

# Nuclear Damage Compensation Facilitation Corporation Act

(Act No. 94 of August 10, 2011)

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## Chapter I General Provisions

(Purpose)

Article 1 The purpose of the Nuclear Damage Compensation Facilitation Corporation is to help to ensure a Nuclear Operator's (meaning a Nuclear Operator as prescribed in Article 38, paragraph (1); hereinafter the same applies in Article 37) prompt and appropriate implementation of compensation for Nuclear Damage (meaning the Nuclear Damage prescribed in Article 2, paragraph (2) of the Act on Compensation for Nuclear Damage (Act No. 147 of 1961; hereinafter referred to as the "Act on Compensation"), the same applies hereinafter), the smooth management of a stable supply of electricity and other business connected with Reactor Operation, etc. (meaning Reactor Operation,

etc. prescribed in Article 38, paragraph (1)), in the event that Nuclear Damage has occurred and the amount of compensation for which the Nuclear Operator is liable pursuant to the provisions of Article 3 of the Act on Compensation exceeds the Amount of Financial Security set forth in Article 7, paragraph (1) of the Act on Compensation (referred to simply as the "Amount of Financial Security" in Article 41, paragraph (1)), by granting the necessary funds for the relevant Nuclear Operator to compensate for damage and by conducting other that business, thereby stabilizing and improving the lives of the citizenry and contributing to the sound development of the national economy.

(Responsibility of the State)

Article 2 In view of the social responsibility that comes along with its having promoted a nuclear energy policy, the State is to take all necessary measures to enable the Nuclear Damage Compensation Facilitation Corporation to achieve the purpose described in the preceding Article.

(Legal Personality)

Article 3 The Nuclear Damage Compensation Facilitation Corporation (hereinafter referred to as the "Corporation") is a juridical person.

(Number)

Article 4 Only one Corporation may be established.

(Stated Capital)

Article 5 (1) The Corporation's stated capital is the total amount subscribed by both the government and non-governmental persons.

(2) The Corporation may, when necessary, increase its stated capital with the authorization of the competent minister.

(Name)

Article 6 (1) The Corporation must use the characters "原子力損害賠償支援機構" (pronounced "genshiryoku songai baisho shien kikou," and with a literal meaning of "nuclear damage compensation facilitation corporation") in its name.

(2) No person other than the Corporation may use the characters "原子力損害賠償支援機構" in its name.

(Registration)

Article 7 (1) The Corporation must register pursuant to the provisions of Cabinet Order.

(2) The matters that require registration pursuant to the provisions of the

preceding paragraph may not be duly asserted against a third party prior to the registration.

(Mutatis Mutandis Application of the Act on General Incorporated Associations and General Incorporated Foundations)

Article 8 The provisions of Articles 4 and 78 of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) apply mutatis mutandis to the Corporation.

## **Chapter II Establishment**

(Founders)

Article 9 For the Corporation to be established, it is required that three or more persons with expert knowledge and experience in the electricity business become its founders.

(Preparation of Articles of Incorporation)

Article 10 (1) The founders must promptly prepare articles of incorporation for the Corporation, and must solicit capital subscriptions in the Corporation from non-governmental persons.

(2) The articles of incorporation referred to in the preceding paragraph must state the following matters:

- (i) purpose;
- (ii) official name;
- (iii) office locations;
- (iv) matters related to the stated capital and capital subscription;
- (v) matters related to the management committee;
- (vi) matters related to the officers;
- (vii) matters related to business and its execution;
- (viii) matters related to finance and accounting;
- (ix) matters related to the modification of the articles of incorporation; and
- (x) means of public notice.

(Authorization for Establishment)

Article 11 When the solicitation referred to in paragraph (1) of the preceding Article has ended, the founders must promptly submit the articles of incorporation to the competent minister and apply for authorization for establishment.

(Succession of Functions)

Article 12 (1) When the founders have been granted authorization for

establishment, they must, without delay, hand over their functions to the person who is to become the president of the Corporation.

- (2) When the functions under the preceding paragraph have been handed over to the person who is to become the president of the Corporation, that person must, without delay, request payment for capital subscriptions from the government and from the non-government persons who have responded to the solicitation of capital subscriptions.

(Registration of Establishment)

Article 13 (1) When the payment for capital subscriptions under the provisions of paragraph (2) of the preceding Article has been made, the person who is to become the president of the Corporation must, without delay, register the establishment of the Corporation pursuant to the provisions of Cabinet Order.

- (2) The Corporation is established through the registration of its establishment.

### **Chapter III Management Committee**

(Establishment)

Article 14 A Management Committee is established in the Corporation.

(Authority)

Article 15 In addition to matters specified elsewhere in this Act, the following matters require a Management Committee resolution:

- (i) modification of the articles of incorporation;
- (ii) preparation or modification of operational method statement;
- (iii) preparation or modification of the budget and financial plan;
- (iv) settlement of accounts; and
- (v) any other matters that the Management Committee finds particularly necessary.

(Organization)

Article 16 (1) The Management Committee comprises up to eight committee members, and the president and directors of the Corporation.

- (2) The Management Committee has a chairperson, and the chairperson is decided through an election by and from among the committee members.
- (3) The chairperson presides over the business of the Management Committee.
- (4) The Management Committee must, in advance, decide on a person from among the committee members to perform the duties of the chairperson when the chairperson is prevented from attending to their duties.

(Appointment of Committee Members)

Article 17 A committee member is appointed by the president of the Corporation with the authorization of the competent minister, from among persons with expert knowledge and experience in the electricity business, economics, finance, law, or accounting.

(Term of Office of Committee Members)

Article 18 (1) The term of office of a committee member is two years; provided, however, that the term of office of a substitute committee member appointed in the event of a vacancy among the committee members is the remaining term of the predecessor.

(2) A committee member may be reappointed.

(Dismissal of Committee Members)

Article 19 The president of the Corporation may dismiss a committee member with the authorization of the competent minister if the committee member comes to fall under any of the following items:

- (i) the committee member has been issued an order for the commencement of bankruptcy proceedings;
- (ii) the committee member has been sentenced to imprisonment without work or a heavier punishment;
- (iii) the committee member has been found incapable of executing their duties due to a mental or physical disorder; or
- (iv) the committee member has breached an obligation in the course of their duties.

(Resolution Process)

Article 20 (1) The Management Committee may not hold a meeting, nor may any matter be brought before it for a resolution, unless, in addition to the chairperson or the person performing the duties of the chairperson who is provided for in Article 16 paragraph (4), the majority of the committee members and the president plus the directors of the Corporation are present.

(2) Management Committee decisions are made by a majority of the committee members and the president plus directors of the Corporation who are present. When the votes are equally split, the chairperson makes the final decision.

(Committee Members' Duty of Confidentiality)

Article 21 A committee member may not divulge any secret learned in the course of their duties. The same applies even after a committee member has left that position.

(Status of Committee Members)

Article 22 With regard to the application of the Penal Code (Act No. 45 of 1907) and any other penal provisions, a committee member is deemed to be an employee engaged in public service pursuant to laws and regulations.

#### **Chapter IV Officers, etc.**

##### (Officers)

Article 23 The Corporation has one president, up to four directors, and one auditor as its officers.

##### (Duties and Authority of Officers)

Article 24 (1) The president represents the Corporation and presides over its business.

(2) As determined by the president of the Corporation, the directors represent the Corporation, assist the president in administering the business of the Corporation, act on behalf of the president when they are unable to attend to their duties, and perform the duties of the president when the position is vacant.

(3) The auditor audits the Corporation's business.

(4) If the auditor finds it to be necessary based on the results of an audit, the auditor may submit an opinion to the Management Committee, to the president, or to the competent minister.

##### (Appointment of Officers)

Article 25 (1) The president and the auditor are appointed by the competent minister.

(2) A director is appointed by the president with the authorization of the competent minister.

##### (Term of Office of Officers)

Article 26 (1) The term of office of an officer is two years; provided, however, that the term of office of a substitute officer appointed in the event of a vacancy among the officers is the remaining term of the predecessor.

(2) An officer may be reappointed.

##### (Ineligibility as an Officer)

Article 27 A national or local government official (excluding persons in part-time positions) may not become an officer.

##### (Dismissal of Officers)

Article 28 (1) The competent minister or the president must dismiss the officer

they have appointed if such officer comes to fall under the provisions of the preceding Article.

- (2) The competent minister or the president may, in accordance with the rules under the provisions of Article 25, dismiss the officer they have appointed if such officer comes to fall under any of the items of Article 19, or if the competent minister or the president otherwise finds it to be inappropriate for such officer to remain an officer.

(Prohibition of Concurrent Office-Holding by Officers)

Article 29 An officer (excluding a person in a part-time position) may not become the officer of a for-profit body, nor may such officer engage in business for profit; provided, however, that this does not apply if the officer obtains the recognition of the competent minister.

(Prohibition of Concurrent Office-Holding by the Auditor)

Article 30 The auditor may not concurrently hold the position of the president, director, Management Committee member, or employee of the Corporation.

(Restriction on Authority of Representation)

Article 31 The president and directors have no representative authority with regard to a matter that constitutes a conflict of interests between the president or any director and the Corporation. In such a case, the auditor represents the Corporation.

(Appointment of Agents)

Article 32 The president may appoint an agent with the authority to undertake all acts in or out of court involved in a portion of the business of the Corporation, from among the employees of the Corporation.

(Appointment of Employees)

Article 33 The Corporation's employees are appointed by the president.

(Duty of Confidentiality of the Officers)

Article 34 The provisions of Articles 21 and 22 apply mutatis mutandis to officers and employees.

## **Chapter V Business**

### **Section 1 Scope, etc. of Business**

(Scope of Business)

Article 35 The Corporation conducts the following business in order to

accomplish the purpose prescribed in Article 1:

- (i) receipt of contributions under the provisions of the following section;
- (ii) financial assistance under the provisions of Section 3 and other business under the provisions of the same section;
- (iii) consultations under the provisions of Section 4 and other business under the provisions of the same section; and
- (iv) business incidental to the business listed in the preceding three items.

(Operational Method Statement)

Article 36 (1) When the Corporation commences business, it must prepare a operational method statement and obtain the authorization of the competent minister. The same applies when the Corporation intends to modify the statement of operational procedures.

(2) Matters related to contributions and other matters prescribed by Order of the competent ministry must be included in the statement of operational procedures referred to in the preceding paragraph.

(Collection of Reports)

Article 37 (1) When it is necessary in order for the Corporation to conduct business, the Corporation may request Nuclear Operators to submit reports or materials.

(2) A Nuclear Operator that has been requested to submit reports or materials pursuant to the provisions of the preceding paragraph must submit them without delay.

## **Section 2 Contributions**

(Payment of Contributions)

Article 38 (1) A Nuclear Operator (meaning a person set forth in the following (including a person who was formerly such a person) that is engaged in Reactor Operation, etc. (meaning Reactor Operation, etc. as prescribed in Article 2, paragraph (1) of the Act on Compensation, in connection with either a Commercial Power Reactor prescribed in item (i), or a Commercial Reprocessing Facility prescribed in item (ii); the same applies hereinafter)) must pay a contribution to the Corporation in each business year of the Corporation, to be allocated for the expenses necessary for the business of the Corporation:

- (i) a person that has received the permission set forth in Article 43-3-5, paragraph (1) of the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors (Act No. 166 of 1957; hereinafter referred to as "Nuclear Reactor Regulation Act" in this item and the

- following item) for a Commercial Power Reactor (meaning a Commercial Power Reactor prescribed in Article 43-4, paragraph (1) of Nuclear Reactor Regulation Act; the same applies in the following item); or
- (ii) a person that has received the designation set forth in Article 44, paragraph (1) of the Nuclear Reactor Regulation Act for a Commercial Reprocessing Facility (meaning a Reprocessing Facility provided for in Article 44, paragraph (2), item (ii) of the Nuclear Reactor Regulation Act and prescribed by Cabinet Order as a Reprocessing Facility that carries out Reprocessing (meaning the Reprocessing prescribed in Article 2, paragraph (10) of the Nuclear Reactor Regulation Act) for Nuclear Fuel Material (meaning Nuclear Fuel Material as prescribed in Article 3, paragraph (1), item (i) of the Atomic Energy Basic Act (Act No. 186 of 1955)) that has been used as fuel at a Commercial Power Reactor).
- (2) The contribution referred to in the preceding paragraph must be paid within the three months after the end of the relevant business year; provided, however, that an amount equivalent to half of that contribution may be paid within the three months after the day on which six months have elapsed since the day after the end date of the relevant business year.
  - (3) If a Nuclear Operator has not paid the contribution by the deadline, the Corporation must, without delay, report this to the competent minister.
  - (4) If the competent minister receives a report under the provisions of the preceding paragraph, the competent minister is to publicize this.

(Amount of Contribution)

- Article 39 (1) The amount of the contribution referred to in paragraph (1) of the preceding Article for each Nuclear Operator is the amount calculated by multiplying the Total Annual Amount of General Contributions (meaning the amount set by the Corporation through a Management Committee resolution as the total amount of contributions (excluding any Special Contribution Amount as provided for in Article 52, paragraph (1)) that the Nuclear Operators are required to pay in each business year of the Corporation; hereafter the same applies in this Article) by the Contribution Rate (meaning the percentage set by the Corporation through a Management Committee resolution for each individual Nuclear Operator, as the percentage of the Total Annual Amount of the General Contributions that each Nuclear Operator is required to pay; hereafter the same applies in this Article).
- (2) The Total Annual Amount of General Contributions must be set in accordance with the criteria prescribed by Order of the competent ministry, as that which is necessary for fulfilling the following requirements:
    - (i) in light of the long-term outlook of the expenses necessary for the Corporation's business, the Total Annual Amount of General Contributions is

- sufficient for ensuring that the relevant business will be implemented properly and securely; and
- (ii) in light of the status of income and expenditures of each Nuclear Operator, the Total Annual Amount of General Contributions poses neither the risk of obstructing the smooth management of the stable supply of electricity and other business connected with Reactor Operation, etc., nor the risk of imposing an extreme burden on the users of the relevant business.
- (3) The Contribution Rate must be set in accordance with the criteria prescribed by Order of the competent ministry in consideration of the scale, content of business, and other circumstances connected with each Nuclear Operator's Reactor Operation, etc.
  - (4) If the Corporation intends to set the Total Annual Amount of General Contributions or the Contribution Rate or to modify the same, it must obtain the authorization of the competent minister.
  - (5) If the competent minister intends to give the authorization referred to in the preceding paragraph for the Total Annual Amount of General Contributions, the competent minister must, in advance, consult with the Minister of Finance.
  - (6) When the Corporation has received the authorization referred to in paragraph (4), it must, without delay, notify the Nuclear Operators of the Total Annual Amount of General Contributions or Contribution Rate under the relevant authorization.
  - (7) If the competent minister finds it necessary in light of the status of the Corporation's implementation of business the status of business in connection with each Nuclear Operator's Reactor Operation, etc., and other circumstances, the competent minister may order the Corporation to modify the Total Annual Amount of General Contributions or the Contribution Rate.

(Late Payment Charges)

- Article 40 (1) If a Nuclear Operator does not pay its contribution by the deadline, it must pay a late payment charge to the Corporation.
- (2) The amount of a late payment charge the amount calculated by multiplying the unpaid contribution by an annual rate of 14.5% based on the number of days from the day after the deadline to the day of payment.

### **Section 3 Financial Assistance**

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

(Application for Financial Assistance)

- Article 41 (1) If the amount of compensation for damage for which a Nuclear Operator is liable pursuant to the provisions of Article 3 of the Act on Compensation (hereinafter referred to as "Required Amount of Compensation"

in this Article and Article 43, paragraph (1)) is expected to exceed the Amount of Financial Security, the Nuclear Operator may make an application to the Corporation to take the following measures (hereinafter referred to as "Financial Assistance") to contribute to ensuring the prompt and appropriate implementation of compensation for Nuclear Damage, and the smooth management of a stable supply of electricity and other business connected with Reactor Operation, etc.:

- (i) granting funds to the relevant Nuclear Operator for allocation to the performance of compensation for damage, to the extent of the amount calculated by deducting the Amount of Financial Security from the Required Amount of Compensation (hereinafter referred to as a "Granting Funds");
  - (ii) subscribing for shares issued by the relevant Nuclear Operator;
  - (iii) lending funds to the relevant Nuclear Operator;
  - (iv) acquiring bonds issued by the relevant Nuclear Operator or promissory notes prescribed by Order of the competent ministry; or
  - (v) guaranteeing obligations in connection with the borrowing of funds by the relevant Nuclear Operator.
- (2) A Nuclear Operator that makes an application under the provisions of the preceding paragraph must submit to the Corporation a document stating the following matters:
- (i) circumstances of the Nuclear Damage;
  - (ii) outlook for the Required Amount of Compensation and the strategy for implementing prompt and appropriate compensation for damage;
  - (iii) reason for the necessity of Financial Assistance, and the substance and the amount thereof; and
  - (iv) medium-term plans for the business and for income and expenditures.

(Decision on Financial Assistance)

Article 42 (1) If the Corporation has received an application under the provisions of paragraph (1) of the preceding Article, the Corporation must, without delay, following a Management Committee resolution, decide whether to provide Financial Assistance as well as deciding the substance and the amount of such Financial Assistance.

- (2) When the Corporation has reached a decision under the provisions of the preceding paragraph, it must, without delay, notify the Nuclear Operator that made the application of the matters involved in that decision, and must report this to the competent minister.
- (3) If the competent minister has received a report under the provisions of the preceding paragraph and finds it to be necessary in order to ensure the prompt and appropriate implementation of compensation for Nuclear Damage, and the smooth management of a stable supply of electricity and other business

connected with Reactor Operation, etc. by the Nuclear Operator subject to the decision to which that report pertains, the competent minister may order the Corporation to modify that decision.

(Modification of the Substance of Financial Assistance)

Article 43 (1) A Nuclear Operator that has been issued the decision to provide it with Financial Assistance under the provisions of paragraph (1) of the preceding Article may make an application for the modification of the substance or the amount of the relevant Financial Assistance if this becomes necessary due to an increase in the Required Amount of Compensation or other circumstances.

(2) A Nuclear Operator that makes the application referred to in the preceding paragraph must submit to the Corporation a document stating the matters listed in the items of Article 41, paragraph (2).

(3) If the Corporation has received the application referred to in the preceding paragraph, the Corporation must, without delay, following a Management Committee resolution, reach a decision on whether to modify the substance or the amount of the Financial Assistance to which the application pertains.

(4) The provisions of paragraphs (2) and (3) of the preceding Article apply mutatis mutandis to a decision under the provisions of the preceding paragraph.

(Return of Funds Granted)

Article 44 If the Corporation finds, in light of the status of performance in terms of the compensation for damage by a Nuclear Operator that has received Granting Funds, that all or part of the amount calculated by deducting the amount that has already been allocated for performance from the amount of the relevant Granting Funds is no longer likely to be allocated for performance, the Corporation must ask the relevant Nuclear Operator to pay that amount to the Corporation.

## **Subsection 2 Approval of Special Business Plans, etc.**

(Approval of Special Business Plans)

Article 45 (1) If the Corporation intends to reach the decision to provide Financial Assistance under the provisions of Article 42, paragraph (1), and it is necessary or is expected to be necessary for the Corporation to be delivered government bonds under the provisions of Article 48, paragraph (2) for allocation to the necessary costs of Granting Funds involved in the relevant Financial Assistance, working jointly with the Nuclear Operator that made the application for the relevant Financial Assistance, the Corporation must,

- following a Management Committee resolution, prepare a plan for the Nuclear Operator's implementation of compensation for damage and other administration of business as well as for the Financial Assistance provided to the relevant Nuclear Operator (hereinafter referred to as "Special Business Plan"), which must receive the approval of the competent minister therefor.
- (2) A Special Business Plan must state the following matters:
- (i) matters listed in Article 41, paragraph (2), item (i), item (ii) and item (iv);
  - (ii) measures for rationalization of the Nuclear Operator's operations;
  - (iii) in addition to what is listed in the preceding item, other measures such as requests by the Nuclear Operator for the cooperation of the relevant parties and other plans for securing the funds to be allocated for performance of compensation for Nuclear Damage;
  - (iv) matters related to the valuation of the Nuclear Operator's assets and the status of income and expenditures;
  - (v) measures for clarifying the operational responsibility of the Nuclear Operator;
  - (vi) substance and amount of Financial Assistance for the Nuclear Operator;
  - (vii) matters related to the amount of government bonds the Corporation hopes to be delivered and to other funding sources for the necessary costs of the Financial Assistance; and
  - (viii) other matters prescribed by Order of the competent ministry.
- (3) When the Corporation intends to prepare a Special Business Plan, in addition to strictly and objectively valuing the Nuclear Operator's assets and thoroughly reviewing the content of its operations, the Corporation must confirm whether the Nuclear Operator's requests for the cooperation of the relevant parties are appropriate and sufficient.
- (4) The competent minister may only grant the approval referred to in paragraph (1) if the competent minister finds that the Special Business Plan under the application for the approval referred to in the same paragraph falls all of the following requirements:
- (i) the Special Business Plan is appropriate for ensuring the Nuclear Operator's prompt and appropriate implementation of compensation for Nuclear Damage, and the smooth management of a stable supply of electricity and other business connected with Reactor Operation, etc.;
  - (ii) matters set forth in paragraph (2), item (ii) show that the relevant Nuclear Operator is devoting its utmost efforts to securing the funds to allocate for the performance of compensation for Nuclear Damage; and
  - (iii) the Special Business Plan is expected to be implemented smoothly and steadily.
- (5) If the competent minister intends to grant the approval referred to in paragraph (1), the competent minister must, in advance, consult with the

Minister of Finance and other heads of relevant administrative organs.

- (6) If the competent minister has granted the approval referred to in paragraph (1), the competent minister is to publicize this and the Special Business Plan under that approval (hereinafter "Approved Special Business Plan") without delay; provided, however, that this does not apply to matters with regard to which there is a risk of breaching the confidence of a trading partner of the Nuclear Operator that submitted the relevant Special Business Plan or of causing an unjust disadvantage in the Nuclear Operator's execution of business.

(Modification of an Approved Special Business Plan)

Article 46 (1) If the Corporation and a Nuclear Operator intend to modify an Approved Special Business Plan (excluding minor modifications prescribed by Order of the competent ministry), they must obtain the approval of the competent minister.

- (2) If the Corporation intends to make an application for the approval referred to in the preceding paragraph, this requires a Management Committee resolution.
- (3) Having received an application for the approval referred to in paragraph (1), the competent minister may only grant the approval referred to in the same paragraph if the competent minister finds the application to fall under all of the following requirements:
- (i) the modified Special Business Plan satisfies all of the requirements listed in the items of paragraph (4) of the preceding Article; and
  - (ii) there are compelling reasons for modifying the Approved Special Business Plan, in light of the implementation status of compensation for damage and other circumstances.
- (4) The provisions of paragraphs (5) and (6) of the preceding Article apply mutatis mutandis to the approval set forth in paragraph (1).

(Ensuring Implementation of an Approved Special Business Plan)

Article 47 (1) During the period (referred to as the "Special Period" in paragraph (3) of this Article and Article 52, paragraph (1)) from the date of the approval referred to in Article 45, paragraph (1) to the date when the competent minister finds that all of the following requirements have been satisfied and gives public notice thereof, if the competent minister finds it necessary for ensuring the implementation of an Approved Special Business Plan (or, if it has been modified, the Approved Special Business Plan post modification; hereinafter the same applies in this paragraph), the competent minister may require the Nuclear Operator that has received the approval referred to in Article 45, paragraph (1) (including the approval set forth in paragraph (1) of the preceding Article; hereinafter the same applies in Article 69, paragraph

(2)) (the relevant Nuclear Operator is hereinafter referred to as an "Approved Operator") to report on the status of the Approved Special Business Plan's implementation, and may order the relevant Approved Operator to take necessary measures:

(i) in light of the status of the Approved Operator's performance of compensation for damage and of the implementation of the Financial Assistance based on the Approved Special Business Plan (hereinafter referred to as "Special Financial Assistance"), it is found unnecessary to undertake the delivery of additional Japanese Government Bonds under the provisions of paragraph (2) of the following Article in order to conduct Granting Funds for the relevant Approved Operator in connection with the Special Financial Assistance;

(ii) the Japanese Government Bonds delivered to the Corporation pursuant to the provisions of paragraph (2) of the following Article, which have not been redeemed pursuant to the provisions of Article 49, paragraph (2), have been returned to the government; and

(iii) the total amount paid to the Treasury by the Corporation pursuant to the provisions of Article 59, paragraph (4) has reached the total amount of the government bonds redeemed pursuant to the provisions of Article 49, paragraph (2).

(2) If the competent minister has required an operator to report pursuant to the provisions of the preceding paragraph, the competent minister may publicize the relevant report.

(3) If an Approved Operator ceases to be a Nuclear Operator during the Special Period to which the relevant approval pertains, it continues to be deemed to be a Nuclear Operator during the Special Period, and the provisions of this Chapter (including penal provisions related to these provisions) apply.

### **Subsection 3 Government Aid for Special Financial Assistance**

(Delivery of Japanese Government Bonds)

Article 48 (1) The government may deliver Japanese Government Bonds to the Corporation to use in order to ensure the necessary funds to conduct Granting Funds in connection with Special Financial Assistance.

(2) The government is to issue and deliver Japanese Government Bonds to the Corporation pursuant to the provisions of the preceding paragraph within the scope of the budget.

(3) Japanese Government Bonds issued pursuant to the provisions of paragraph (1) are free of interest.

(4) Japanese Government Bonds issued pursuant to the provisions of paragraph (1) are non-transferrable, may not be made the subject of a security interest,

and may not be disposed of in any other way.

- (5) In addition to what is set forth in the provisions of the preceding three paragraphs, necessary matters in connection with Japanese Government Bonds issued pursuant to the provisions of paragraph (1) are specified by Order of the Ministry of Finance.

(Redemption of Japanese Government Bonds)

Article 49 (1) The Corporation may request to redeem Japanese Government Bonds delivered thereto pursuant to the provisions of paragraph (2) of the preceding Article, up to the amount the Corporation needs in order to conduct Granting Funds in connection with Special Financial Assistance.

- (2) If the government has received a request from the Corporation to redeem all or part of the Japanese Government Bonds delivered to the Corporation pursuant to the provisions of paragraph (2) of the preceding Article, the government must redeem these promptly.

- (3) For the purpose of clarity in accounting with regard to the measures involved in the financial measures for ensuring the prompt and appropriate implementation of compensation for Nuclear Damage pursuant to the provisions of this Act, redemption under the provisions of the preceding paragraph is defrayed out of an account established in the Energy Policy Special Account.

- (4) The defrayment out of the account prescribed in the preceding paragraph must be carried out smoothly, through the establishment of special funds, the appropriate receipt and payment of these funds, and any other necessary measures for securing funds in the account.

- (5) In addition to what is listed in the preceding paragraphs, the necessary matters in connection with the redemption of Japanese Government Bonds delivered by the government pursuant to the provisions of paragraph (2) of the preceding Article are specified by Order of the Ministry of Finance.

(Return of Japanese Government Bonds)

Article 50 (1) If any Japanese Government Bonds delivered to the Corporation pursuant to the provisions of Article 48, paragraph (2) have not been redeemed and the Corporation finds that, in light of the status of the Approved Operator's performance of compensation for damage and of the implementation of the Special Financial Assistance, it is unnecessary to make an additional request for the redemption of Japanese Government Bonds pursuant to the provisions of paragraph (1) of the preceding Article in order for the Corporation to conduct the Granting Funds for the Approved Operator involved in the Special Finance Assistance, the Corporation must return the unredeemed government bonds to the government.

- (2) When Japanese Government Bonds have been returned to the government pursuant to the provisions of the preceding paragraph, the government must immediately cancel them.
- (3) In addition to what is provided for in the preceding two paragraphs, the necessary matters in connection with the return and cancellation of Japanese Government Bonds delivered by the government pursuant to the provisions of Article 48, paragraph (2) are by Order of the Ministry of Finance.

(Granting Funds)

Article 51 When the Corporation conducts Granting Funds in connection with Special Financial Assistance, the government may grant the necessary funds to the Corporation within the scope of the budget in order to ensure the necessary funds for the Corporation to conduct the relevant Granting Funds, but only if the government finds that even after the Japanese Government Bonds under the provisions of Article 48, paragraph (2) have been delivered, there is a risk of the funds for the relevant Granting Funds being insufficient.

#### **Subsection 4 Special Provisions on the Amount of Contributions**

- Article 52 (1) Notwithstanding the provisions of Article 39, paragraph (1), the amount of contributions that an Approved Operator is required to pay in a business year of the Corporation that includes all or part of the Special Period during which the Approved Operator is under the relevant approval, is the amount calculated by adding the Special Contribution Amount (meaning the amount set by the Corporation for each business year through a Management Committee resolution, as a reasonable additional amount for the Corporation to have the Approved Operator contribute; hereinafter the same applies in this Article) to the amount calculated pursuant to the provisions of Article 39, paragraph (1).
- (2) A Special Contribution Amount must be set in accordance with the criteria prescribed by Order of the competent ministry, as that which requires the highest possible amount of contribution of an Approved Operator without causing an obstacle to ensuring the smooth management of the stable supply of electricity and other business connected with Reactor Operation, etc. in light of the status of the Approved Operator's income and expenditures.
  - (3) If the Corporation intends to set a Special Contribution Amount or to modify the same, it must obtain the authorization of the competent minister.
  - (4) If the competent minister intends to give the authorization referred to in the preceding paragraph, the competent minister must, in advance, consult with the Minister of Finance.
  - (5) Once the Corporation has received the authorization referred to in paragraph

(3), it must notify the Approved Operator of the Special Contribution Amount under that authorization without delay.

#### **Section 4 Consultation and Other Business for Contributing to the Smooth Implementation of Compensation for Damage**

(Consultation and Provision of Information)

Article 53 If the Corporation has provided Financial Assistance to a Nuclear Operator, it is to respond to consultations, provide necessary information, and give advice to persons who have incurred Nuclear Damage in connection with the relevant Nuclear Operator. In this, the Corporation may entrust the business to a third party.

(Purchase of Assets)

Article 54 (1) Based on an application of a Nuclear Operator that has received Financial Assistance, the Corporation may purchase assets held by the relevant Nuclear Operator in order to contribute to ensuring funds for allocation to the performance of compensation for Nuclear Damage connected with the relevant Financial Assistance.

(2) If the Corporation has been applied to conduct a purchase of assets referred to in the preceding paragraph, the Corporation must, without delay, following a Management Committee resolution, decide whether to purchase the relevant assets.

(3) The provisions of Article 42, paragraphs (2) and (3) apply mutatis mutandis to a decision under the provisions of the preceding paragraph.

(Payment of Compensation for Nuclear Damage by the Corporation)

Article 55 (1) Upon entrustment by a Nuclear Operator that has received Financial Assistance, the Corporation may pay all or part of the compensation for Nuclear Damage on behalf of the relevant Nuclear Operator.

(2) If the Corporation finds it to be necessary in order to make the payment under provisions of the preceding paragraph, it may make inquiries with, or request the cooperation of, government agencies, public entities, and other persons.

(3) Pursuant to the provisions of the Act on Emergency Measures Related to Damage Caused by the 2011 Nuclear Accident (Act No. 91 of 2011), upon entrustment by the competent minister pursuant to the provisions of Article 15 of the same Act or by a prefectural governor who carries out part of the functions involved in making temporary payments on behalf of a Nuclear Operator pursuant to the provisions of Article 8, paragraph (1) of the same Act, the Corporation may carry out part of the functions involved in making

temporary payments on behalf of the Nuclear Operator pursuant to the provisions of Article 3, paragraph (1) of the same Act (excluding functions involving decisions on expenditures and grants based on the Public Accounting Act (Act No. 35 of 1947)).

## **Chapter VI Finance and Accounting**

(Business Year)

Article 56 The business year of the Corporation begins on April 1 and ends on March 31 of the following year.

(Authorization of the Budget)

Article 57 (1) Every business year, the Corporation must prepare a budget and financial plan, and must obtain the authorization of the competent minister for the same before the start of that business year. The same applies if the Corporation intends to modify these.

(2) If the competent minister intends to give the authorization set forth in the preceding paragraph, the competent minister must, in advance, consult with the Minister of Finance.

(Financial Statements)

Article 58 (1) Every business year, the Corporation must prepare a balance sheet, profit and loss statement, documents on the disposition of profits or losses, any other documents prescribed by Order of the competent ministry, and their annexed detailed statements (hereinafter referred to as the "Financial Statements" in this Article), must submit them to the competent minister within three months after the end of that business year, and must obtain the recognition of the competent minister for the same.

(2) When the Corporation submits Financial Statements to the competent minister pursuant to the provisions of the preceding paragraph, it must attach a business report and statement of accounts based on the budget classifications for that business year, and the written opinion of the auditor in respect of the Financial Statements and statement of accounts, to the Financial Statements.

(3) When the Corporation receives the recognition of the competent minister under the provisions of paragraph (1), it must, without delay, give public notice of the Financial Statements in the Official Gazette, and must keep copies of business reports and statement of accounts prescribed in the preceding paragraph, and the written opinion of the auditor as well as Financial Statements at each office, and provide these for public inspection for a period of time prescribed by Order of the competent ministry.

(4) The Corporation must manage the calculation of each Nuclear Operator's

contribution.

(Treatment of Profits and Losses)

- Article 59 (1) For every business year that a profit arises in the profit and loss calculation, the Corporation must offset any loss carried over from the previous business year, and if there is any surplus even after offsetting the loss, the Corporation must keep this surplus amount as reserve funds.
- (2) For every business year that a loss arises in the profit and loss calculation, the Corporation must fix this by reducing the reserve funds under the provisions of the preceding paragraph (1), and if there is any shortage after reducing the reserve funds, the Corporation must book the amount of this shortage as a loss carried forward.
- (3) The Corporation may, within the limits of the amount prescribed by the budget, allocate the reserve funds under the provisions of paragraph (1) to the expenses necessary for the business set forth in Article 35, items (ii) and (iii).
- (4) For every business year that the Corporation has conducted Granting Funds in connection with Special Financial Assistance and in which there is a surplus under the provisions of paragraph (1), the Corporation must pay into the Treasury up to a maximum of the amount calculated by deducting the amount that has been already paid into the Treasury pursuant to the provisions of this paragraph from the total amount of Japanese Government Bonds that have already been redeemed pursuant to the provisions of Article 49, paragraph (2). In this, the phrase "if there is any surplus even after offsetting the loss" in paragraph (1) is deemed to be replaced with "if there is any surplus even after offsetting the loss and even after deducting the amount that is to be paid into the Treasury pursuant to the provisions of paragraph (4)."
- (5) Payment procedures and any other necessary matters concerning payment under the provisions of the preceding paragraph are prescribed by Cabinet Order.

(Borrowings and Nuclear Damage Compensation Facilitation Corporation Bonds)

- Article 60 (1) The Corporation may, with the authorization of the competent minister, borrow funds (including refinancing) from a financial institution or other person, or issue Nuclear Damage Compensation Facilitation Corporation Bonds (hereinafter referred to as "Corporation Bonds") (including issuing them in order to refund Corporation Bonds). In this, the Corporation may issue debenture certificates for the Corporation Bonds.
- (2) If the competent minister intends to give the authorization set forth in the preceding paragraph, the competent minister must consult with the Minister of Finance in advance.

- (3) The total of the current amount of the borrowings under the provisions of paragraph (1) and the current amount of the obligations connected with the principal of Corporation Bonds issued pursuant to the provisions of the same paragraph must not exceed the amount prescribed by Cabinet Order.
- (4) The creditors of the Corporation Bonds under the provisions of paragraph (1) have the right to receive payment of their claims in preference to other creditors with regard to the property of the Corporation.
- (5) The statutory lien referred to in the preceding paragraph is ranked next in priority to the general statutory lien under the provisions of the Civil Code (Act No. 89 of 1896).
- (6) The Corporation may, with the authorization of the competent minister, entrust all or part of the functions involved in the issuance of Corporation Bonds to a bank or to a trust company.
- (7) The provisions of Article 705, paragraphs (1) and (2), and Article 709 of the Companies Act (Act No. 86 of 2005) apply mutatis mutandis to a bank or a trust company that has been entrusted pursuant to the provisions of the preceding paragraph.
- (8) In addition to what is provided for in paragraphs (1) and (2), and paragraphs (4) through (7), any necessary matters in connection with Corporation Bonds are prescribed by Cabinet Order.

(Government Guarantee)

Article 61 Notwithstanding the provisions of Article 3 of the Act on Restrictions on Financial Assistance by the Government to Corporations (Act No. 24 of 1946), the government may guarantee obligations for the Corporation's borrowings or Corporation Bonds referred to paragraph (1) of the preceding Article, within the scope of the amount approved by Diet resolution.

(Investment of Surplus Funds)

Article 62 The Corporation may not invest surplus funds from its business other than by the following means:

- (i) holding Japanese Government Bonds and securities designated by the competent minister;
- (ii) depositing surplus funds in a financial institution designated by the competent minister; or
- (iii) any other means prescribed by Order of the competent ministry.

(Delegation to Order of Ministry)

Article 63 In addition to what is provided for in this Act, any necessary matters in connection with the Corporation's finances and accounting are prescribed by Order of the competent ministry.

## **Chapter VII Supervision**

### **(Supervision)**

Article 64 (1) The Corporation is supervised by the competent minister.

(2) If the competent minister finds it necessary for the enforcement of this Act, the competent minister may issue the Corporation any order that is necessary for the supervision of its business.

### **(Report and Inspections)**

Article 65 (1) If the competent minister finds it necessary for the enforcement of this Act, they may order the Corporation to submit a report on its business, or may have ministry officials enter the Corporation's offices to inspect its books, documents, or any other objects.

(2) An official carrying out an entry or inspection pursuant to the provisions of the preceding paragraph must carry a certificate for identification, and present it to the relevant parties.

(3) The authority for an on-site inspection pursuant to the provisions of paragraph (1) must not be construed as having been accorded for a criminal investigation.

## **Chapter VIII Miscellaneous Provisions**

### **(Modification of the Articles of Incorporation)**

Article 66 A modification of the articles of incorporation does not become effective without the authorization of the competent minister.

### **(Dissolution)**

Article 67 (1) If the Corporation has dissolved and there are residual assets after it has performed its obligations, the Corporation is to distribute these to each of the capital subscribers to the extent of the amounts of their capital subscription.

(2) In addition to what is specified in the preceding paragraph, matters concerning the dissolution of the Corporation are specified in a separate Act.

### **(Granting Funds by the Government)**

Article 68 The government may grant the necessary funds to the Corporation within the scope of the amount set forth in the budget, but only if it is found that, in light of the occurrence of extremely large-scale Nuclear Damage or any other circumstances, setting the amount of contributions that would be sufficient for ensuring that the Corporation's business will be implemented

properly and securely would obstruct the smooth management of the stable supply of electricity and other business connected with Reactor Operation, etc., or set an excessive amount of contribution that would impose an extreme burden on the users of the relevant business, and thereby pose the risk of causing serious disruption in the lives of the citizenry and the national economy.

(Special Provisions on Corporation Tax)

Article 69 (1) When a Nuclear Operator pays a contribution to be allocated to the expenses necessary for the Corporation's business for its business year based on the provisions of Article 38, the amount of the contribution it pays is included in the amount of deductible expenses for the calculation of the amount of the Nuclear Operator's income in the business year (meaning a business year as defined in Articles 13 and 14 of the Corporation Tax Act (Act No. 34 of 1965); the same applies in the following paragraph), or for the calculation of the amount of its Consolidated Income (meaning Consolidated Income as defined in Article 2, item (xviii)-4 of the same Act; hereinafter the same applies in the following paragraph) in the Consolidated Business Year (meaning a Consolidated Business Year as defined in Article 15-2 of the same Act; hereinafter the same applies in the following paragraph) to which the last day of the Corporation's business year belongs.

(2) If a Nuclear Operator has received the approval referred to in Article 45, paragraph (1), for the amount of its gains from the Special Financial Assistance (limited to the measure set forth in Article 41, paragraph (1), item (i)), the amount of funds it has been granted by the Corporation is included in the amount of gross revenue for the calculation of the amount of the Nuclear Operator's income in the business year, or for the calculation of the amount of its Consolidated Income in the Consolidated Business Year to which the day on which it received the relevant grant belongs.

(3) The necessary matters for the application of the provisions of the preceding two paragraphs are prescribed by Cabinet Order.

(Special Provisions on the Registration and License Tax)

Article 70 If the Corporation purchases assets from an Approved Operator that has received Granting Funds in connection with Special Financial Assistance pursuant to the provisions of Article 54, paragraph (1), the registration of a transfer of rights to real property in conjunction with the purchase of the relevant assets is not subject to the registration and license tax, provided that the registration is made within three months from the purchase pursuant to the provisions of Order of the Ministry of Finance.

(Delegation to Order of the Competent Ministry)

Article 71 In addition to what is set forth in this Act, any necessary matters in connection with the enforcement of this Act are prescribed by Order of the competent ministry.

(Competent Minister and Order of the Competent Ministry)

Article 72 The competent minister and Order of the competent ministry referred to in this Act are prescribed by Cabinet Order.

### **Chapter IX Penal Provisions**

Article 73 A person that has divulged a secret learned in the course of duties, in violation of Article 21 (including as applied *mutatis mutandis* pursuant to Article 34), is subject to imprisonment with work for up to one year or a fine of up to five hundred thousand yen.

Article 74 A person that has failed to file a report under the provisions of Article 47, paragraph (1) or that has filed a false report is subject to a fine of up to five hundred thousand yen.

Article 75 In a case that falls under any of the following items, the officer or employee of the Corporation who has committed such violation is subject to a fine of up to five hundred thousand yen:

- (i) if the Corporation has failed to file the report under the provisions of Article 42, paragraph (2) (including as applied *mutatis mutandis* pursuant to Article 43, paragraph (4) and Article 54, paragraph (3)), or has filed a false report; or
- (ii) if the Corporation has failed to file the report under the provisions of Article 65, paragraph (1), has filed a false report, or has refused, obstructed, or evaded an inspection under the provisions of the same paragraph.

Article 76 A person that has failed to file a report or submit materials under the provisions of Article 37, paragraph (2), that has filed a false report, or that has submitted a false material is subject to a fine of up to three hundred thousand yen.

Article 77 If the representative of a corporation or the agent, employee, or other worker of a corporation or individual has violated Article 74 or the preceding Article in connection with said corporation's or individual's business, in addition to the punishment to which the offender is subject, said corporation or individual is subject to the punishment prescribed in the same Article.

Article 78 In a case that falls under any of the following items, the officer of the Corporation who has committed such violation is subject to a civil fine of up to five hundred thousand yen:

- (i) if the Corporation is required to receive the authorization or recognition of the competent minister by this Act, but has not received the authorization or recognition;
- (ii) if the Corporation has failed register, in violation of the Cabinet Order under the provisions of Article 7, paragraph (1);
- (iii) if the Corporation has conducted business other than the business prescribed in Article 35;
- (iv) if the Corporation has failed to file a report or has filed a false report, in violation of the provisions of Article 38, paragraph (3);
- (v) if the Corporation has violated an order of the competent minister pursuant to the provisions of Article 38, paragraph (7), Article 42, paragraph (3) (including as applied mutatis mutandis pursuant to Article 43, paragraph (4) and Article 54, paragraph (3)) or Article 64, paragraph (2);
- (vi) if, in violation of Article 58, paragraph (3), the Corporation has failed to keep documents or has failed to provide them for public inspection; or
- (vii) if the Corporation has invested surplus funds from its business in violation of the provisions of Article 62.

### **Supplementary Provisions [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the day of its promulgation; provided, however, that the provisions of Article 55, paragraph (3) come into effect as of the effective date of the Act on Emergency Measures Related to Damage Caused by the 2011 Nuclear Accident or the effective date of this Act, whichever comes later.

(Transitional Measures)

Article 2 The provisions of Article 6, paragraph (2) do not apply for a period of six months counting from the effective date, to a person using the characters "原子力損害賠償支援機構" (pronounced "genshiryoku songai baisho shien kikou" and with a literal meaning of "nuclear damage compensation facilitation corporation") in its name at the time when this Act comes into effect.

Article 3 (1) The provisions of Article 41 also apply to Nuclear Damage that has occurred prior to the enforcement of this Act.

(2) A Nuclear Operator that makes an application to the Corporation for Financial Assistance in connection with Nuclear Damage that occurred prior to

the enforcement of this Act must rationalize its management and clarify its management responsibility thoroughly, and must also request the necessary cooperation from its shareholders and any other interested parties so as to promptly and appropriately implement compensation for the Nuclear Damage.

Article 4 Notwithstanding the provisions of Article 56, the first business year of the Corporation begins on the date of its establishment and ends on the first March 31 thereafter.

Article 5 With regard to the budget and financial plans for the first business year of the Corporation, the phrase "before the start of that business year" in Article 57, paragraph (1) is deemed to be replaced with "without delay after the establishment of the Corporation."

(Review)

Article 6 (1) As soon as possible after the enforcement of this Act, in light of the verification of the causes, etc. of the accident at the nuclear power plant that occurred on March 11, 2011 following the Great East Japan Earthquake (hereinafter referred to as "the 2011 Nuclear Accident"), in light of the implementation status of compensation for Nuclear Damage in connection with the 2011 Nuclear Accident, and in light of economic and financial conditions, etc., the government is to review the best way of addressing such matters as State responsibility under the system of compensation for Nuclear Damage and State participation in and responsibility for the restoration, etc. in the event of an accident at a nuclear power plant from the perspective of clarifying the same, and also review the establishment of organizations for the prompt and appropriate resolution of disputes involving compensation for Nuclear Damage, and is to take the necessary measures based on the results of these reviews, including a fundamental re-examination of the amendment, etc. of the Act on Compensation.

(2) At an early date after the enforcement of this Act, in light of the verification of the causes, etc. of the 2011 Nuclear Accident, the implementation status of compensation for Nuclear Damage in connection with the 2011 Nuclear Accident, and economic and financial conditions, etc., the government is to review the status of enforcement of this Act from the perspective of minimizing the burden on the citizens, including the best way of addressing such matters as the burden shared among the Nuclear Operator receiving Financial Assistance, the government, and other Nuclear Operators for the expenses needed for Financial Assistance in connection with the 2011 Nuclear Accident, and the burden on the shareholders and any other interested parties of the Nuclear Operator receiving Financial Assistance, and is to take the necessary

measures based on the results of this review.

- (3) From the perspective of contributing to stability and improvement in the lives of the citizenry and to the sound development of the national economy, in light of reviews of into the best way of addressing an energy policy that includes streamlining the systems for the electricity supply, the government is to review the best way of addressing such matters as State responsibility in nuclear policy, and is to take necessary measures based on the result of this review, including a fundamental re-evaluation of Acts related to nuclear power.