

# Limited Liability Partnership Act

(Act No. 40 of May 6, 2005)

## Chapter I General Provisions

### (Purpose)

Article 1 The purpose of this Act is to promote sound development of business activities jointly carried out by an individual or a juridical person by establishing a system regarding partnership agreements for jointly conducting business activities for profit, which agreements provide that the liability of a partner is limited to its capital contribution amount, and thereby contributing to the furtherance of the economic vitality of our country.

### (Definition)

Article 2 The term "limited liability partnership" as used in this Act means a partnership formed under a limited liability partnership agreement as set out in paragraph 1 of the following Article.

### (Limited Liability Partnership Agreement)

Article 3 (1) A limited liability partnership agreement (hereinafter referred to as a "partnership agreement") becomes effective when it is agreed that an individual or a juridical person will make a capital contribution and each of the parties will jointly conduct profit-oriented business activities in which its maximum liability is limited to its capital contribution value, and when each of the parties fully performs to make payment or delivery in relation to its own capital contribution.

(2) One or more of the parties to a Partnership Agreement must be an individual who has an address in Japan, or has, up to the present, resided in Japan for one (1) year or more (referred to as a "resident" in Article 37), or is a juridical person that has its head office or principal office in Japan (referred to as a "domestic corporation" in the same Article).

(3) A partnership agreement may not be abused for the purpose of unjustly escaping from obligations.

### (Preparation of Written Partnership Agreement)

Article 4 (1) Persons who intend to execute a partnership agreement must prepare a written contract of the partnership agreement (hereinafter referred to as a "written partnership agreement"), and all of the parties must either sign their names on or affix their names and seals to the written partnership

agreement.

- (2) A written partnership agreement may be prepared in the form of electronic or magnetic record (meaning a record that is prepared by means of an electronic method, a magnetic method or any other method not perceivable by human senses and that is used for information processing by computers, as provided by Order of the Ministry of Economy, Trade and Industry; hereinafter the same applies in this paragraph and in Article 31). In this case, with respect to the information recorded in the relevant electronic or magnetic records, the parties must take such measures, in lieu of affixing the name and seal, as prescribed by Order of the Ministry of Economy, Trade and Industry.
- (3) The matters listed below must be stipulated or recorded in the written partnership agreement:
  - (i) the businesses of the limited liability partnership (hereinafter referred to as "partnership");
  - (ii) the name of the partnership;
  - (iii) the district in which the office of the partnership is located;
  - (iv) the names, or corporate names, and the addresses of the partners;
  - (v) the date on which the partnership agreement takes effect;
  - (vi) the duration of the partnership;
  - (vii) the object and value of the partner's capital contributions; and
  - (viii) the business year of the partnership.
- (4) The period of the business year of the partnership as set out in item (viii) of the preceding paragraph may not exceed one (1) year.
- (5) Beyond the matters listed in each item of paragraph (3) of this Article, any matter may be stipulated or recorded in the written partnership agreement unless they are in violation of the terms of this Act.

#### (Modification of Partnership Agreement)

- Article 5 (1) The consent of all partners is required to make any modification (except for modification to the matters listed in item (iv) of paragraph (3) of Article 4 due to withdrawal pursuant to Article 25 or Article 26) to the partnership agreement in relation to the matters that must be stipulated or recorded in the written partnership agreement (except for the matter listed in item (v) of paragraph (3) of the preceding Article).
- (2) Notwithstanding the preceding paragraph, a written partnership agreement may provide that the consent of all partners is not required to make any modification to the partnership agreement with respect to the matters listed in item (iii) or (viii) of paragraph (3) of Article 4 or the matters stipulated or recorded pursuant to paragraph (5) of Article 4 (if the written partnership agreement provides for a proportion of distribution of profits and losses of the partners as set out in Article 33, excluding the matters concerning the relevant

proportion).

- (3) If any modification has occurred to the matters stipulated or recorded in a written partnership agreement, such modification must be without delay made to the stipulation or record set out in the written partnership agreement.

(Notices or Peremptory Notices to Partnership)

Article 6 It is sufficient that a notice or peremptory notice to be made to a partnership is addressed to the location of an office of the partnership or to the address of a partner (and if a partner is a juridical person, then a person appointed pursuant to paragraph (1) of Article 19 who is to perform the duties of the relevant partner).

(Restrictions on Businesses of the Partnership)

Article 7 (1) Partners may not manage the following businesses as the partnership's businesses:

- (i) businesses, as prescribed by Cabinet Order, that by their nature are not proper for the maximum liability of a partner to be limited to its capital contribution value; and
- (ii) businesses, as prescribed by Cabinet Order, that might cause unjustifiable damage to a creditor of a partnership.

- (2) Partners may not ratify businesses conducted in violation of the provisions of the preceding paragraph.

(Registration)

Article 8 (1) Matters required to be registered pursuant to the provisions of this Act may not be perfected against a third party in good faith until after registration. Even after the registration, the same applies in cases where a third party was unaware of such matters being registered for legitimate grounds

- (2) A person that, intentionally or due to negligence, has made a false registration on a matter may not perfect against a third party in good faith that the matter is false.

(Name)

Article 9 (1) A partnership must include in its name the phrase "limited liability partnership."

- (2) An entity which is not a partnership may not include in its name the phrase "limited liability partnership."

- (3) The provisions of Article 8 of the Companies Act (Act No. 86 of 2005) apply mutatis mutandis with respect to the name of a partnership.

(Commercial Acts)

Article 10 The acts conducted by the partners as the partnership's businesses are considered as commercial acts.

## **Chapter II RIGHTS AND OBLIGATIONS OF PARTNERS**

(Capital Contribution by Partners)

Article 11 A partner's capital contribution to the partnership may be made only in the form of cash or other properties.

(Decision on Execution of Business of the Partnership)

Article 12 (1) In order to decide execution of business of the partnership's businesses, the consent of all partners is required; provided, however, that the written partnership agreement does not preclude that the consent of all partners is not required to decide matters other than the following matters:

- (i) disposition or acceptance of any material property; and
- (ii) borrowing in a significant amount.

(2) Notwithstanding the provisions of the preceding paragraph, the written partnership agreement may provide that the consent of all partners is not required to decide the matters set out in each item of paragraph (1) of this Article as provided by Order of the Ministry of Economy, Trade and Industry; provided, however, that such decisions require the consent of not less than two-thirds of all partners.

(Management of the Partnership)

Article 13 (1) A partner has the right and the obligation to execute the partnership's businesses in accordance with the decisions made pursuant to the provisions of the preceding Article.

(2) A partner may delegate only a part of execution of business of the partnership's businesses.

(3) Restrictions on the right of a partner to manage the partnership's businesses may not be perfected against a third party in good faith.

(Ordinary Business)

Article 14 Each partner may manage ordinary business of the partnership in its sole discretion notwithstanding the preceding two Articles; provided, however, that this does not apply where any other partner objects to such act of the partner before its completion.

(Liability of Partners)

Article 15 A partner is liable for the partnership's obligations only to the extent

of its capital contribution value.

(Responsibility of Partners for Contribution)

Article 16 In cases where a partner has contributed a claim in kind, if the debtor of the relevant claim fails to make the repayment at the time for the performance of the obligation, the partner is responsible for the repayment. In this case, the partner must compensate for damages in addition to the payment of interest.

(Compensation for Damages relating to the Partnership's Business)

Article 17 If a third party suffers damages in connection with the partnership's businesses, the partners are responsible to compensate for the relevant damages by using the partnership property.

(Liability of Partners or Similar Persons for Damages to Third Parties)

Article 18 (1) If a partner or a person appointed pursuant to paragraph (1) of the following Article who is to perform the duties of a partner (referred to as a "partner or similar person" in this Article,) has performed their duties with knowledge or with gross negligence, the relevant partner or similar person is responsible to compensate for damages suffered by a third party arising therefrom.

(2) In the case referred to in the preceding paragraph, if any other partner or similar person is responsible to compensate for the relevant damages, such other partners and similar persons will be joint and several obligors.

(Special Provisions where a Corporation is a Partner)

Article 19 (1) If a juridical person is a partner, that juridical person must appoint a person who is to perform the duties as the partner and give notice to other partners of the name and address of that person.

(2) The provisions of Article 671 of the Civil Code (Act No. 89 of 1896) apply mutatis mutandis with respect to the person appointed pursuant to the provisions of the preceding paragraph who is to perform the duties of a partner.

(Obligations to Separately Manage Partnership Properties)

Article 20 The partners must manage the partnership property separately from their own properties and the partnership properties of other partnerships.

(Limitations on Persons who may Perform Compulsory Execution)

Article 21 (1) If a party designated in a title of obligation, an order of provisional attachment or an order of provisional disposition is a partnership, then compulsory execution, or provisional attachment or provisional disposition,

may be effected against or on behalf of the following persons:

- (i) a partner of the relevant partnership;
  - (ii) a successor to a person referred to in the preceding item after accrual of the title of obligation (in cases of the title of obligation referred to in item (i), (ii) or (vi) of Article 22 of the Civil Execution Act (Act No. 4 of 1979), a successor after the conclusion of oral argument).
- (2) Compulsory execution by virtue of the title of obligation prescribed in the preceding paragraph may be effected against any person who possesses the subject matter of the claim on behalf of a person referred to in each item of the preceding paragraph.

(Prohibition of Compulsory Execution on Partnership Properties)

Article 22 (1) No compulsory execution, provisional attachment or provisional disposition may be effected against the partnership property, nor may the partnership property be publicly auctioned except under a right arising from the cause prior to such properties becoming a partnership property or a right arising in connection with the partnership's businesses.

- (2) The partners may make their objections to compulsory execution, provisional attachment, provisional disposition or public auction that has been effected in violation of the provisions of the preceding paragraph.
- (3) The provisions of Article 38 of the Civil Execution Act and Article 45 of the Civil Provisional Remedies Act (Act No. 91 of 1989) apply mutatis mutandis with respect to the objections pursuant to the preceding paragraph. In this case, the term "a third party who has ownership of the subject matter of the compulsory execution or any other rights preventing the transfer or delivery of such subject matter" mentioned in paragraph 1 of Article 38 of the Civil Execution Act is deemed to be replaced with "a partner of a limited liability partnership," and the term "the third party" mentioned in paragraph (2) of the same Article is deemed to be replaced with "a partner of a limited liability partnership."

(A Person Performing the Duties of a Partner)

Article 23 (1) A person performing the duties of a partner elected by an order of provisional disposition must obtain, unless otherwise provided for in the order of provisional disposition, the permission of the court in order to perform any acts that are not part of the ordinary business of the partnership.

- (2) Any actions taken by a person performing the duties of a partner in violation of the provisions of the preceding paragraph are to be invalid; provided, however, that the partner may not perfect any such invalidity of such actions against a third party in good faith.
- (3) With regard to the permission of the court as set out in paragraph (1), the

provisions of paragraph (1) of Article 868, Article 869, Article 871, Article 874 (limited to the parts regarding item (iv)), Article 875 and Article 876 of the Companies Act apply mutatis mutandis. In this case, all necessary technical replacements of terms are prescribed by Cabinet Order.

### **Chapter III ADMISSION AND WITHDRAWAL OF PARTNERS**

(Admission of Partners)

Article 24 (1) The partners may admit new partners to a partnership.

(2) If a person who intends to be a new partner fails to perform all or part of payment or delivery of its capital contribution when a partnership agreement is modified in relation to the admission, such person will become a partner when such person completes payment or delivery of its capital contribution.

(Voluntary Withdrawal)

Article 25 No partner may withdraw from a partnership except in unavoidable circumstances, unless otherwise provided for in the written partnership agreement.

(Statutory Withdrawal)

Article 26 Beyond what is provided for in the preceding Article, a partner withdraws from the partnership due to any of the following events:

- (i) death;
- (ii) receipt of a declaring of the commencement of bankruptcy procedures;
- (iii) receipt of a ruling of the commencement of guardianship; or
- (iv) expulsion.

(Expulsion)

Article 27 (1) Expulsion of a partner may be effected with the unanimous consent of the other partners only with justifiable cause including, without limitation, the cause that such partner fails to perform its duties; provided, however, that the written partnership agreement may provide that the unanimous consent of the other partners is not required.

(2) In the case referred to in the preceding paragraph, if no notice of expulsion has been given to an expelled partner, expulsion of such partner may not be perfected against such partner.

### **Chapter IV SETTLEMENT OF ACCOUNTS, ETC.**

(Accounting Principles)

Article 28 The accounting of the partnership is to be governed by generally

accepted corporate accounting practices as well as this Act and the Order of the Ministry of Economy, Trade and Industry made under this Act.

(Preparation and Preservation of Accounting Books)

Article 29 (1) The partners must prepare accounting books of a partnership as provided by Order of the Ministry of Economy, Trade and Industry.

(2) The accounting books of a partnership set out in the preceding paragraph must include the value of capital contribution performed by each partner and other matters prescribed by Order of the Ministry of Economy, Trade and Industry.

(3) The partners who have prepared accounting books of a partnership must deliver a copy of such accounting books to each partner as provided by Order of the Ministry of Economy, Trade and Industry.

(4) The partners must preserve accounting books of a partnership and material documents regarding the partnership's business for ten (10) years from the closing of such accounting books as provided by Order of the Ministry of Economy, Trade and Industry.

(Order of Submission of Accounting Books)

Article 30 A court may, upon the petitions or by its authority, order a party to a lawsuit to submit all or part of the accounting books of a partnership.

(Keeping and Inspection of Financial Statements)

Article 31 (1) The partners must prepare balance sheet of a partnership as of the date of formation of the partnership promptly after the formation of the partnership as provided by Order of the Ministry of Economy, Trade and Industry.

(2) The partners must, within two (2) months from the end of each business year, prepare balance sheet, profit and loss statement and their annexed detailed statement of a partnership for the relevant business year as provided by Order of the Ministry of Economy, Trade and Industry.

(3) Balance sheets and profit and loss statements, as well as their annexed detailed statements to be prepared pursuant to the preceding two paragraphs (the "financial statements"), may be prepared in the form of electronic or magnetic records.

(4) The partners must keep the financial statements at the principal office for ten (10) years from the preparation thereof.

(5) In the case referred to in the preceding paragraph, the partners must keep a copy of the written partnership agreement as well.

(6) A creditor of a partnership may make the following demands with respect to the financial statements (limited to those within five (5) years from the

preparation thereof) and the written partnership agreement at any time during business hours of the partnership:

- (i) if the financial statements and the written partnership agreement have been prepared in paper form, a demand for the inspection or copying of such paper document; and
- (ii) if the financial statements and the written partnership agreement have been prepared in the form of an electronic or magnetic records, a demand for the inspection or copying of the matters recorded in the relevant electronic or magnetic records, as presented in the manner provided by Order of the Ministry of Economy, Trade and Industry.

(Order of Submission of Financial Statements)

Article 32 A court may, upon petition or by its authority, order a party to a lawsuit to submit all or part of its financial statements.

(Partners' Proportion of Distribution of Profits and Losses)

Article 33 The proportion of distribution of profits and losses of the partners is, with the consent of all partners, determined in proportion to the value of capital contributions made by each partner as indicated in the accounting books, unless otherwise provided for in accordance with Order of the Ministry of Economy, Trade and Industry.

(Restrictions on Distribution of Properties)

Article 34 (1) The partnership property may not be distributed in an amount exceeding the distributable amount (meaning an amount calculated as an amount distributable to the partners within the amount of the net assets in the manner provided by Order of the Ministry of Economy, Trade and Industry; hereinafter the same applies in the following Article) as of the date of distribution.

(2) The consent of all partners is required to distribute the partnership property in an amount exceeding the amount calculated as an amount equal to surplus of a partnership as of the date of distribution in the manner provided by Order of the Ministry of Economy, Trade and Industry.

(3) In the case referred to in the preceding paragraph, the partners must stipulate the amount obtained by deducting the amount set out in the preceding paragraph from the book value of the partnership property to be distributed in the written partnership agreement as provided by Order of the Ministry of Economy, Trade and Industry.

(Liability for Distribution of Properties)

Article 35 (1) If the book value of the distributed partnership property (referred

to as the "distributed amount" in this Article and the following Article) exceeds the distributable amount as of the date of distribution, the partners who receive such distribution are jointly and severally obliged to pay cash equal to the distributed amount to the partnership.

- (2) In the case prescribed in the preceding paragraph, the partners who receive the relevant distribution are jointly and severally liable for repayment of the partnership's obligations only to the extent of the excess of the distributed amount over the distributable amount (except for the amount that has been performed by such partners under the preceding paragraph).

(Liability for Loss)

Article 36 (1) In cases where the partners receive a distribution of the partnership property, if the amount of loss (meaning, if the amount of liabilities exceeds the amount of assets in the balance sheet, an amount obtained by deducting the amount of the assets from the amount of liabilities; hereinafter the same applies in this Article) arises on the last day of the business year to which the date on which the partners receive such distribution belongs, the partners who receive the relevant distribution are jointly and severally obliged to pay the amount of loss (or, if the amount of loss exceeds the distributed amount, the distributed amount; hereinafter the same applies in the following paragraph); provided, however, that this does not apply to cases where a partner proves that such partner did not fail to pay due care in distributing the partnership property.

- (2) If the partners are liable for payment of the amount of loss to the partnership pursuant to the provisions of the preceding paragraph, the partners who receive such distribution will be jointly and severally liable for repayment of the partnership's obligations only to the extent of the amount of loss (except for the amount that has been performed by such partners under the preceding paragraph).

## **Chapter V DISSOLUTION AND LIQUIDATION OF A PartNERSHIP**

(Dissolution Events)

Article 37 A partnership dissolves on the occurrence of any of the following events; provided, however, that with respect to the events listed in item (ii) or (iii) below, this does not apply if new partners (with respect to the events listed in item (iii) below, partners who are residents or domestic corporations) are admitted within two (2) weeks from the date on which such event occurred and on or before the date of the registration of dissolution:

- (i) achievement of its business purposes or if such achievement becomes impossible;

- (ii) if there being only one remaining partner;
- (iii) violation of paragraph 2 of Article 3;
- (iv) expiration of the duration of a Partnership;
- (v) consent of all partners; or
- (vi) if any event other than those listed in each of the preceding items is stipulated to be an event of dissolution in the written partnership agreement, the occurrence of such event.

(Partnership in Liquidation)

Article 38 A partnership which is dissolved pursuant to the preceding Article is deemed to continue to exist, even after its dissolution, to the extent necessary for the purposes of its liquidation until the liquidation is concluded.

(Liquidators)

Article 39 (1) If a partnership is dissolved, partners become liquidators; provided, however, that this does not apply in cases where a liquidator has been appointed by a majority vote of all partners.

(2) If a liquidator has not been determined pursuant to the provisions of the preceding paragraph, a court, upon the motion of any interested person, appoints a liquidator.

(3) If a court appoints a liquidator pursuant to the provisions of the preceding paragraph, the partners may be permitted to determine the amount of compensation payable to the relevant liquidator.

(Dismissal of Liquidators)

Article 40 (1) A liquidator (except for a liquidator elected by the court pursuant to paragraph (2) of the preceding Article) may be dismissed at any time.

(2) Dismissal as provided by the preceding paragraph is determined by a majority vote of all partners, unless otherwise provided for in the written partnership agreement.

(3) If any material grounds exist, the court may dismiss a liquidator upon the motion of any interested person, which includes a partner.

(Manner of Execution of Business\ by Liquidators)

Article 41 (1) If there are two or more liquidators, execution of business relating to the liquidation is decided by a majority of such liquidators; provided, however, that each liquidator may manage ordinary business of the liquidation in its sole discretion unless any other liquidator objects to such an act of the liquidator before its completion.

(2) The liquidator manages the business of the partnership in liquidation in accordance with the decisions made as provided by the main clause of the

preceding paragraph.

- (3) The provisions of Article 671 of the Civil Code apply mutatis mutandis to liquidators.

(Liability of Liquidator or Similar Person for Compensation for Damages to a Third Party)

Article 42 (1) If a liquidator or a person appointed pursuant to paragraph 1 of the following Article who is to perform the duties of a liquidator (referred to as "liquidator or similar person" in this Article, a) has performed their duties with knowledge or with gross negligence, the relevant liquidator or similar person will be responsible to compensate for damages suffered by a third party arising therefrom.

- (2) In cases under the preceding paragraph, if any other liquidator or similar person is liable for the relevant damages, such liquidators and similar persons will be joint and several obligors.

(Special Provisions where a Corporation is a Liquidator)

Article 43 (1) If a juridical person is a liquidator, the relevant juridical person must appoint a person who is to perform the duties as the liquidator, and give notice to the partners of the name and address of such person.

- (2) The provisions of Article 671 of the Civil Code apply mutatis mutandis with respect to the person appointed pursuant to the preceding paragraph who is to perform the duties of a liquidator.

(Preparation of Inventory of Assets)

Article 44 (1) The liquidator must, without delay after assuming office as such, make an investigation of the current status of the assets of the partnership in liquidation, prepare an inventory of property and balance sheet (hereinafter referred to as the "inventory of assets ") as of the date on which the partnership falls under any of the events referred to in each item of Article 37 as provided by Order of the Ministry of Economy, Trade and Industry, and notify each partner of the details of the inventory of assets.

- (2) The liquidator must preserve the inventory of assets for a period from the time at which the liquidator prepares the inventory of assets to the time at which the completion of liquidation is registered in the district in which the principal office of the partnership in liquidation is located.
- (3) The liquidator must, at the demand of a partner, report monthly on the status of the liquidation.

(Order of Submission of Inventor of Assets)

Article 45 A court may, upon petition or by its authority, order a party to a

lawsuit to submit all or part of the inventory of assets.

(Public Notice to Creditors)

Article 46 (1) A liquidator must, without delay after assumption of office as such, give a public notification in the official gazette to the effect that the creditors of the partnership are called on to present their claims within a specified period, and give individual peremptory notices to the same effect to the known creditors; provided, however, that such specified period may not be less than two (2) months.

(2) It must be also stated in the public notice as provided pursuant to the preceding paragraph that such creditor failing to present his or her claim within the specified period will be excluded from the liquidation.

(Restrictions on Repayment of Obligations)

Article 47 (1) A liquidator may not make any repayment of obligations of the partnership in liquidation within the period set out in paragraph 1 of the preceding Article. In this case, a partner of the partnership in liquidation is not relieved from its liabilities resulting from a default in repayment of such obligation.

(2) Notwithstanding the provisions of the preceding paragraph, a liquidator may, with the permission of the court, even within the period as set out in paragraph (1) of the preceding Article, make repayments of obligations in respect of claims of small amounts, claims secured by security right created over the assets of the partnership in liquidation or other claims that may not harm other creditors even if the obligations are to be repaid. In this case, if there are two or more liquidators, motion for the permission must be made only upon the consent of all liquidators.

(Repayment of Obligations for Conditional Claims)

Article 48 (1) A liquidator may make repayments of obligations in respect of a conditional claim, a claim with an indefinite duration or any other claim the amount of which is indefinite. In this case, a liquidator must file a motion to the court for appointment of an appraiser to appraise the value of these claims.

(2) In the case referred to in the preceding paragraph, a liquidator must make repayments of obligations in respect of the claims set out in the preceding paragraph in accordance with the appraisal of an appraiser mentioned in the preceding paragraph.

(3) The expenses in connection with the procedures for appointment of an appraiser as set out in paragraph 1 are borne by the partnership in liquidation. The same applies to the expenses in connection with calling and questioning for appraisal by the appraiser.

(Restrictions on Distribution of Residual Assets before Repayment of Obligations)

Article 49 A liquidator may not distribute the assets of the partnership in liquidation to its partners until after all of the obligations of the partnership in liquidation have been repaid; provided, however, that this does not apply in cases where the liquidator sets aside assets that he or she considers necessary to repay any obligations of any claims disputed with respect to their existence and amounts.

(Exclusion from Liquidation)

Article 50 (1) Creditors of the partnership in liquidation (excluding known creditor) who fail to present their claims within the period as specified in paragraph 1 of Article 46 are excluded from the liquidation.

(2) Creditors who have been excluded from the liquidation pursuant to the provisions of the preceding paragraph may only demand repayment out of the residual assets that have not yet been distributed.

(3) If distribution of the residual assets of the partnership in liquidation has already been made to some of the partners, the assets that are required for distribution to the other partners in equal proportion to the partners who have already received the distribution are deducted from the residual assets set out in the preceding paragraph.

(Completion of Liquidation Affairs)

Article 51 (1) When the liquidation affairs have been completed, the liquidator must without delay make a settlement of accounts with respect to the liquidation and obtain approval from the partners.

(2) If a partner does not make an objection to the settlement of accounts mentioned in the preceding paragraph within one (1) month, the partner is deemed to have approved it; provided, however, that this does not apply in cases where there has been any misconduct in connection with the execution of the duty of the liquidator.

(Preservation of Financial Books)

Article 52 (1) The liquidator must preserve financial books of the partnership in liquidation and material documents regarding the partnership's business and liquidation (hereinafter referred to as the "financial books" in this Article,) for ten (10) years from the registration of the completion of liquidation in the district in which the principal office of the Partnership in liquidation is located.

(2) Notwithstanding the preceding paragraph, if a person who is to preserve the Financial Books is provided for in the Written Partnership Agreement or by a

majority of all partners, such person must preserve the Financial Books for ten (10) years from the registration of the completion of liquidation in the district in which the principal office of the Partnership in liquidation is located.

- (3) A court may, upon the motion of any interested person, appoint a person who is to preserve the financial books on behalf of the liquidator mentioned in paragraph 1 or the person who preserves the financial books pursuant to the provisions of the preceding paragraph. In this case, the two preceding paragraphs do not apply.
- (4) The person who is appointed pursuant to the provisions of the preceding paragraph must preserve the financial books for ten (10) years from the registration of the completion of liquidation in the district in which the principal office of the partnership in liquidation is located.
- (5) The expenses in connection with the procedures for appointment as provided by paragraph 3 are borne by the partnership in liquidation.

(Mutatis Mutandis Application of the Commercial Code)

Article 53 (1) The provisions of Article 23 apply mutatis mutandis to cases where a deputy acting on behalf of a liquidator to perform the duties of the liquidator is appointed by an order of provisional disposition.

- (2) With regard to dissolution and liquidation, the provisions of the first sentence of Article 136, the first sentence of Article 137, Article 138, Article 138-3, Article 138-5, Article 138-6, Article 138-7 paragraph (1), Article 139 (limited to the part regarding item (i) and Article 140 of the Non-Contentious Case Procedures Act are applied mutates mutandis. In this case, the term "the location of the head office of the company" in Article 136 of the same Act is deemed to be replaced with "the location of the primary office of the limited liability business partnership, and the term "the locations of the head office and branch office" in Article 139 of the same Act is deemed to be replaced with "the locations of the primary office and the secondary office of limited liability business partnership".

(Exclusion from Application)

Article 54 The provisions of Chapter III and the preceding Chapter (excluding Article 28, paragraph (4) of Article 29, Article 30, paragraphs (4) through (6) of Article 31 and Article 32) do not apply to a partnership in liquidation.

(Special Provisions of Withdrawal due to Inheritance)

Article 55 In cases where a partner of the partnership in liquidation dies, if there are two or more heirs to such partner, the relevant heirs must appoint one heir from among them to exercise the relevant partner's rights in connection with the liquidation.

## **Chapter VI MUTATIS MUTANDIS APPLICATION OF THE CIVIL CODE**

Article 56 With respect to a partnership, Article 56 Article 668, Article 669, Article 671, Article 673, paragraph (2) of Article 674, Article 676, Article 677, Article 681, Article 683, Article 684 and Article 688 of the Civil Code apply mutatis mutandis.

## **Chapter VII REGISTRATION**

(Registration of a Partnership Agreement's Taking Effect)

Article 57 When a partnership agreement takes effect, the following matters must be registered within two (2) weeks in the district in which the principal office is located and within three (3) weeks in the district in which the secondary offices are located.

- (i) the matters listed in items (i), (ii), and (iv) to (vi) of paragraph (3) of Article 4;
- (ii) the location of office of the partnership;
- (iii) if a partner is a juridical person, the name and address of a person who is to perform the duties of the partner; and
- (iv) if any event other than those listed in items (i) to (v) of Article 37 is stipulated as an event of dissolution in the written partnership agreement, such event.

(Registration of Establishment of a Secondary Office)

Article 58 (1) If a secondary office is established after the registration of the partnership agreement taking effect, such establishment of a secondary office must be registered in the district in which the principal office is located within two (2) weeks, the matters listed in each item of the preceding Article must be registered in the district in which such secondary office is located within three (3) weeks and the establishment of such secondary office must be registered in the districts in which other secondary offices are located within the same period

(2) If a new secondary office is established in the geographical area of jurisdiction of the registry office that is in charge of the location of the principal office, or any secondary office, it is sufficient to register the fact that such new secondary office has been established.

(Registration of Office Relocation)

Article 59 (1) If a partnership relocates its principal office, the relocation must be registered within two (2) weeks in the district in which the former office was

located and the matters listed in each item of Article 57 must be registered in the district in which the new office is located. If a partnership relocates a secondary office, the relocation must be registered within three (3) weeks in the district in which the former office was located and the matters listed in each item of Article 57 must be registered within four (4) weeks in the district in which the new office is located.

- (2) If the principal office or a secondary office is only being relocated within the jurisdictional district of the same registry office, it is sufficient to just register such relocation.

(Registration of Changes)

Article 60 If a change in any of the matters listed in each item of Article 57 occurs, such change must be registered within two (2) weeks in the district in which the principal office is located and within three (3) weeks in the districts in which the secondary offices are located.

(Registration of Order of Provisional Disposition for Suspension of Execution of Business)

Article 61 If a provisional disposition is ordered suspending the management of the business by a partner or appointing a person to manage business on its behalf or such a provisional disposition is changed or canceled, that fact must be registered in the districts in which the principal office and the secondary offices are located.

(Registration of Dissolution)

Article 62 If a partnership is dissolved, the dissolution must be registered within two (2) weeks in the district in which the principal office is located and within three (3) weeks in the districts in which the secondary offices are located.

(Registration of Liquidator)

Article 63 (1) If a partner becomes a liquidator, the following matters must be registered within two (2) weeks from the date of dissolution in the district in which the principal office is located and within three (3) weeks from the same date in the districts in which the secondary offices are located:

- (i) the name, or corporate name, and the address of the liquidator;
- (ii) if a liquidator is a juridical person, the name and address of a person who is to perform the duties of the liquidator.

- (2) If a liquidator is elected, the matters referred to in each item of the preceding paragraph must be registered within two (2) weeks in the district in which the principal office is located and within three (3) weeks in the districts in which the secondary offices are located.

(3) The provisions of Article 60 apply mutatis mutandis to the registration pursuant to the preceding two paragraphs and the provisions of Article 61 apply mutatis mutandis to liquidators.

(Registration of Completion of Liquidation)

Article 64 Upon completion of liquidation of a partnership, the conclusion of the liquidation of the partnership must be registered within two (2) weeks from the date of approval as set out in Article 51 in the district in which the principal office is located and within three (3) weeks from the same date in the districts in which the secondary offices are located.

(Competent Registry Office and Register)

Article 65 (1) The Legal Affairs Bureau or District Legal Affairs Bureau or a branch or sub-office thereof in the district where the office of a partnership is located is the competent registry office with respect to the affairs concerning the registration of the partnership agreement.

(2) A register of limited liability partnership agreements is maintained in each registry office.

(Application for Registration)

Article 66 The registrations pursuant to the provisions of Articles 57 to 60 are made upon application by a partner and those pursuant to the provisions of Articles 62 to 64 are made upon application by a liquidator.

(Attachments to Registration of Partnership Agreement's Taking Effect)

Article 67 The following documents must be attached to the application for registration of the effectiveness of the partnership agreement:

- (i) the Written Partnership Agreement;
- (ii) a written document evidencing payment and delivery of the capital contribution, as provided by paragraph (1) of Article 3; and
- (iii) if a partner is a juridical person, the following written documents:
  - (a) A certificate of registered information for the relevant juridical person unless the head office or principal office of such juridical person is located within the jurisdictional district of the registry office;
  - (b) A written document of appointment of the person who is to perform the duties of such partner; and
  - (c) A written document evidencing the acceptance of assumption of office by the person who is to perform the duties of the relevant partner.

(Attachments to Registration of Changes)

Article 68 (1) In an application for registration of an establishment or relocation

of office or registration of any change in the matters listed in each item of Article 57, a written document evidencing the establishment or relocation of the office or the change in the registered information must be attached to the application.

- (2) In an application for registration of changes due to admittance of a new partner that is a juridical person, written documents referred to in item (iii) of the preceding Article must be attached to the application.

(Attachments to Registration of Dissolution)

Article 69 In an application for registration of dissolution, a written document evidencing the occurrence of an event of dissolution must be attached to the application.

(Attachments to Registration of Liquidator)

Article 70 (1) In an application for registration of a liquidator where a person referred to in the following each item becomes a liquidator, a written document setting out the following each item must be attached to the application:

- (i) in the case of a person who is appointed pursuant to the provisions of the proviso of paragraph (1) of Article 39, the following written documents:
- (a) A written document evidencing a majority vote of all partners; and
  - (b) A written document evidencing the acceptance of assumption of office by the appointed person.
- (ii) in the case of a person who is appointed by the court, a written document evidencing such appointment.

- (2) The provisions of Article 67 (limited to parts relating to item (iii)) apply mutatis mutandis with respect to the registration of a liquidator who is a juridical person.

(Attachments to Registration of Change regarding Liquidators)

Article 71 (1) In an application for registration of a change for the reason of resignation of a liquidator, a written document evidencing such resignation must be attached to the application.

- (2) In an application for registration of a change in the matters referred to in each item of paragraph 1 of Article 63, a written document evidencing such change in the registered information must be attached to the application.

(Attachments to Registration of Completion of Liquidation)

Article 72 In an application for registration of completion of liquidation, a written document evidencing that a settlement of accounts in relation to liquidation has been approved as provided by Article 51 must be attached to the application.

(Mutatis Mutandis Application of the Commercial Registration Act and the Civil Provisional Remedies Act)

Article 73 Articles 2 through 5, Articles 7 through 15, Article 17, Article 18, Articles 19-2 through 24, Article 26, Article 27, Articles 48 through 53, paragraph (1) of Article 71, and Articles 132 through 148 of the Commercial Registration Act (Act No. 125 of 1963) and Article 56 of the Civil Provisional Remedies Act apply mutatis mutandis with respect to the registration of a partnership. In this case, the term "each item of paragraph 2 of Article 930 of the Companies Act" mentioned in paragraph 2 of Article 48 of the Commercial Registration Act is deemed to be replaced with "each item of Article 57 of the Limited Liability Partnership Act," the term "registration in the district of new location" mentioned in Article 53 of the Commercial Registration Act is deemed to be replaced with "in cases where the matters referred to in each item of Article 57 of the Limited Liability Partnership Act in the district of new location", the term "persons representing the juridical person or other directors, executive officers and statutory auditors of the juridical person" mentioned in Article 56 of the Civil Provisional Remedies Act is deemed to be replaced with "partners or liquidators of the limited liability partnership," and the term "the head office or principal office and branches or secondary offices of the juridical person" mentioned in Article 56 of the Civil Provisional Remedies Act is deemed to be replaced with the "principal office and secondary offices of the limited liability partnership."

#### **Chapter VIII REGISTRATION OF PROHIBITION ON DIVISION OF PARTNERSHIP PROPERTY**

Article 74 (1) If the partnership property is the rights to real estate (meaning the rights referred to in each item of Article 3 of the Real Property Registration Act (Act No. 123 of 2004); hereinafter the same applies in the following paragraph), notwithstanding the provisions of paragraph (2) of Article 676 of the Civil Code, as applied mutatis mutandis under Article 56, and where the provisions on the prohibition of partition of properties in co-ownership, as provided in item (vi) of Article 59 of the Real Property Registration Act and applied by replacing with the replacement under the following paragraph, are not registered, then it may not be perfected against a third party that it is impossible to demand partition of the partnership property before liquidation.

(2) Upon application of the Real Property Registration Act, if the assets of a partnership are the Rights to Real Estate, "or a ruling determined by the Family Court that prohibits partition of properties in co-ownership or property rights other than ownership that are an estate as provided by paragraph (3) of

Article 907 of the Civil Code" mentioned in item (vi) of Article 59 of the Real Property Registration Act, then such is deemed as "a ruling determined by the family court that prohibits partition of properties in co-ownership or property rights other than ownership that are an estate as provided by paragraph (3) of Article 907 of the Civil Code, or, if properties in co-ownership or property rights other than ownership are the assets of a limited liability partnership, a limited liability partnership agreement of the relevant limited liability partnership."

## **Chapter IX PENAL PROVISIONS**

Article 75 In any of the following cases, partners or liquidators, or persons who are appointed by an order of provisional disposition to perform the duties of partners or liquidators may be subject to a civil fine of no more than 1,000,000 yen; provided, however, that this does not apply in cases where such partners, liquidators or persons are to be subject to a punishment of a criminal penalty on account of the conduct in question:

- (i) if they fail to perform the registration required by this Act;
- (ii) if they fail to give public notification or notices required by this Act or give unfair public notification or notices;
- (iii) if they fail to stipulate or record the matters required to be stipulated or recorded in the written partnership agreement, accounting books, financial statements or inventory of assets, or make a false stipulation or record;
- (iv) if they fail to keep the financial statements or written partnership agreement in violation of paragraph (4) or (5) of Article 31;
- (v) If they refuse to permit the inspection or copying of the financial statements or written partnership agreement without legitimate grounds in violation of paragraph (6) of Article 31;
- (vi) if they inappropriately specify the period mentioned in paragraph (1) of Article 46 for the purpose of delaying conclusion of liquidation;
- (vii) if they repay obligations in violation of paragraph (1) of Article 47; or
- (viii) if they distribute the assets of the partnership in liquidation in violation of Article 49.

Article 76 A person who violates the provisions of Article 8 of the Companies Act as applied mutatis mutandis pursuant to the provision of paragraph (3) of Article 9 is subject to a civil fine of no more than 200,000 yen.

### **Supplementary Provisions**

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order within a period not exceeding six (6) months from the date of promulgation.

(Transitional Measures for Name of the Partnership)

Article 2 The provisions of paragraph (2) of Article 9 do not apply to a person who has actually included in its name the phrase "limited liability partnership" at the time of enforcement of this Act for a period of six (6) months from the enforcement of this Act.