has been established or installed, relocated, or closed or decommissioned, or if the content of services the person carries out using that facility or equipment has changed;
  - (vi)-2 if a facility or equipment that the relevant person uses only to carry out all or part of the services prescribed in Article 10, paragraph (2) of the Act in a foreign state has been established or installed, relocated, or closed or decommissioned, or if the content of services the person carries out using that facility or equipment has changed;
  - (vi)-3 if a contract to entrust a person with bank agency services is concluded, changed, or terminated (including if further entrustment of entrusted bank agency services is authorized);
  - (vi)-4 if a contract to entrust a person with acting as agent or intermediary in the conclusion of a contract involving the business as prescribed in Article 10, paragraph (2) of the Act is changed, or the contract is terminated;
  - (vi)-5 in the cases of intending to establish a specified transaction account;
  - (vi)-6 in the cases of intending to close a specified transaction account;
  - (vii) in the cases of intending to change business hours as prescribed in Article 16, paragraph (3) at all or some of business offices (excluding a temporary or circuit-type facility or an unmanned facility) of a bank (excluding a cases in which business hours as prescribed in paragraph (1) of that Article are ensured);
  - (viii) if another company (excluding a company required to submit a notification as prescribed in that item with regard to making the company as a subsidiary company pursuant to the provisions of Article 53, paragraph (1), item (ii) of the Act) is made as a subsidiary company due to the acquisition of Shares, etc. through the exercise of the security right by a bank or its subsidiary company or the causes set forth in the items of Article 17-4, paragraph (1);
  - (viii)-2 in the cases of falling under the case prescribed in the main clause of Article 16-2, paragraph (4) of the Act and intending to make a foreign company not constituting a company eligible to be a subsidiary company (meaning the company eligible to be a subsidiary company prescribed in paragraph (1) of that Article; the same applies in item (xii)) a subsidiary company;
  - (ix) if voting rights of its subsidiary company are acquired or held;
  - (x) if a subsidiary company changes its name or the location of the head office

- or principal business office or other office, undergoes a merger, or discontinues all business (excluding cases as prescribed in Article 53, paragraph (1), item (iii) of the Act);
- (xi) if a bank or its subsidiary company acquires or holds voting rights of a domestic company (which means a domestic company as prescribed in Article 16-4, paragraph (1) of the Act; the same applies in item (xiii)) for which the total number exceeds the maximum threshold for voting rights held (which means the maximum threshold for voting rights held as prescribed in that paragraph; hereinafter the same applies in this paragraph) due to reasons set forth in each item of Article 17-16, paragraph (1);
  - (xii) if a bank or its subsidiary company acquires or holds voting rights of a company eligible to be a subsidiary company (excluding an advanced banking service company) for which the total number exceeds the maximum threshold for voting rights held;
  - (xiii) if a bank or its subsidiary company no longer holds the portion of voting rights for which the total number exceeds the maximum threshold for voting rights held of a domestic company and a company in the business revitalization process;
  - (xiv) in the case of a new holding of a corporation corresponding to any of the corporations as set forth in each item of Article 14-4 or Article 14-12 (excluding a subsidiary company; which is referred to as a person "uniquely related" to the relevant person in the following item and item (xvi));
  - (xv) if a person uniquely related to the relevant person comes to no longer be uniquely related thereto;
  - (xvi) upon learning of the decision that a company in which a bank and its subsidiary companies hold voting rights which, in total, exceed the maximum threshold for voting rights held (excluding a subsidiary company of that bank or a foreign company), or a person uniquely related to a bank will change the content of its business;
  - (xvi)-2 if a bank that has obtained authorization as referred to in Article 52-2, paragraph (2) of the Act intends to conclude an entrustment contract for foreign bank agency services with a foreign bank that belongs to a foreign bank group;
  - (xvi)-3 if a bank that has obtained authorization as referred to in Article 52-2, paragraph (2) of the Act intends to terminate an entrustment contract for foreign bank agency services concluded with the principal foreign bank;
  - (xvi)-4 if a liaison office that is established in a foreign state is closed or its location is changed;
  - (xvii) if a facility is to be established in a foreign state for business concerning bank services (excluding a liaison office), or when the facility is closed or its location is changed;

- (xvii)-2 if the principal foreign bank pertaining to the foreign bank agency services conducted in a foreign state falls under any of the following:
- (a) it changes the amount of stated capital or contribution;
  - (b) it changes its trade name or name or the location of its principal business office;
  - (c) it merges, has its business succeeded to in a company split, succeeds to a business in a company split, or transfers or acquires the whole or a material part of a business;
  - (d) it is dissolved (other than a dissolution resulting from a merger) or discontinues banking;
  - (e) its banking license (this includes any permission, registration, or other administrative disposition similar to such a license) is revoked; or
  - (f) it becomes subject to an order commencing bankruptcy proceedings;
- (xviii) if a bank with a specified transaction account or a foreign bank branch that submitted notification of a specified transaction account intends to change the type of transactions which are intended to be transacted as specified transactions, or any other particulars of the documents as prescribed in paragraph (5), item (i) (excluding cases of intending to make an immaterial change);
- (xix) if a foreign bank branch intends to establish an account equivalent to a specified transaction account;
- (xx) when calculating consolidated capital adequacy ratio of a bank and its subsidiary company, etc., pursuant to as specified by the Commissioner of the Financial Services Agency, in the cases of intending to use a method that includes a part among the company's assets, liabilities, profit, and expenditures that pertains to a bank and a consolidated subsidiary corporation, etc. (which means a subsidiary corporation, etc. of the bank that is included within the scope of consolidation; the same applies in items (xxx) and (xxxi)) into the scope of consolidation;
- (xxi) in the cases of intending to suspend the use of the method as prescribed in the preceding item;
- (xxii) in the case of intending to borrow money by a subordinated loan (which means a subordinated loan as prescribed in Article 2, paragraph (6) of the Financial Strengthening Act; the same applies in the following item and paragraph (3)) or in the case of intending to issue a subordinated corporate bond (which means a subordinated corporate bond as prescribed in Article 2, paragraph (5) of the Financial Strengthening Act, the same applies in the following item and paragraph (3));
- (xxiii) in the case of intending to make an accelerated payment of a debt pertaining to a subordinated loan or in the case of intending to make an accelerated redemption of a subordinated corporate bond (including a case of

- intending to make a payment or redemption for a debt or bond without a term);
- (xxiv) in the cases of intending to acquire a company's shares according to the resolution at a shareholders meeting or the board of directors pursuant to the provisions of Article 156, paragraph (1) of the Companies Act (including cases of the provisions being applied by being deemed to be replaced with provisions of Article 165, paragraph (3) of that Act);
- (xxiv)-2 in the cases of intending to acquire a company's shares subject to call (meaning the shares subject to call prescribed in Article 2, item (xix) of the Companies Act; the same applies in paragraph (3), item (xviii)-3) for which the day of acquisition has been specified pursuant to the provisions of Article 168, paragraph (1) of that Act;
- (xxiv)-3 in the cases of intending to acquire all of a company's shares subject to class-wide call (meaning the shares subject to class-wide call prescribed in the first sentence of Article 171, paragraph (1) of the Companies Act; the same applies in paragraph (3), item (xviii)-4) according to the resolution at a shareholders meeting under the provisions of the first sentence of Article 171, paragraph (1) of that Act;
- (xxiv)-4 in the cases of intending to solicit persons to subscribe for treasury shares (meaning the treasury shares prescribed in Article 113, paragraph (4) of the Companies Act; the same applies in paragraph (3), item (xviii)-5) to be disposed of pursuant to the provisions of Article 199, paragraph (1) of that Act;
- (xxv) in the case of having learned that any deplorable event occurred (with regard to a trustee of business, limited to those pertaining to business entrusted by the bank) in a bank, its subsidiary company, or a trustee of business (which is referred to as a "bank, etc." in paragraph (7));
- (xxvi) in the case of intending to decrease the amount of a reserve;
- (xxvii) if a dividend of surplus is paid pursuant to the provisions of Article 453 of the Companies Act;
- (xxviii) if a bank begins to make available for public inspection documents prepared pursuant to the provisions of Article 20, paragraph (1) or (2) of the Act and Article 21, paragraph (1) or (2) of the Act (including an electronic or magnetic record prepared pursuant to the provisions of Article 20, paragraph (3) of the Act and Article 21, paragraph (3) of the Act);
- (xxix) if a bank has submitted or provided a business report and annexed detailed statement, prepared pursuant to the provisions of Article 435, paragraph (2) of the Companies Act, at an annual shareholders meeting;
- (xxx) if a consolidated subsidiary corporation, etc. incorporated exclusively for the purpose of raising funds that contribute to the adequacy of equity capital of a bank (referred to as "raising capital" in this item and the following item)

- intends to raise capital from persons other than the bank; or
- (xxx) if the consolidated subsidiary corporation, etc. referred to in the preceding item intends to make an accelerated payment or accelerated redemption for raising capital (including a case of intending to make a payment or redemption for a debt or bond without a term).
- (2) The case specified by Cabinet Office Order that is provided for in Article 53, paragraph (2), item (vii) of the Act means any of the following cases; provided, however, that the same does not apply when the bank's major shareholder is a bank or a bank holding company:
- (i) if articles of incorporation or any other rules equivalent thereto are changed;
  - (ii) if the name is changed, domicile, residence, principal business office or an office is established, its location is changed, or is abolished.
- (3) The case specified by Cabinet Office Order that is provided for in Article 53, paragraph (3), item (ix) of the Act means:
- (i) if articles of incorporation (with regard to a bank holding company located in a foreign state, articles of incorporation or any other rules equivalent thereto) is changed;
  - (ii) if share options or bonds with share options are to be issued;
  - (ii)-2 if an accelerated redemption is to be made with regard to bonds with share options (including a case of intending to make a redemption of bonds without a term);
  - (iii) if the appointment or resignation of a director representing a bank holding company, a director engaging in ordinary business of a bank holding company or an auditor (in the case of a company with audit and supervisory committee, a director representing a bank holding company, a director engaging in ordinary business of a bank holding company or audit and supervisory committee member (excluding a director engaging in ordinary business of a bank holding company); in the case of a company with nominating committee, etc., a director engaging in ordinary business of a bank holding company, a representative executive officer, an executive officer or audit committee member (excluding a director engaging in ordinary business of a bank holding company); hereinafter referred to as an "officer, etc." in this item and the following item) is sought (excluding the case that falls under the following item);
  - (iii)-2 if the appointment or resignation of an officer, etc. has taken place (limited to the case in which there is a compelling reason for being unable to file, before the appointment or resignation of an officer, etc., a notification to the effect that an officer, etc. is to be appointed or that an officer, etc. is to resign);
  - (iii)-3 if the appointment or resignation of a director or executive officer

- representing a bank holding company located in a foreign state or a person assigned to a position similar thereto or a director or executive officer engaging in ordinary business of the bank holding company located in a foreign state or a person assigned to a position similar thereto (hereinafter referred to as an "officer, etc. of a bank holding company located in a foreign state" in this item and the following item) is sought (excluding the case that falls under the following item);
- (iii)-4 if the appointment or resignation of an officer, etc. of a bank holding company located in a foreign state has taken place (limited to the case in which there is a compelling reason for being unable to file, before the appointment or resignation of an officer, etc., a notification to the effect that an officer, etc. of a bank holding company located in a foreign state is to be appointed or that an officer, etc. of a bank holding company located in a foreign state is to resign);
  - (iii)-5 if the appointment or resignation of an accounting advisor is sought (excluding the case that falls under the following item);
  - (iii)-6 if the appointment or resignation of an accounting advisor has taken place (limited to the case in which there is a compelling reason for being unable to file, before the appointment or resignation of an accounting advisor, a notification to the effect that an accounting advisor is to be appointed or that an accounting advisor is to resign);
  - (iii)-7 if the appointment or resignation of a financial auditor is sought (excluding the case that falls under the following item); and
  - (iii)-8 if the appointment or resignation of a financial auditor has taken place (excluding the case in which the financial auditor is deemed to have been re-appointed pursuant to the provisions of Article 338, paragraph (2) of the Companies Act; and limited to the case in which there is a compelling reason for being unable to file, before the appointment or resignation of a financial auditor, a notification to the effect that a financial auditor is to be appointed or that a financial auditor is to resign);
  - (iv) if seeking to establish an office, to change its location, or to close an office;
  - (v) if another company (excluding a company required to submit a notification as prescribed in that item with regard to making a company as a subsidiary company pursuant to the provisions of Article 53, paragraph (3), item (ii) of the Act) comes to be held as a subsidiary company due to the acquisition of Shares, etc. through the exercise of the security right by a bank holding company or its subsidiary company or the causes set forth in the items of Article 34-17, paragraph (1);
  - (v)-2 in the cases of falling under the case prescribed in the main clause of Article 52-23, paragraph (3) of the Act and intending to make a foreign company not constituting a company eligible to be a subsidiary company

- (meaning the company eligible to be a subsidiary company prescribed in paragraph (1) of that Article; the same applies in item (viii)) a subsidiary company;
- (vi) if a subsidiary company has changed its name or the location of its head office, principal business office or other office, has merged, or has discontinued all of its business (excluding cases as prescribed in Article 53, paragraph (3), items (ii) and (iv) of the Act);
  - (vii) if a bank holding company or its subsidiary company acquires or holds voting rights of a domestic company (which means a domestic company as prescribed in Article 52-24, paragraph (1) of the Act; the same applies in item (ix)) for which the total number exceeds the maximum threshold for voting rights held (which means the maximum threshold for voting rights held as prescribed in that paragraph; the same applies in this paragraph) due to a reason set forth in each item of Article 34-20, paragraph (1);
  - (viii) if a bank holding company or its subsidiary company acquires or holds voting rights of a company eligible to be a subsidiary company (excluding an advanced banking service company) for which the total number exceeds the maximum threshold for voting rights held in total;
  - (ix) if a bank holding company or its subsidiary company no longer holds the portion of voting rights that exceed the maximum threshold for voting rights held of a domestic company and a company in the business revitalization process;
  - (x) in the case of newly holding a corporation corresponding to any person as set forth in the items of Article 14-4 or each item of Article 34-23, as applied mutatis mutandis pursuant to Article 34-15, paragraph (1) (excluding a subsidiary company; referred to as a person "uniquely related" to the relevant person in the following item and item (xii));
  - (xi) if a person uniquely related to the relevant person comes to no longer be uniquely related thereto;
  - (xii) upon learning of the decision that a company in which a bank holding company and its subsidiary companies hold voting rights which, in total, exceed the maximum threshold for voting rights held (excluding a subsidiary company of the bank holding company or a foreign company), or a person uniquely related to a bank holding company will change the content of its business;
  - (xiii) Deleted
  - (xiv) Deleted
  - (xv) when calculating consolidated capital adequacy ratio of a bank holding company and its subsidiary company, etc., in a case, pursuant to as specified by the Commissioner of the Financial Services Agency, of intending to use a method that includes a part among the company's assets, liabilities, profit,

- and expenditures that pertains to a bank holding company and consolidated subsidiary corporation, etc. (which means a subsidiary corporation, etc. of the bank holding company that is included within the scope of consolidation; the same applies in items (xxiii) and (xxiv)) into the scope of consolidation;
- (xvi) in the case of intending to suspend the use of the method as prescribed in the preceding item;
- (xvii) in the case of intending to borrow money by a subordinated loan or intending to issue a subordinated corporate bond;
- (xviii) in the case of intending to make an accelerated payment of a debt pertaining to a subordinated loan or intending to make an accelerated redemption of a subordinated corporate bond (including the cases of intending to make payment or redemption for a debt or bond without a term);
- (xviii)-2 in the cases of intending to acquire a company's shares according to the resolution at a shareholders meeting or the board of directors pursuant to the provisions of Article 156, paragraph (1) of the Companies Act (including as applied pursuant to the provisions of Article 165, paragraph (3) of that Act following the deemed replacement of terms);
- (xviii)-3 in the cases of intending to acquire a company's shares subject to call for which the day of acquisition has been specified pursuant to the provisions of Article 168, paragraph (1) of the Companies Act;
- (xviii)-4 in the cases of intending to acquire all of a company's shares subject to class-wide call according to the resolution at a shareholders meeting under the provisions of the first sentence of Article 171, paragraph (1) of the Companies Act;
- (xviii)-5 in the cases of intending to solicit persons to subscribe for treasury shares to be disposed of pursuant to the provisions of Article 199, paragraph (1) of the Companies Act;
- (xix) in the cases of intending to decrease the amount of a reserve;
- (xx) if a dividend from surplus is paid pursuant to the provisions of Article 453 of the Companies Act;
- (xxi) if a bank holding company begins to make available for public inspection at a bank that is a subsidiary company of the bank holding company, with regard to documents prepared pursuant to the provisions of Article 52-28, paragraph (1) of the Act and Article 52-29, paragraph (1) of the Act (including an electronic or magnetic record prepared pursuant to the provisions of Article 52-28, paragraph (2) of the Act and Article 52-29, paragraph (2) of the Act);
- (xxii) if a bank holding company submits or has submitted a business report and annexed detailed statement prepared pursuant to the provisions of Article 435, paragraph (2) of the Companies Act to an annual shareholders meeting.

- (xxiii) if a consolidated subsidiary corporation, etc. incorporated exclusively for the purpose of raising funds that contribute to the adequacy of equity capital of a bank holding company (referred to as "raising capital" in this item and the following item) intends to raise capital from persons other than the bank holding company; or
  - (xxiv) if the consolidated subsidiary corporation, etc. referred to in the preceding item intends to make an accelerated payment or accelerated redemption for raising capital (including a case of intending to make a payment or redemption for a debt or bond without a term).
- (4) The case specified by Cabinet Office Order that is provided for in Article 53, paragraph (4) of the Act means:
- (i) if articles of incorporation or any other rules equivalent thereto are changed (excluding the cases in which the change is made by the bank agent which is a bank);
  - (ii) if an entrustment contract or further entrustment contract pertaining to bank agency services is changed;
  - (iii) if public inspection is commenced based on the provisions of Article 52-51, paragraph (1) of the Act with regard to documents as prescribed in that paragraph (including an electronic or magnetic record prepared pursuant to the provisions of Article 20, paragraph (3) of the Act; Article 21, paragraph (3); or Article 52-28, paragraph (2); and Article 52-29, paragraph (2));
  - (iv) the case of having learned that any deplorable event occurred concerning bank agency services.
  - (v) in the case of intending to change business hours pursuant to the provisions of Article 34-53, paragraph (3) at all or some of the business offices or offices of a specified bank agent (excluding cases in which business hours as prescribed in paragraph (1) of that Article are ensured); or
  - (vi) if the relevant person has further entrusted bank agency services (limited to if a principal bank agent that is itself a bank has further entrusted a person with those services), and changed the trade name or name and the location of the principal business office or office of the secondary bank agent to which the services have been further entrusted.
- (5) A bank, bank's major shareholder (including a person that was a bank's major shareholder), a bank holding company (including a company that was a bank holding company) or a bank agent, when intending to submit a notification pursuant to the provisions of Article 53, paragraphs (1) to (4) of the Act, must submit to the Commissioner of the Financial Services Agency, etc. a written notice accompanied by a written statement of reasons and other documents giving information that should serve as a reference (in the cases as set forth in each of the following items, the documents as prescribed in each the item):
- (i) in the case as set forth in paragraph (1), item (vi)-5 or item (xix): the

- following documents:
- (a) a document stating the type of transactions that are intended to be handled as a specified transaction and the name of the department that handles the transactions;
  - (b) a document stating the name of the department that calculates current value, etc. (which means calculating income or loss pertaining to a specified transaction, or the value of assets subject to the transaction);
  - (c) a document stating the accounting policy concerning the distinction between a specified transaction and assets subject to the transactions, and other transactions and assets (including the accounting policy concerning the distinction of transactions performed before establishing a specified transaction account and assets subject to the transactions);
  - (d) a document giving information about handling for implementing an internal transaction (which means the transactions that are set forth in Article 13-6-3, paragraph (2), items (v) to (xiv), and handled between a specified transaction account and other accounts (including transactions which are deemed to be a specified transaction pursuant to the provisions of item (xvii) of that paragraph as a transaction similar to or having a close relationship with the transaction) with in a single bank) (including the case of terminating the internal transaction);
  - (e) a document giving information about handling for a transfer between accounts (which means an act as set forth in each of the items of Article 13-6-3, paragraph (3) (including a transaction as prescribed in paragraph (4) of that Article));
  - (ii) in the cases as set forth in paragraph (1), item (xvi)-2: the documents as prescribed in Article 34-2, paragraph (5), items (ii) to (v), and (vii);
  - (iii) in the cases as set forth in paragraph (1), item (xxviii): the documents as prescribed in that item;
  - (iv) in the case as set forth in paragraph (1), item (xxix): the business report and annexed detailed statement as prescribed in that item;
  - (v) in the cases as set forth in paragraph (3), item (xxi): the documents as prescribed in that item;
  - (vi) in the cases as set forth in paragraph (3), item (xxii): the business report and annexed detailed statement as prescribed in that item;
  - (vii) in the cases as set forth in item (ii) of the preceding paragraph: a copy of the entrustment contract or further entrustment contract after the change.
- (6) The following notifications may be made collectively as a single notification on a semiannual basis:
- (i) a notification to the effect that Article 53, paragraph (1), item (v) or paragraph (3), item (vii) of the Act is applicable; and
  - (ii) a notification to the effect that paragraph (1), item (iv), (v)-2 or (vi) is

applicable.

- (7) A deplorable event as prescribed in paragraph (1), item (xv) and paragraph (4), item (iv) means the case in which a director, executive officer, accounting auditor (if the accounting auditor is a corporation, including the member responsible for performing the duties thereof), auditor or an employee of a bank, etc., or a bank agent or its officer (if an officer is a corporation, including the person responsible for performing the duties thereof) or employee has committed any of the acts as set forth in the following items:
- (i) fraud, embezzlement, breach of trust or any other criminal act committed in the course of performing the services of a bank or bank agency service of a bank agent;
  - (ii) an act in violation of the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates or the Act on Controlling Unjust Contract Pertaining to Deposit, etc. (Act No. 136 of 1957);
  - (iii) loss of cash, bills, checks, securities or any other valuable item (including the case of theft and depreciation or appreciation; hereinafter the same applies in this item), which is considered material in relation to the management of the services of a bank or bank agency service of a bank agent, considering the characteristics, scale and other situations of these services;
  - (iv) an act set forth in any of the preceding three items or any other act similar thereto, which took place overseas and which was reported to the competent supervisory authority of the place of the occurrence; and
  - (v) any other act similar to those set forth in the preceding items, which would have actual or potential negative impact on the sound and appropriate management of the services of a bank or bank agency service of a bank agent.
- (8) A notification to be filed in the case set forth in the following items must be filed within thirty days from the day specified respectively in those items:
- (i) when paragraph (1), item (xxv) or paragraph (4), item (iv) is applicable: the day on which the bank or bank agent learns of the occurrence of a deplorable event; or
  - (ii) when paragraph (4), item (vi) is applicable: the day on which the change under the provisions of that item is made.
- (9) In the case set forth in paragraph (1), item (xi) or (xiii), with regard to the acquisition or holding of voting rights in a company set forth in Article 16-2, paragraph (1), item (xii) or (xii)-2 of the Act, a specified subsidiary company prescribed in item (xii) of that paragraph is deemed not to be a subsidiary company of a bank; in the case set forth in paragraph (3), item (vii) or (ix), with regard to the acquisition or holding of voting rights in a company set forth in Article 52-23, paragraph (1), item (xi) or (xi)-2 of the Act, a specified subsidiary company prescribed in item (xi) of that paragraph is deemed not to be a subsidiary company of a bank holding company.

- (10) The provisions of Article 2, paragraph (11) of the Act apply mutatis mutandis to the voting rights prescribed in paragraph (1), items (xi) to (xiii) and (xvi), and to the voting rights prescribed in paragraph (3), items (vii) to (ix) and (xii).

(Application of Approval Pertaining to Effect of Approval)

Article 36 (1) A bank, bank's major shareholder (including a person that obtained an authorization pertaining to incorporation among those as prescribed in Article 52-9, paragraph (1) of the Act), or a bank holding company (including a person that obtained an authorization as prescribed in Article 52-17, paragraph (1) of the Act), when intending to obtain an approval pursuant to the provisions of Article 55, proviso of paragraph (1) of the Act, must submit a written application for approval accompanied by a written statement of reasons to the Commissioner of the Financial Services Agency, etc.

- (2) When an application for approval under the provisions of the preceding paragraph is filed, the Commissioner of the Financial Services Agency, etc. is to examine whether it conforms to the following standards:
- (i) there is what is found to be a compelling reason that the thing for which the relevant person has been authorized as under the provisions of the Act cannot be implemented within six months from the date of receiving that authorization;
  - (ii) it is expected to be possible to implement the thing subject to the authorization within a reasonable period;
  - (iii) at the time of authorization, there are expected to be no material changes in the particulars on which the examination has been based before the time that the thing so authorized is expected to be implemented.

(Registration)

Article 36-2 (1) The details specified by Cabinet Office Order that are provided for in Article 57-4, items (i) and (ii) of the Act are letters, marks, other codes, or a combination of the above in order for a bank or a bank holding company to identify the part, among automatic public transmission servers, which is used for taking measures pursuant to the provisions of Article 20, paragraph (6) or Article 52-28, paragraph (5), which part is provided for the use of implementing the acts, via the Internet; and a person that receives provision of information can inspect the content of the information by inputting the letters, codes, etc. into a computer pertaining to the person's use and record the information in a file maintained in the computer.

- (2) A bank or a bank holding company, for which the method of public notice (which means a public notice as prescribed in Article 2, item (xxxiii) of the Companies Act) is a method as set forth in Article 57, item (ii) of the Act, may

register a particular as set forth in Article 911, paragraph (3), item (xxviii), sub-item (a) of the Companies Act for receiving provision of information which is the content of a public notice, etc. of an interim settlement of accounts (which means a public notice that a bank announces pursuant to the provisions of Article 20, paragraph (4) of the Act (excluding a public notice concerning a balance sheet and profit and loss statement pertaining to a business year as prescribed in paragraph (1) of that Article) or a public notice that a bank holding company announces pursuant to the provisions of Article 52-28, paragraph (3); hereinafter the same applies in this paragraph) separately from those particulars for receiving provision of information of which is the content of a public notice other than the public notice, etc. of an interim settlement of accounts.

(Measures to Show Information Recorded in an Electronic or Magnetic Record)  
Article 36-3 The measure specified by Cabinet Office Order that is provided for in Article 63, item (i)-2 and item (i)-3 of the Act means one that is taken to show the information that has been recorded in an electronic or magnetic record on a sheet of paper or to display it on a screen.

(Via-Government Agency)  
Article 37 (1) A bank (excluding a foreign bank branch; hereinafter the same applies in this Article), when submitting to the Commissioner of the Financial Services Agency a written application, business report, or other document as prescribed in this Cabinet Office Order (hereinafter referred to as an "Application, etc." in this Article, except in paragraphs (6) and (7)), must submit them to the Director General of the Local Finance Bureau with jurisdiction over the location of the head office of the bank (when the location is within the jurisdictional district (excluding the jurisdictional district of a Local Finance Office) of the Fukuoka Local Finance Branch Bureau, the Director General of the Fukuoka Local Finance Branch Bureau, and when the location is within the jurisdictional district of the Otaru Sub-Office or Kitami Sub-Office (hereinafter referred to as the "Local Finance Office, etc." in this Article), the Director of the Local Finance Office or the Director of the Sub-Office (hereinafter referred to as the "Director, etc. of the Local Finance Office" in this Article)); provided, however, that this does not apply to an Application, etc. pertaining to banks specified by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 17-2, paragraph (4) of the Order and others specified separately by the Commissioner of the Financial Services Agency.

(2) A bank, when submitting an Application, etc. to the Director General of the Local Finance Bureau or Fukuoka Local Finance Branch Bureau, when there is

a Director, etc. of the Local Finance Office with jurisdiction over the location of the head office of the bank, must submit the Application, etc. to the the Director, etc. of the Local Finance Office.

- (3) A foreign bank branch, when submitting to the Commissioner of the Financial Services Agency an interim business report as prescribed in Article 18, paragraph (1) or business report as prescribed in paragraph (2) of that Article, must submit them to the Director General of the Local Finance Bureau with jurisdiction over the location of the principal foreign bank branch (when the location is within the jurisdictional district (excluding the jurisdictional district of a Local Finance Office) of the Fukuoka Local Finance Branch Bureau, the Director General of the Fukuoka Local Finance Branch Bureau; when the location is within the jurisdictional district of a Local Finance Office, etc., the Director, etc. of the Local Finance Office); provided, however, that this does not apply to the foreign bank branch specified by the Commissioner of the Financial Services Agency.
- (4) A person that intends to become a holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold, a person that intends to incorporate a company or other corporation that is a holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold, or a holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold, when submitting an Application, etc. to the Commissioner of the Financial Services Agency, must submit it to the Director General of the Local Finance Bureau with jurisdiction over the location of the head office of the bank that intends to hold or holds a number of voting rights in a bank which is equal to or greater than the major shareholder threshold (when the location is within the jurisdictional district (excluding the jurisdictional district of a Local Finance Office) of the Fukuoka Local Finance Branch Bureau, the Director General of the Fukuoka Local Finance Branch Bureau, and when the location is within the jurisdictional district of a Local Finance Office, etc., the Director, etc. of the Local Finance Office); provided, however, that this does not apply to an Application, etc. pertaining to a bank specified separately by the Commissioner of the Financial Services Agency.
- (5) A holding company of which a subsidiary company is a bank (including a company that was a holding company of which a subsidiary company is a bank; the same applies in the following paragraph), when submitting an Application, etc. to the Commissioner of the Financial Services Agency, must submit it to the Director General of the Local Finance Bureau with jurisdiction over the location of the principal office of the holding company of which a subsidiary company is the bank (when the location is within the jurisdictional district (excluding the jurisdictional district of a Local Finance Office) of the Fukuoka

Local Finance Branch Bureau, the Director General of the Fukuoka Local Finance Branch Bureau, and when the location is within the jurisdictional district of a Local Finance Office, etc., the Director, etc. of the Local Finance Office); provided, however, that this does not apply to an Application, etc. pertaining to companies specified by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 17-3, paragraph (4) of the Order and others specified separately by the Commissioner of the Financial Services Agency.

- (6) A bank agent (excluding a bank agent that has its principal business office or other office in a foreign state; hereinafter the same applies in this paragraph and the following paragraph), when submitting a written application pursuant to the provisions of Article 52-37, paragraph (1) of the Act, a report concerning bank agency services, or other document as prescribed in this Cabinet Office Order (hereinafter referred to as an "Application, etc." in this paragraph and the following paragraph) to the Commissioner of the Financial Services Agency, must submit them to the Director General of the Local Finance Bureau with jurisdiction over the location of the principal business office or other office of the bank agent (when the location is within the jurisdictional district (excluding the jurisdictional district of a Local Finance Office) of the Fukuoka Local Finance Branch Bureau, the Director General of the Fukuoka Local Finance Branch Bureau, and when the location is within the jurisdictional district of a Local Finance Office, etc., the Director, etc. of the Local Finance Office); provided, however, that this does not apply to an Application, etc. pertaining to a bank agent specified by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 17-4, paragraph (4) of the Order or others specified separately by the Commissioner of the Financial Services Agency.
- (7) A bank agent, when submitting an Application, etc. to the Director General of the Local Finance Bureau or Fukuoka Local Finance Branch Bureau, when the Director, etc. of the Local Finance Office has jurisdiction over the location of the principal business office or other office of the bank agent, must submit it to the Director, etc. of the Local Finance Office.
- (8) The provisions of paragraph (2) apply mutatis mutandis pursuant to a holding company of which a subsidiary company is a bank. In this case, the term "head office" is deemed to be replaced with "principal office."

(Special Provisions on a Foreign Holding Company of Which a Subsidiary Company Is a Bank)

Article 38 (1) A foreign holding company of which a subsidiary company is a bank (including a company that intends to become a foreign holding company of which a subsidiary company is a bank, a person that intends to incorporate a

foreign holding company of which a subsidiary company is a bank, and a company that was a foreign holding company of which a subsidiary company is a bank; hereinafter the same applies in this Article), with regard to a document that is stipulated to be attached to a written application or written notification and submitted to the Prime Minister or the Commissioner of the Financial Services Agency by a foreign holding company of which a subsidiary company is a bank, pursuant to this Cabinet Office Order (hereinafter referred to as "attached documents" in this paragraph and the following paragraph), may submit a document equivalent to the above in lieu of the attached documents to the Prime Minister or the Commissioner of the Financial Services Agency, etc.

- (2) When a foreign holding company, of which a subsidiary company is a bank, is unable to submit the attached documents or a document equivalent to this as prescribed in the preceding paragraph (hereinafter referred to as "attached documents, etc." in this paragraph) to the Prime Minister or the Commissioner of the Financial Services Agency, etc., due to national laws and regulations or customs of the foreign holding company's state (which means a state that has established laws and regulations according to which the foreign holding company of which a subsidiary company is the bank was incorporated) or other justifiable grounds, the attached documents, etc. are not required to be submitted to the Prime Minister or the Commissioner of the Financial Services Agency, etc.
- (3) With regard to the application of provisions of this Cabinet Office Order to a foreign holding company of which a subsidiary company is a bank, in the case of a foreign holding company of which a subsidiary company is a bank and that maintains an office in Japan, its principal office in Japan is deemed as its principal office, and in the case of a foreign holding company of which a subsidiary company is a bank and that does not maintain an office in Japan, its principal office is deemed to be located within the jurisdictional district of the Kanto Local Finance Bureau.

(Special Provisions on a Foreign Corporation That Carries out Bank Agency Services)

Article 38-2 (1) A foreign corporation that carries out bank agency services (including a foreign corporation that intends to carry out bank agency services, or a person that intends to incorporate a foreign corporation that carries out bank agency services; hereinafter the same applies in this Article), with regard to a document as prescribed in Article 52-37, paragraph (2), item (iii) of the Act or a document that is required to be attached to a written application or written notification and submitted to the Commissioner of the Financial Services Agency, etc. by the foreign corporation that carries out bank agency services pursuant to the provisions of this Cabinet Office Order (hereinafter

- referred to as "attached documents" in this paragraph and the following paragraph), may submit documents equivalent to the above in lieu of the attached documents to the Commissioner of the Financial Services Agency, etc.
- (2) When a foreign corporation that carries out bank agency services is unable to submit an attached document, or a document equivalent to this as prescribed in the preceding paragraph (hereinafter referred to as "attached documents, etc." in this paragraph) to the Commissioner of the Financial Services Agency, etc., due to national laws and regulations or customs of the foreign holding company's state (which means a state that has established laws and regulations according to which the foreign corporation that carries out the bank agency services was established) or other justifiable grounds, the attached documents, etc. are not required to be submitted to the Commissioner of the Financial Services Agency, etc.
- (3) With regard to the application of provisions of this Cabinet Office Order to a foreign corporation that carries out bank agency services, the principal office or other office in Japan of a foreign corporation that carries out bank agency services is deemed as its principal office or other office.

(Preliminary Examination)

Article 39 A bank, a holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold, a holding company of which a subsidiary company is a bank, or a bank agent, when intending to obtain a permission pursuant to the provisions of the Act or an approval pursuant to the provisions of Article 52-42, paragraph (1) of the Act, may request a preliminary examination by submitting to the Commissioner of the Financial Services Agency, etc. documents equivalent to the documents to be submitted to the Commissioner of the Financial Services Agency, etc., when filing an application of the permission or approval.

(Standard Processing Period)

Article 40 (1) The Prime Minister or the Commissioner of the Financial Services Agency, etc. is to endeavor to provide the disposition of an application (excluding an application pertaining to a preliminary examination) concerning a license, permission, authorization, approval, or designation pursuant to the provisions of laws and regulations, or this Cabinet Office Order (hereinafter referred to as "Authorization, etc.") within one month after the application is received at the office, respectively; provided, however, that the Prime Minister or the Commissioner of the Financial Services Agency, etc. is to endeavor to provide disposition of an application concerning the following Authorization, etc. within two months:

(i) an Authorization, etc. for an application of a bank specified separately by

- the Commissioner of the Financial Services Agency that is submitted to the Commissioner of the Financial Services Agency;
- (i)-2 Designation pursuant to the provisions of Article 52-62, paragraph (1) of the Act;
  - (ii) an Authorization, etc. that is found to affect the jurisdictional district of another Local Finance Bureau (including the Fukuoka Local Finance Branch Bureau) among an Authorization, etc. that is provided by the Director General of the Local Finance Bureau or the Fukuoka Local Finance Branch Bureau pursuant to the provisions of Article 17-2, paragraph (1) of the Order;
  - (ii)-2 an Authorization, etc. for an application filed with the Commissioner of the Financial Services Agency by a person that intends to become a holder of a number of voting rights in a bank specified separately by the Commissioner of the Financial Services Agency which is equal to or greater than the major shareholder threshold, a person that intends to incorporate a company or other corporation that is a holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold, or a holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold;
  - (iii) an Authorization, etc. for an application submitted to the Commissioner of the Financial Services Agency by a holding company of which a subsidiary company is a bank, specified separately by the Commissioner of the Financial Services Agency;
  - (iv) an Authorization, etc. that is determined to affect the jurisdictional district of another Local Finance Bureau (including the Fukuoka Local Finance Branch Bureau) among the Authorization, etc. that is provided by the Director General of Local Finance Branch Bureau or the Fukuoka Local Finance Branch Bureau pursuant to the provisions of Article 17-3, paragraph (1) of the Order;
  - (v) an Authorization, etc. that is determined to affect the jurisdictional district of another Local Finance Branch Bureau (including the Fukuoka Local Finance Branch Bureau) among the Authorization, etc. that is provided by the Director General of Local Finance Branch Bureau or the Fukuoka Local Finance Branch Bureau pursuant to the provisions of Article 17-4, paragraph (1) of the Order.
- (2) The period as prescribed in the preceding paragraph is not to include the following periods:
- (i) the period required for the amendment of the application;
  - (ii) the period required for a person that filed the application to change the content of the application;
  - (iii) the period required for a person that filed the application to add material

that is determined to be necessary for an examination to which the application pertains.