

Small and Medium-Sized Enterprise Cooperatives Act

(Act No. 181 of June 1, 1949)

Chapter I General Provisions

(Purpose of the Act)

Article 1 The purpose of this Act is to provide for the organizations necessary for persons engaged in a small and medium-sized commercial business, industrial business, mining business, transport business, service business or any other business and other persons, such as workers, to engage in business in a cooperative manner based on the spirit of mutual support, and to secure the opportunity for these people to conduct fair economic activities, thereby promoting their voluntary economic activities and achieving an improvement in their economic status.

Article 2 Deleted

Chapter II Small and Medium-Sized Enterprise Cooperatives Section 1 General Rules

(Types)

Article 3 A small and medium-sized enterprise cooperative (hereinafter referred to as "cooperative") is any of the following:

- (i) a business cooperative
- (i)-2 a small business cooperative
- (i)-3 a fire mutual aid cooperative
- (ii) a credit cooperative
- (iii) a federation of cooperatives
- (iv) a joint enterprise cooperative

(Personality and Domicile)

Article 4 (1) A cooperative is a juridical person.

(2) The address of a cooperative is at the location of its principal office.

(Standards and Fundamental Principles)

Article 5 (1) A cooperative must satisfy the following requirements, except as otherwise provided by this Act:

- (i) the purpose of the cooperative is mutual support among partner of the

cooperative or partner of the federation (hereinafter collectively referred to as a "partner").

- (ii) partner is able to join or withdraw from the cooperative voluntarily.
 - (iii) partner has equal voting rights and rights to elect, irrespective of the number of units of contribution they have offered.
 - (iv) the cooperative is to distribute the dividends of surplus mainly in accordance with the amount of use of the cooperative's businesses, and in the case of distributing the surplus in accordance with the amount of contribution; it has rules on the limits of the distribution.
- (2) A cooperative has the purpose to directly serve its partner through its activities, and it must not conduct any activities for the purpose of only benefiting specific partner.
- (3) A cooperative must not be utilized for any specific political party.

(Name)

Article 6 (1) A cooperative must use the following words in its name:

- (i) in the case of a business cooperative, a "cooperative" (if the cooperative is a provided mutual aid association provided in Article 9-2, paragraph (7), "mutual aid cooperative")
 - (i)-2 in the case of a small business cooperative, "small cooperative" (if the cooperative is a provided mutual aid association provided in Article 9-2, paragraph (7), "small mutual aid cooperative")
 - (i)-3 in the case of a fire mutual aid cooperative, a "fire mutual aid cooperative"
 - (ii) in the case of a credit cooperative, a "credit cooperative" or "credit association"
 - (iii) in the case of a federation of cooperatives, a "federation" in combination with any one of "cooperatives," "small cooperatives," "fire mutual aid cooperative," or "credit cooperative" according to its type (if the federation is a provided federation of mutual aid associations provided in Article 9-9, paragraph (4), "federation" in combination with either "mutual aid cooperatives" or "minor mutual aid cooperative" according to its type)
 - (iv) in the case of a joint enterprise cooperative, a "joint enterprise cooperative"
- (2) No person other than a cooperative established pursuant to this Act or a cooperative or federation established pursuant to other special law may use in its name a word indicating that the person is a business cooperative, small business cooperative, fire mutual aid cooperative, credit cooperative, federation of cooperatives, or joint enterprise cooperative.
- (3) With regard to the name of a cooperative, the provisions of Article 8 (Prohibition of Using Name, etc. which is Likely to be Mistaken for a Company) of the Companies Act (Act No. 86 of 2005) apply mutatis mutandis.

(Relationship with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade)

Article 7 (1) With regard to the application of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947; hereinafter referred to as "Antimonopoly Act"), each of the following cooperatives is deemed to be a cooperative which satisfies the requirement set forth in Article 22, item (i) of that Act:

- (i) a business cooperative, fire mutual aid cooperative or credit cooperative, whose partner consist only of enterprises falling under any of the following categories:
 - (a) An enterprise that is a juridical person doing business as a corporation and whose amount of stated capital or total amount of contribution is not more than three hundred million yen (or fifty million yen in the case of an entrepreneur who operates, as its principal business, a retail business or service business, or one hundred million yen in the case of an enterprise that operates, as its principal business, a wholesale business)
 - (b) an enterprise whose number of regular hired employees is not more than three hundred (or fifty in the case of an entrepreneur who operates, as its principal business, a retail business, or one hundred in the case of an enterprise that operates, as its principal business, a wholesale business or service business)
- (ii) a small business cooperative
- (iii) a federation of cooperatives composed of cooperatives prescribed in any of the preceding two items

(2) With respect to a business cooperative or a credit cooperative which has a member who falls outside of the categories of enterprise prescribed in item (i) (a) and (b) of the preceding paragraph, the Fair Trade Board Member has the authority to determine whether or not the cooperative falls under the category of cooperative that satisfies the requirement set forth in Article 22, item (i) of the Act on Prohibition of Private Monopolization.

(3) A cooperative referred to in the preceding paragraph must, where an enterprise outside of the categories of enterprise prescribed in paragraph (1), item (i), (a) or (b) has joined therein or where any of its partner has come to fall outside of the categories of enterprise prescribed in paragraph (1), item (i), (a) or (b), notify the Fair Trade Board Member of this within thirty days.

(Qualifications of Partners)

Article 8 (1) A person who is qualified to be a member of a business cooperative is a small sized enterprise or a small business cooperative provided in paragraph (1) or paragraph (2) of the preceding Article who is engaged in commerce, industrial business, mining business, transport business, service

business or any other business within the district of the cooperative and who is provided by the articles of corporation.

- (2) A person who is qualified to be a member of a small business cooperative is an enterprise that is engaged in commerce, industrial business, mining business, transport business, business providing services or any other business within the district of the cooperative mainly through its own work and whose number of regular hired employees is not more than five or so (in the case of an enterprise whose principal business is commerce or business providing services, two), and who is specified by the articles of corporation.
- (3) A person who is qualified to be a member of a fire mutual aid cooperative is any small sized enterprise provided in paragraph (1) or paragraph (2) of the preceding Article that is engaged in commerce, industrial business, mining business, transport business, business providing services or other business provided by an order of the competent ministry within the district of the cooperative (in the case of a cooperative whose district is nationwide, any enterprise that is engaged in a business that belongs to one of the business types provided by the articles of corporation).
- (4) A person who is qualified to be a member of a credit cooperative is a small sized enterprise provided in paragraph (1) or paragraph (2) of the preceding Article that is engaged in commerce, industrial business, mining business, transport business, service business or any other business within the district of the cooperative, a person who has their address or residence within the district of the cooperative, a person who is engaged in work within the district of the cooperative, or a person who is provided by a Cabinet Order as a person equivalent thereto, and who is provided by the articles of corporation.
- (5) A person who is qualified to be a member of a federation of cooperatives is either of the following persons and one who is specified by the articles of corporation:
 - (i) a cooperative whose district coincides with all or part of the district of the federation (excluding a joint enterprise cooperative)
 - (ii) a cooperative established under another Act and whose district coincides with all or part of the district of the federation
- (6) a person who is qualified to be a member of a joint enterprise cooperative is any of the following persons and one who is specified by the articles of corporation:
 - (i) an individual
 - (ii) any of the following persons (excluding the person set forth in the preceding item) and who is specified by Cabinet Order:
 - (a) a person who provides the joint enterprise cooperative with the goods, services, facilities, equipment or technology necessary for the business activities of the joint enterprise cooperative

- (b) a person who receives the goods, services, or technology pertaining to its business provided by the joint enterprise cooperative
- (c) beyond what is set forth in (a) and (b), a person who contributes to facilitating the business of the joint enterprise cooperative
- (iii) an investment limited partnership provided in Article 2, paragraph (2) of the Limited Partnership Act for Investment (Act No. 90 of 1998) that is provided by Cabinet Order as one that contributes to enhancing the equity capital of small and medium-sized enterprises (meaning those prescribed in the items of Article 2, paragraph (1) of the Small and Medium-sized Enterprise Basic Act [Act No. 154 of 1963])

Article 8-2 The member set forth in item (ii) or (iii) of paragraph (6) of the preceding Article (hereinafter referred to as "specified member") must not exceed one-quarter of all partner of a joint enterprise cooperative.

(Exception to Taxation on the Surplus Distributed in Accordance with the Amount of Use of Businesses)

Article 9 The amount equivalent to the amount of surplus that a cooperative has distributed in accordance with the amount of use of the cooperative's businesses is, pursuant to the provisions of the Corporation Tax Act (Act No. 34 of 1965), to be included in the amount of deductions when calculating the amount of income for each business year or the amount of consolidated income for each consolidated business year under the provisions of that Act with regard to the cooperative.

Section 2 Business Activities

(Business Cooperatives and Small Business Cooperatives)

Article 9-2 (1) A business cooperative or a small business cooperative may conduct all or part of the following activities:

- (i) production, processing, sales, purchasing, storage, transport, inspection and other joint activities related to the business of partners
- (ii) loaning of business funds (including discounting of negotiable instruments) to partner and borrowing of such funds for partner
- (iii) activities related to the welfare of partners
- (iv) activities related to the education and provision of information to improve the management and technology concerning the business of partners and the dissemination of knowledge concerning the cooperative's activities
- (v) activities related to research and development with regard to new goods or new technology or the cultivation of a demand for facilitating partner to advance into new business fields

- (vi) conclusion of collective agreements to improve the economic status of partners
 - (vii) activities incidental to the activities set forth in the preceding items
- (2) In mutual aid contracts concluded pursuant to the provisions of item (iii) of the preceding paragraph for covering damages that may be caused to property by a fire or by any of the mutual aid incidents when collectively deeming a fire and all or part of the accidental incidents specified by order of the competent ministry under Article 9-7-2, paragraph (1), item (i) to be mutual aid incidents, a business cooperative or a small business cooperative must not set the total amount of mutual aid money pertaining to the mutual aid contracts per mutual aid contractor to be in excess of the amount specified by order of the competent ministry.
- (3) A business cooperative or a small business cooperative may have non-partner utilize its businesses, so long as it does not hinder the use by its partner; provided, however, that the total value of the amount of the use of businesses by non-partner during a single business year must not exceed twenty percent of the total value of the amount of the use by its partner during the business year.
- (4) Notwithstanding the provisions of the proviso to the preceding paragraph, a business cooperative or a small business cooperative may have non-partner utilize the businesses prescribed in the following items, only during the periods respectively prescribed in those items, to the extent that the percentage of the total value of the amount of businesses used by non-partner during a single business year to the total value of the volume of the use by its partner during the business year does not exceed the percentage specified by Cabinet Order not exceeding one hundred percent for each of those items:
- (i) businesses of the business cooperative or the small business cooperative to be provided for the use of partner who will collectively establish factories or workplaces (hereinafter referred to as "factories, etc.") based on a plan prepared by the business cooperative or the small business cooperative, in the case where the operation of the businesses will be hindered due to some partner who require a considerable period of time for establishing the factories, etc. finding it difficult to utilize the businesses during that time: the period specified by Cabinet Order not exceeding three years from the last day of the business year containing the earliest date on which the establishment of factories, etc. is completed based on the plan
 - (ii) businesses of the business cooperative or the small business cooperative pertaining to the use by a member in the case where the operation of the businesses will be hindered due to withdrawal of the member: the period specified by Cabinet Order not exceeding two years from the last day of the business year containing the date of withdrawal of the member

- (5) The provisions of the proviso to paragraph (3) do not apply when a business cooperative or a small business cooperative has the general public utilize a facility for physical exercise or any other facility, among the facilities it owns, that falls into the category of facilities specified by Cabinet Order as those that are appropriate to be provided for the use by the general public in addition to being provided for the use of partner.
- (6) A business cooperative or a small business cooperative may, on behalf of its partner, act as an agent in carrying out businesses or processing businesses (limited to insurance sales [meaning insurance sales provided in Article 2, paragraph (26) of the Insurance Business Act (Act No. 105 of 1995); the same applies hereinafter] and businesses that are provided by an order of the competent ministry as those relevant to the business) of an insurance company (meaning an insurance company provided in paragraph (2) of that Article; the same applies hereinafter) or any person provided by order of the competent ministry as the one equivalent thereto.
- (7) A business cooperative or a small business cooperative engaged in mutual aid activities (meaning activities where the cooperative receives a payment for mutual aid premiums from its partners and any other mutual aid contractors, and pay mutual aid money when the mutual aid incidents arise, which are specified by order of the competent ministry as those, in order to protect the partners and any other mutual aid contractors, need to be secured in light of the amount of mutual aid money and other matters; the same applies hereinafter) pursuant to the provisions of paragraph (1), item (iii) whose total number of partners exceeds the standards specified by Cabinet Order, or a business cooperative engaged in the activities of the reinsurance of mutual aid liabilities or the retrocession of reinsurance liabilities borne by member cooperatives in the course of mutual aid activities (hereinafter referred to as "specified mutual aid association") may not engage in activities other than mutual aid activities and activities incidental thereto and the activities prescribed in the preceding paragraph, notwithstanding the provisions of paragraph (1); provided, however, that this does not apply when the cooperative has obtained the approval of an administrative authority pursuant to the provisions of order of the competent ministry.
- (8) When a request for approval under the proviso to the preceding paragraph is filed with the administrative authority, it must not approve the request unless it is obvious that the activities pertaining to the request poses no risk of harming the sound and appropriate operations of the specified mutual aid association.
- (9) With regard to the application of the provisions of paragraph (3) to a business cooperative in mutual aid activities and activities provided in paragraph (6), the term "partner" in the proviso to that paragraph is deemed to be replaced

with "partner, relatives who share the same livelihood with the partner, and small-scale enterprise that directly or indirectly constitute member cooperatives"; and with regard to the application of the provisions of that paragraph to a small business cooperative, the term "partner" in the proviso to that paragraph is deemed to be replaced with "partner and relatives who share the same livelihood with the partner."

- (10) A business cooperative or a small business cooperative may guarantee obligations borne by its members to a financial institution prescribed in the articles of incorporation or collect the claim entrusted to the business cooperative by the financial institution.
- (11) A business cooperative or a small business cooperative may, pursuant to the provisions of the preceding paragraph and the provisions of the articles of incorporation, guarantee obligations concerning the business of its member that are borne by the member to a person other than a financial institution.
- (12) An enterprise (excluding small-scale enterprises) that has a business relationship with a business cooperative or a small business cooperative is to start negotiation with sincerity when the representative person of the business cooperative or small business cooperative (including the representative person of a federation of cooperatives who is a member of these cooperatives) states an intention to start negotiations to conclude a collective agreement on the trade terms and conditions pursuant to the provisions of Cabinet Order.
- (13) A collective agreement referred to in paragraph (1), item (vi), which needs to be approved by the general assembly in advance, becomes effective by signing a written document clearly stating that it is a collective agreement referred to in that item.
- (14) A collective agreement referred to in paragraph (1), item (vi) becomes effective directly between the business cooperative and partners.
- (15) With regard to a contract concluded by a member of which the contents violate the standards prescribed in a collective contract referred to in paragraph (1), item (vi), the part of the contract that violates the standards is deemed to have been concluded according to the relevant standards.

(Mediation or Conciliation)

- Article 9-2-2 (1) Both of or either of the negotiating parties referred to in paragraph (12) of the preceding Article may, when the negotiation cannot be held or when agreement is not reached on the contents of the collective agreement, file a request for mediation or conciliation with an administrative authority.
- (2) When a request referred to in the preceding paragraph is filed with an administrative agency and if it finds it necessary to secure the fairness of economic transactions, it is to carry out mediation or conciliation promptly.

- (3) In the case where an administrative authority carries out a conciliation pursuant to the provisions of the preceding paragraph, it may prepare a conciliation proposal and, by presenting it to the parties concerned, recommends that the parties concerned accept it, and publicize the conciliation proposal together with the reason.
- (4) With regard to mediation or conciliation referred to in the preceding two paragraphs, an administrative authority must consult with the Small and Medium Enterprise Policy Making Council or the Prefectural Small and Medium Enterprise Conciliation Council.

(Special Provisions for the Use of Services by Non-Partners)

- Article 9-2-3 (1) A business cooperative or a small business cooperative may, when the usage of services by its partners decreases due to the withdrawal of partners or due to other unavoidable circumstances, and administration of services that are provided using its own facility is greatly hit, have non-partners use the services to the extent that the total amount of service usage by non-partners during a business year does not exceed two hundred percent of the total amount of service usage by its partners during the relevant business year, notwithstanding the provisions of the proviso to Article 9-2, paragraph (3), if it has obtained the approval of an administrative authority that it is necessary and appropriate for the cooperative to have non-partners use the services exceeding the limit prescribed in the proviso to that paragraph for a specified period, so as to maintain proper administration of the services, pursuant to the provisions of order of the competent ministry.
- (2) With regard to services pertaining to the approval referred to in the preceding paragraph, when an administrative authority finds that it is no longer necessary and appropriate for the authority to have non-partners use the services exceeding the limit prescribed in the proviso to Article 9-2, paragraph (3) so as to maintain proper administration of the services, it may revoke the approval.

(Issuance of Warehouse Receipts)

- Article 9-3 (1) A business cooperative engaged in a storage business may, by obtaining the permission from the Minister of Land, Infrastructure and Transport, issue warehouse receipts for the bailed goods owned by its partners.
- (2) A business cooperative which obtains the permission set forth in the preceding paragraph must issue a warehouse receipt for bailed goods, at the request of a bailor who is a member.
- (3) With regard to warehouse receipts under paragraph (1), the provisions of Article 627, paragraph (2) (Mutatis Mutandis Application of the Provisions on Deposit Receipts) and Article 628 (Pledge of Warehouse Receipts) of the

Commercial Code (Act No. 48 of 1899) apply mutatis mutandis.

- (4) With regard to the case referred to in paragraph (1), the provisions of Article 8, paragraph (2), Article 12, Article 22 and Article 27 (Supervision) of the Warehousing Business Act (Act No. 121 of 1956) apply mutatis mutandis. In this case, the term "standards set forth in Article 6, paragraph (1), item (iv)" in Article 12 of that Act is deemed to be replaced with "standards specified by Order of the Ministry of Land, Infrastructure and Transport."

Article 9-4 A warehouse receipt prepared by a business cooperative, which obtains permission referred to in paragraph (1) of the preceding Article, must include the Japanese characters for "warehouse receipt" bearing the name of the business cooperative.

Article 9-5 (1) The storage period of bailed goods for which a business cooperative issues a warehouse receipt is within six months from the date on which the goods are bailed.

- (2) The storage period of bailed goods referred to in the preceding paragraph may be renewed for up to six months; provided, however, that this is limited to the case where the renewal does not hinder the use by partners, if the holder of the receipt on the renewal date is not a member.

Article 9-6 With regard to the case where a business cooperative issues a warehouse receipt, the provisions of Articles 616 through 619 and Articles 624 through 626 (Rights of the Bailors or the Holders of Securities and the Responsibilities of the Warehouse Business Operators) of the Commercial Code apply mutatis mutandis.

(Mutual Aid Rules)

Article 9-6-2 (1) When a business cooperative or a small business cooperative intends to engage in mutual aid activities, it must establish mutual aid rules and obtain the approval of an administrative authority, pursuant to the provisions of order of the competent ministry.

- (2) Mutual aid rules must contain particulars on the types of mutual aid activities and other particulars specified by order of the competent ministry concerning the implementation method of the activities, mutual aid contracts, mutual aid premiums, and the calculation method of the amount of policy reserve.

- (3) With regard to the application of the provisions of the preceding paragraph in the case where a business cooperative intends to engage in activities of compulsory automobile liability mutual aid (hereinafter referred to as "liability mutual aid") provided in Article 5 (compulsory Conclusion of Contracts for

liability mutual aid, etc.) of the Act on Securing Compensation for Automobile Accidents (Act No. 97 of 1955), the reinsurance of mutual aid liabilities borne through a liability mutual aid contract (hereinafter referred to as "liability reinsurance") or the retrocession of reinsurance liabilities borne through a liability reinsurance contract (hereinafter collectively referred to as "liability mutual aid, etc."), the phrase "the types of mutual aid activities and other particulars specified by order of the competent ministry concerning the implementation method of the activities, mutual aid contracts, mutual aid premiums, and the calculation method of the amount of policy reserve" in the preceding paragraph is deemed to be replaced with "particulars specified by order of the competent ministry concerning the implementation method of the activities of liability mutual aid, etc., mutual aid contracts, and mutual aid premiums."

- (4) Changes to or the abolition of mutual aid rules do not take effect without the approval of an administrative authority.

(Transfer of the Interest Insured)

Article 9-6-3 (1) In the case where the interest insured under a mutual aid contract has been transferred, the transferee may succeed to the rights and obligations under the mutual aid contract which the transferor holds with regard to the interest insured, by gaining the consent of the business cooperative or small business cooperative conducting the mutual aid activities. In this case, if the interest insured is no longer the property of a member as provided in the proviso to Article 9-2, paragraph (3) as applied mutatis mutandis pursuant to the provisions of paragraph (9) of the same Article following the deemed replacement of terms (hereinafter referred to as a "member, etc." in this Article) due to its transfer, the interest insured is deemed to be the property of the member, etc. during the period of the mutual aid contract, and the provisions of Article 9-2, paragraph (1), item (iii), paragraph (3) and paragraph (9) apply.

(2) The provisions of the preceding paragraph apply mutatis mutandis to the case where the interest insured has been succeeded to due to death, a merger or a split.

(3) In the case where a member, etc. has ceased to be a member, etc. (excluding the case prescribed in the preceding paragraph), if any property among the interest insured under the mutual aid contract that has been concluded at that time ceases to be the property of the member, etc. due to the member, etc. ceasing to be a member, etc., the property is deemed to be the property of the member, etc. during the period of the mutual aid contract pertaining to the property, and the provisions of Article 9-2, paragraph (1), item (iii), paragraph (3) and paragraph (9) apply.

(Issuance of Gift Vouchers)

- Article 9-7 (1) A business cooperative may, pursuant to the provisions of laws and regulations, issue gift vouchers for the goods handled by its partner.
- (2) When a business cooperative has issued a gift voucher, its partner has an obligation to exchange it with goods they handle.
- (3) In the case where a business cooperative has issued a gift voucher, if its partner is unable to exchange the gift voucher or have suspended the exchange, the business cooperative is liable to pay the owner of the gift voucher up to the total face value of the gift voucher.
- (4) In the case where a business cooperative that has issued a gift voucher sells its own goods, the term "partner" in the preceding three paragraphs is deemed to be replaced with "the business cooperative and the partner."

(Fire Mutual Aid Cooperatives)

- Article 9-7-2 (1) A fire mutual aid cooperative is to conduct the following activities:
- (i) fire mutual aid (meaning mutual aid activities to cover damages that may be caused to property by a fire or by any of the mutual aid incidents when collectively deeming that a fire and all or part of a rupture, explosion, lightning strike, and other accidental incidents specified by order of the competent ministry to be mutual aid incidents; the same applies hereinafter) for its partner
- (ii) activities incidental to the activities set forth in the preceding item
- (2) Beyond what is set forth in the items of the preceding paragraph, a fire mutual aid cooperative may act as an agent in carrying out the operations or processing the affairs (limited to insurance sales and affairs that are specified by order of the competent ministry set forth in Article 9-2, paragraph (6) as those relevant to the insurance sales) of an insurance company or any person specified by order of the competent ministry set forth in that paragraph as one equivalent thereto.
- (3) With regard to a fire mutual aid cooperative, the provisions of Article 9-2, paragraph (3) and Article 9-6-3 apply mutatis mutandis. In this case, the term "partner" in the proviso to that paragraph is deemed to be replaced with "partner, relatives who share the same livelihood with the partner, and small-sized enterprise provided in Article 8, paragraph (3) that directly or indirectly constitutes member cooperatives"; the phrase "the proviso to Article 9-2, paragraph (3) as applied mutatis mutandis pursuant to the provisions of paragraph (9) of that Article following the deemed replacement of terms" in Article 9-6-3, paragraph (1) is deemed to be replaced with "the proviso to Article 9-2, paragraph (3) as applied mutatis mutandis pursuant to Article 9-7-

2, paragraph (3) following the deemed replacement of terms; and the term "Article 9-2, paragraph (1), item (iii), paragraph (3) and paragraph (9)" in the Article 9-6-3, paragraph (1) and the term "Article 9-2, paragraph (1), item (iii), paragraph (3) and paragraph (9)" in Article 9-6-3, paragraph (3) is deemed to be replaced with "Article 9-7-2."

Article 9-7-3 Deleted.

Article 9-7-4 Deleted.

(Application Mutatis Mutandis of the Commercial Code)

Article 9-7-5 (1) The provisions of Part II, Chapter X, Section 1, Subsection 1 (excluding Article 650, paragraph (1) and Article 664) (General Provisions on Non-life Insurance) of the Commercial Code apply mutatis mutandis to mutual aid contracts concluded by a business cooperative or a small business cooperative engaged in mutual aid activities or a fire mutual aid cooperative (hereinafter referred to as "a cooperative engaged in mutual aid activities" in this Article) whereby mutual aid premiums are received by promising to compensate for damages that may be caused by certain accidental incidents; the provisions of Subsection 2 (Fire Insurance) of that Section apply mutatis mutandis to fire mutual aid contracts concluded by a fire mutual aid cooperative; the provisions of Subsection 3 (Cargo Insurance) of that Section apply mutatis mutandis to mutual aid contracts concluded by a cooperative engaged in mutual aid activities (excluding a fire mutual aid cooperative) whereby mutual aid premiums are received by promising to compensate for damages to cargos that may be caused by certain accidental incidents; and the provisions of Section 2 (excluding the provisions pertaining to Article 664 among the provisions on application mutatis mutandis set forth in Article 683, paragraph (1)) (Life Insurance) of that Chapter apply mutatis mutandis to mutual aid contracts concluded by a cooperative engaged in mutual aid activities (excluding a fire mutual aid cooperative) whereby mutual aid premiums are received by promising to pay a certain amount of money with regard to the survival or death of a person (including a physical condition where the person has been diagnosed by a doctor as having only a certain period of time to live).

(2) The provisions of Article 275, paragraph (1), item (ii) and paragraph (2) (restriction on insurance sales) of the Insurance Business Act apply mutatis mutandis to the solicitation of mutual aid contracts of a cooperative engaged in mutual aid activities; the provisions of Article 283 (Liability for Compensation of the Insurance Company Concerned, etc.) of that Act apply mutatis mutandis to the solicitation of mutual aid contracts of a cooperative engaged in mutual

aid activities carried out by officers or employees of the cooperative engaged in mutual aid activities, and by any mutual aid agent (meaning a person who acts as an agent or intermediary in concluding mutual aid contracts for a cooperative under entrustment by the cooperative, and who is not an officer nor an employee of the cooperative; the same applies hereinafter) of the cooperative engaged in mutual aid activities and officers or employees of the mutual aid agent; the provisions of Article 294 (Explanations to Customers) of that Act apply mutatis mutandis to officers and employees of a cooperative engaged in mutual aid activities, any mutual aid agent of the cooperative engaged in mutual aid activities, and officers and employees of the mutual aid agent, carrying out solicitation of mutual aid contracts; the provisions of Article 295 (Prohibition of Self-Contract) of that Act apply mutatis mutandis to a mutual aid agent; the provisions of Article 300 (Prohibited Acts) of that Act apply mutatis mutandis to a cooperative engaged in mutual aid activities and any mutual aid agent thereof (including their officers and employees) carrying out mutual aid activities; the provisions of Article 305 (on-site inspections, etc.), Article 306 (order to improve business operations), and Article 307, paragraph (1), item (iii) (revocation of registration, etc.) of that Act apply mutatis mutandis to a mutual aid agent; the provisions of Article 309 (revocation of applications for insurance contracts, etc.) of that Act apply mutatis mutandis to the revocation or cancellation of an offer for a mutual aid contract by a person who has filed an offer with a cooperative engaged in mutual aid activities or by a mutual aid contractor; and the provisions of Article 311 (carrying and presenting of identification cards by inspection officials) of that Act apply mutatis mutandis to officials who enter, question, and inspect pursuant to the provisions of Article 305 of that Act as applied mutatis mutandis pursuant to the provisions of this paragraph. In this case, the term "Cabinet Order" in Article 275, paragraph (1), item (ii), Article 294, item (iii), Article 295, paragraph (2), Article 300, paragraph (1), item (vii) and item (ix), and Article 309, paragraph (1), item (i), paragraph (2), paragraph (3), paragraph (5) and paragraph (6) of that Act is deemed to be replaced with "order of the competent ministry"; the phrase "a casualty insurance company (including a foreign casualty insurance company, etc.; hereinafter the same applies in this Part)" in Article 275, paragraph (1), item (ii), and paragraph (2) of that Act is deemed to be replaced with "a cooperative engaged in mutual aid activities"; the phrase "a casualty insurance agent registered under the following Article" in these provisions is deemed to be replaced with "a mutual aid agent notified under Article 106-3, item (i) of the Small and Medium-Sized Enterprise Cooperatives Act"; the phrase "which is a casualty insurance agent" in these provisions is deemed to be replaced with "which is a mutual aid agent"; the phrase "by obtaining registration under the following Article or Article 286" in paragraph

(2) of that Article is deemed to be replaced with "by giving the notification under Article 106-3, item (i) of the Small and Medium-Sized Enterprise Cooperatives Act"; the phrase "provided insurance contract prescribed in the following Article" in Article 300, paragraph (1) of that Act is deemed to be replaced with "specified mutual aid contract prescribed in Article 9-7-5, paragraph (3) of the Small and Medium-Sized Enterprise Cooperatives Act"; the phrase "person having a specified relationship (meaning any person having a specified relationship as prescribed in Article 103 [including the cases where it is applied mutatis mutandis pursuant to the provisions of Article 272-13, paragraph (2); the same applies in the following Article] or any person having a special relationship as prescribed in Article 194, who is not an insurance holding company or a small-sum, short term insurance holding company (hereinafter referred to as an 'insurance holding company, etc.' in this Article and Article 301-2) for which the insurance company, etc. or foreign insurance company, etc. is a subsidiary company, nor a subsidiary company (excluding an insurance company, etc. or foreign insurance company, etc.) of the insurance holding company, etc., nor a person engaged in insurance business)" in Article 300, paragraph (1), item (viii) of that Act is deemed to be replaced with "subsidiary company, etc. (meaning a subsidiary company, etc. prescribed in Article 61-2, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act)"; the phrase "documents specified in the items of Article 4, paragraph (2), items of Article 187, paragraph (3) or items of Article 272-2, paragraph (2)" in Article 300, paragraph (2) of that Act is deemed to be replaced with "the articles of corporation, or mutual aid rules prescribed in Article 9-6-2, paragraph (1) of the Small and Medium-Sized Enterprise Cooperatives Act, or fire mutual aid rules prescribed in Article 27-2, paragraph (3) of that Act"; the term "Prime Minister" in Article 305 and Article 306 of that Act is deemed to be replaced with "administrative authority"; the term "Prime Minister" in Article 307, paragraph (1) of that Act is deemed to be replaced with "administrative agency"; the phrase "when a specified insurance solicitor or an insurance broker falls under any of the following items, may revoke the registration set forth in Article 276 or Article 286, or may" in these provisions is deemed to be replaced with "when a specified insurance solicitor or an insurance broker falls under item (iii), may"; and the phrase "all or part of the operations" in that provisions is deemed to be replaced with "solicitation of mutual aid contracts."

- (3) The provisions of Chapter III, Section 1, Subsection 5 (excluding Article 34-2, paragraphs (6) to (8) and Article 34-3, paragraph (5) and paragraph (6)) (professional investors) and Article 45 (excluding item (iii) and item (iv)) (Miscellaneous Provisions) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) apply mutatis mutandis to the conclusion of a specified mutual

aid contract (meaning a mutual aid contract specified by order of the competent ministry as the one which poses the risk of incurring a loss [meaning the risk that the total amount of mutual aid premiums to be paid by the user as a result of the conclusion of the mutual aid contract would exceed the total amount of mutual aid money, etc. prescribed in Article 58, paragraph (6) to be acquired by the user as a result of the conclusion of the mutual aid contract] due to fluctuations in the money rate, value of currencies, quotations on the financial instruments market prescribed in Article 2, paragraph (14) of that Act, and other indicators; hereinafter the same applies in the following paragraph) by a cooperative engaged in mutual aid activities; and the provisions of Section 1, Subsection 1 of that Chapter (excluding Articles 35 to 36-4, Article 37, paragraph (1), item (ii), Article 37-2, Article 37-3, paragraph (1), item (ii) and item (vi) and paragraph (3), Article 37-5, Article 37-6, Article 38, item (i) and item (ii), Article 38-2, the proviso to Article 39, paragraph (3), Article 39, paragraph (5), Article 40-2, and Article 40-3) (General Rules) apply mutatis mutandis to the conclusion of a specified mutual aid contract by a cooperative engaged in mutual aid activities or a mutual aid agent or to acting as an agent or intermediary therefor. In this case, the term "contract for a financial instruments transaction" in these provisions is deemed to be replaced with "specified mutual aid contract"; the term "financial instruments business" in these provisions is deemed to be replaced with "conclusion of a specified mutual aid contract or acting as an agent or intermediary therefor"; the term "Cabinet Order" in these provisions (excluding the provisions of the main clause of Article 39, paragraph (3) of that Act) is deemed to be replaced with "order of the competent ministry"; the term "financial instruments business act" in these provisions (excluding the provisions of Article 34 of that Act) is deemed to be replaced with "conclusion of a specified mutual aid contract"; the phrase "contract to conduct financial instruments business acts (meaning acts prescribed in each item of Article 2, paragraph (8); the same applies hereinafter) with a customer as the other party or on behalf of a customer" in Article 34 of that Act is deemed to be replaced with "specified mutual aid contract prescribed in Article 9-7-5, paragraph (3) of the Small and Medium-Sized Enterprise Cooperatives Act"; the phrase "intends to conclude a contract for a financial instruments transaction" in Article 37-3, paragraph (1) of that Act is deemed to be replaced with "intends to conclude a contract for a financial instruments transaction, or acts as an agent or intermediary for the conclusion"; the term "the following matters" in that paragraph is be deemed to be replaced with "the following matters and other important matters out of the provisions of the mutual aid contract prescribed in Article 300, paragraph (1), item (i) of the Insurance Business Act as applied mutatis mutandis pursuant to Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise

Cooperatives Act following the deemed replacement of terms"; the term "financial instruments business operator, etc." in item (i) of that paragraph is deemed to be replaced with "cooperative engaged in mutual aid business (meaning a cooperative engaged in mutual aid activities prescribed in Article 9-7-5, paragraph (1) of the Small and Medium-Sized Enterprise Cooperatives Act; the same applies hereinafter) or the cooperative for which the mutual aid agent (meaning a mutual aid agent prescribed in paragraph (2) of that Article) carries out mutual aid activities under entrustment"; the phrase "sales and purchase or any other transaction of securities (excluding sales and purchase on condition of repurchase for which the repurchase price is set in advance or other transactions designated by Cabinet Order) or transaction of derivatives (hereinafter referred to as 'sales and purchase or transaction of securities, etc.' in this Article)" in Article 39, paragraph (1), item (i) of that Act is deemed to be replaced with "conclusion of a specified mutual aid contract"; the phrase "securities or transaction of derivatives (hereinafter referred to as 'securities, etc.' in this Article)" in that item is deemed to be replaced with "specified mutual aid contract"; the phrase "customer (in the case where a trust company, etc. [meaning a trust company or financial institution that has obtained approval under the provisions of Article 1, paragraph (1) of the Act on Engagemetn in Trust Business Activities by Financial Institutions; the same applies hereinafter] conducts the sales and purchase of securities or transaction of derivatives for the account of the person who sets up a trust under a trust contract, including the person who sets up the trust; hereinafter the same applies in this Article)" in that item is deemed to be replaced with "user"; the term "loss" in that item is deemed to be replaced with "loss (meaning, in the case where the total amount of mutual aid premiums to be paid by the user as a result of the conclusion of the specified mutual aid contract exceeds the total amount of mutual aid money, etc. [meaning mutual aid money, etc. prescribed in Article 58, paragraph (6) of the Small and Medium-Sized Enterprise Cooperatives Act; hereinafter the same applies in this item] to be acquired by the user as a result of the conclusion of the specified mutual aid contract, the amount obtained by deducting the total amount of the mutual aid money, etc. from the total amount of the mutual aid premiums; hereinafter the same applies in this Article)"; the phrase "property benefit will be provided to the customer or the third party in order for the financial instruments business operator, etc. or the third party to compensate or make up for" in that item is deemed to be replaced with "property benefit will be provided to the customer or the third party, separately from the specified mutual aid contract, in order for the financial instruments business operator, etc. or the third party to compensate or make up for"; the term "sales and purchase or transaction of securities, etc." in item (ii) and item (iii) of that

paragraph is deemed to be replaced with "conclusion of a specified mutual aid contract"; the term "securities, etc." in these provisions is deemed to be replaced with "specified mutual aid contract"; the phrase "property benefit will be provided to the customer in order for the financial instruments business operator, etc. or the third party to compensate for the whole or part of a loss incurred by the customer from the relevant securities, etc. or make an addition to" in item (ii) of that paragraph is deemed to be replaced with "property benefit will be provided to the customer, separately from the specified mutual aid contract, in order for the financial instruments business operator, etc. or the third party to compensate for the whole or part of a loss incurred by the customer from the relevant securities, etc. or make an addition to"; the phrase "providing property benefit to a customer or a third party or having a third party provide it to a customer, with regard to the sales and purchase or transaction of securities, etc., in order to compensate for the whole or part of a loss incurred by the customer from the relevant securities, etc. or make an addition to" in item (iii) of that paragraph is deemed to be replaced with "providing property benefit to a customer or a third party, separately from the specified mutual aid contract, or having a third party provide it to a customer, with regard to the sales and purchase or transaction of securities, etc., in order to compensate for the whole or part of a loss incurred by the customer from the relevant securities, etc. or make an addition to"; the term "sales and purchase or transaction of securities, etc." in paragraph (2) of that Article is deemed to be replaced with "conclusion of a specified mutual aid contract"; the phrase "that is designated by Cabinet Order as a potential cause" in paragraph (3) of that Article is deemed to be replaced with "that is a potential cause"; the phrase "Articles 37-2 to 37-6, Article 40-2, paragraph (4), and Article 43-4" in Article 45, item (ii) of that Act is deemed to be replaced with "Article 37-3 (limited to the part pertaining to the matters prescribed in the items of paragraph (1), and excluding item (ii) and item (vi) of that paragraph and paragraph (3)) and Article 37-4"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Credit Cooperatives)

Article 9-8 (1) A credit cooperative is to conduct the following businesses:

- (i) loaning of funds to partners
 - (ii) discounting of negotiable instruments for partners
 - (iii) acceptance of deposits or installment savings of partners
 - (iv) business incidental to the business set forth in the preceding three items
- (2) Other than the businesses set forth in the preceding paragraph, a credit cooperative may concurrently conduct the following activities:
- (i) foreign exchange transactions

- (ii) acceptance of deposits from the State, local governments and other not-for-profit juridical persons (hereinafter referred to as "the State, etc." in this paragraph)
- (iii) acceptance of deposits or installment savings from the spouse or other relatives who share the same livelihood with their partners (hereinafter referred to as "the spouse, etc." in this paragraph)
- (iv) acceptance of deposits or installment savings from non-partners (excluding the State, etc. or the spouse, etc.)
- (v) loaning of funds (including discounting of negotiable instruments; the same applies in paragraph (1), item (ii) of the following Article) to non-partners
- (vi) guarantee of obligations or acceptance of negotiable instruments (limited to those accepted for partners and those specified by Cabinet Order)
- (vii) sale and purchase of securities (excluding those that are monetary claims that are indicated in the form of certificates as provided in item (x) and short term company bonds, etc.; hereinafter the same applies in item (x)-2 and item (xi)) (excluding the sale and purchase of securities that falls under the category of transactions of securities-related derivatives) or transactions of securities-related derivatives (limited to those carried out for the purpose of investment or brokerage with written orders)
- (viii) loaning of securities (limited to those provided for partners and those specified by Cabinet Order)
- (ix) Underwriting (excluding that for the purpose of secondary distribution) of Japanese government bonds, local government bonds, or government guaranteed bonds (hereinafter referred to as "Japanese government bonds, etc.") or handling of offering of the Japanese government bonds pertaining to the underwriting
- (x) acquisition or transfer of monetary claims (including negotiable certificates of deposit and other monetary claims indicated in the form of certificates which are specified by Cabinet Order)
- (x)-2 underwriting (excluding that for the purpose of secondary distribution) of specified company bonds issued by a special purpose company (excluding specified short term company bonds, and limited to those for acquiring only nominative monetary claims or the beneficial interest in trust in which nominative monetary claims are entrusted by using the money gained through issuance of the specified company bonds under an asset liquidation plan) and other securities that are specified by Cabinet Order as those equivalent thereto (hereinafter referred to as "specified company bonds, etc." in this item) or handling of an offering of the specified company bonds, etc. pertaining to the underwriting
- (x)-3 acquisition or transfer of short term company bonds
- (xi) handling of private placement of securities

- (xii) acting as an agent or intermediary in carrying out the operations of a credit cooperative, a federation of cooperatives engaged in the business set forth in paragraph (1), item (i) of the following Article, the National Life Finance Corporation, or any other person specified by the Prime Minister (limited to the businesses specified by the Prime Minister)
 - (xiii) receipt of money and handling of other monetary affairs for the State, local governments and companies, etc.
 - (xiv) safekeeping of securities, precious metals and any other articles
 - (xiv)-2 Book-entry transfer business
 - (xv) exchange of money
 - (xv)-2 transactions of derivatives (excluding those that fall under the category of securities-related derivatives transaction; the same applies in the following item) which are specified by Cabinet Order (excluding those that fall under the business set forth in item (x))
 - (xvi) intermediation, brokerage or agency for derivative transactions (limited to those specified by Cabinet Order)
 - (xvii) transactions promising the payment or receipt of the amount of money calculated based on the difference between the numeric value, which has been agreed upon between the parties in advance as the interest rate, price of currency, price of goods or numeric value of another index, and the actual numeric value of the index at a certain time in the future, or transactions similar thereto, which are specified by Cabinet Order (referred to as "financial derivative transactions" in the following item) (excluding those that fall under the business set forth in item (x) and item (xv)-2)
 - (xviii) intermediation, brokerage or agency for financial derivative transactions (excluding those that fall under the business set forth in item (xvi) and those specified by Cabinet Order)
 - (xix) over-the-counter derivative transactions related to securities (limited to those that are settled by paying or receiving the differences, in the case where the securities subject to the over-the-counter derivative transactions related to securities fall under the category of monetary claims indicated in the form of certificates as prescribed in item (x) and those that are not short term company bonds, etc.; the same applies in the following item) (excluding those that fall under the business set forth in item (vii))
 - (xx) intermediation, brokerage or agency for the over-the-counter derivative transactions related to securities
 - (xxi) business incidental to the business set forth in the preceding items
- (3) The total amount of deposits and installment savings pertaining to the business set forth in item (iv) of the preceding paragraph of a credit cooperative must not exceed an amount equivalent to twenty percent of the total amount of the deposits and installment savings of the credit cooperative.

- (4) A credit cooperative must carry out the business set forth in paragraph (2), item (v) only to the extent that it does not prevent the execution of the business set forth in paragraph (1), item (i) and item (ii), pursuant to the provisions of Cabinet Order.
- (5) The business set forth in paragraph (2), item (x) is to include the business performing the acts prescribed in Article 2, paragraph (8), items (i) through (vi) and items (viii) through (x) (Definitions) of the Financial Instruments and Exchange Act for those monetary claims indicated in the form of certificates as prescribed in that item that fall under the category of securities, and the business set forth in item (x)-3 of that paragraph is to include the business for short term company bonds, etc.
- (6) In paragraph (2) and the preceding paragraph, the meanings of the terms prescribed in the following items are as prescribed in the relevant items:
- (i) short term company bonds, etc. are prescribed below:
 - (a) short-term company bonds prescribed in Article 66, item (i) (Attribution of Rights) of the Act on Book-entry Transfer of Corporate Bonds and Shares (Act No. 75 of 2001)
 - (b) short-term commercial and industrial bonds prescribed in Article 33-2 (Issuance of Short-term Commercial and Industrial Bonds) of the Shoko Chukin Bank Limited Act (Act No. 14 of 1999)
 - (c) short-term securities investment corporation bonds prescribed in Article 139-12, paragraph (1) (Special Provisions on Short-term Securities Investment Corporation Bonds) of the Act on Investment Trust and Investment Corporations (Act No. 198 of 1951)
 - (d) short-term bonds prescribed in Article 54-4, paragraph (1) (Issuance of Short-term Bonds of the National Federation) of the Shinkin Bank Act (Act No. 238 of 1951)
 - (e) Short Term company bonds prescribed in Article 61-10, paragraph (1) (Exceptions Concerning Short Term Company Bonds) of the Insurance Business Act
 - (f) specified short-term company bonds prescribed in Article 2, paragraph (8) (Definitions) of the Act on the Securitization of Assets (Act No. 105 of 1998)
 - (g) short-term agriculture and forestry bonds prescribed in Article 62-2, paragraph (1) (Issuance of Short-term Agriculture and Forestry Bonds) of the Norinchukin Bank Act (Act No. 93 of 2001)
 - (h) among the rights to be indicated on securities (excluding those that have the characteristics of bonds with share options) issued by a foreign corporation whose attribution of rights is to be decided by the statement or record in the transfer account book pursuant to the provisions of the Act on Book-entry Transfer of Corporate Bonds and Shares, those that satisfy all of the following requirements:

1. The amount of each right must not be less than one hundred million yen.
 2. The principal must be redeemed by a fixed due date within one year from the date of payment of the total amount of the rights, and must not be redeemed in installment payments.
 3. The due date for the payment of interest must be the same date as the due date for the redemption of the principal set forth in 2 above.
- (i)-2 over-the-counter derivative transactions related to securities and intermediation or brokerage with written orders; are over-the-counter derivative transactions related to securities prescribed in Article 28, paragraph (8), item (vi) (Definitions) of the Financial Instruments and Exchange Act and brokerage with written orders prescribed in Article 33, paragraph (2) (Prohibition on Engagement in Securities Services by Financial Institutions) of that Act respectively
- (ii) government guaranteed bonds; are company bonds and any other bonds for which the government guarantees the redemption of the principal and the payment of interest
- (ii)-2 special purpose company, asset liquidation plan, specified company bonds, and specified short-term company bonds; are special purpose company, asset liquidation plan, specified company bonds, and specified short-term company bonds prescribed in Article 2, paragraph (3), paragraph (4), paragraph (7) and paragraph (8) (Definitions) of the Act on the Securitization of Assets
- (iii) handling of private placement of securities; are handling of private placement of securities (meaning private placement of securities prescribed in Article 2, paragraph (3) (Definitions) of the Financial Instruments and Exchange Act)
- (iii)-2 book-entry transfer business; is book-entry transfer business conducted as an account management institution set forth in Article 2, paragraph (4) (Definitions) of the Act on Book-entry Transfer of Corporate Bonds and Shares
- (iii)-3 derivative transactions; are derivative transactions prescribed in Article 2, paragraph (20) (Definitions) of the Financial Instruments and Exchange Act
- (iv) over-the-counter derivative transactions related to securities; are derivative transactions related to securities prescribed in Article 28, paragraph (8), item (iv) (Definitions) of the Financial Instruments and Exchange Act.
- (7) In addition to the businesses conducted pursuant to the provisions of paragraph (1) and paragraph (2), a credit cooperative may carry out the business conducting the acts specified in the items of Article 33, paragraph (2) (Prohibition on Engagement in Securities Services by Financial Institutions) of the Financial Instruments and Exchange Act (excluding the business

conducted pursuant to the provisions of paragraph (2)) with regard to securities and transactions prescribed in the items of that paragraph, only to the extent not preventing the execution of the business set forth in paragraph (1), items (i) through (iii).

(8) In addition to the business conducted pursuant to the provisions of paragraph (1) and paragraph (2), a credit cooperative may carry out the following businesses, only to the extent not preventing the execution of the business set forth in paragraph (1), items (i) through (iii):

(i) business pertaining to trust business prescribed in Article 1, paragraph (1) (Approval of Engagement in Trust Business Activities) of the Act on Engagement in Trust Business Activities by Financial Institutions (Act No. 43 of 1943) pursuant to that Act

(ii) business related to the affairs pertaining to a trust created by a method set forth in Article 3, item (iii) (Methods of Trust) of the Trust Act (Act No. 108 of 2006)

(9) In addition to the business conducted pursuant to the provisions of paragraph (1) and paragraph (2), a credit cooperative may carry out the following businesses for partners, local governments, and other persons specified by Cabinet Order, only to the extent not preventing the execution of the business set forth in paragraph (1), items (i) through (iii).

(i) acceptance of entrustment with the offer or management of local government bonds, company bonds or any other bonds

(ii) trust business concerning secured bonds conducted pursuant to the Secured Bond Trust Act (Act No. 52 of 1905)

(10) With regard to the application of the Trust Business Act (Act No. 154 of 2004), the Secured Bond Trust Act and any other laws and ordinances specified by Cabinet Order regarding the business set forth in paragraph (8), item (ii) and the business prescribed in the preceding paragraph, a credit cooperative is deemed as a company or a bank, pursuant to the provisions of Cabinet Order. In this case, the provisions of the proviso to Article 14, paragraph (2) (Trade Name) of the Trust Business Act do not apply.

(Federation of Cooperatives)

Article 9-9 (1) A federation of cooperatives may conduct a part of the following businesses:

(i) acceptance of deposits or installment savings of members

(ii) loaning of funds to members and borrowing of the funds for members

(iii) reinsurance of mutual aid liabilities borne by a member in the course of fire mutual aid business

(iv) production, processing, sales, purchase, storage, transport, inspection and other joint business related to the business of persons directly or indirectly

constituting the federation of cooperatives (hereinafter referred to as "affiliates")

- (v) business related to the welfare of affiliates
 - (vi) business related to the education and provision of information for achieving an improvement of the management and technology concerning the business of affiliates and the dissemination of knowledge concerning the cooperatives' business
 - (vii) business related to research and development with regard to new goods or new technology or the cultivation of demand for facilitating affiliates to advance into new business fields
 - (viii) conclusion of collective agreements for improving the economic status of affiliates
 - (ix) business incidental to the business set forth in the preceding items
- (2) A federation of cooperatives engaged in the business set forth in item (i) of the preceding paragraph may not conduct business other than those set forth in item (i) and item (ii) of that paragraph and business incidental thereto and the business prescribed in paragraph (6), notwithstanding the provisions of the preceding paragraph.
- (3) A federation of cooperatives engaged in the business set forth in paragraph (1), item (iii) may not conduct business other than those set forth in item (ii) and item (iii) of that paragraph and the bearing of mutual aid liabilities pertaining to fire mutual aid contracts jointly and severally with fire mutual aid cooperatives, and business incidental thereto, notwithstanding the provisions of that paragraph.
- (4) A federation of cooperatives engaged in mutual aid business pursuant to the provisions of paragraph (1), item (v) for which the total number of partner of its member cooperatives exceeds the standard specified by Cabinet Order or which is engaged in the business of the reinsurance of mutual aid liabilities or the retrocession of reinsurance liabilities borne by affiliate cooperatives in the course of mutual aid business (hereinafter referred to as "specified federation of mutual aid associations") may not conduct business other than mutual aid business and the business set forth in item (ii) of that paragraph, and business incidental thereto, and the business prescribed in Article 9-2, paragraph (6) as applied mutatis mutandis pursuant to the provisions of following paragraph, notwithstanding the provisions of paragraph (1); provided, however, that this does not apply when it has obtained the approval of an administrative agency pursuant to the provisions of order of the competent ministry.
- (5) With regard to a federation of cooperatives (excluding that engaged in the business set forth in paragraph (1), item (i) or item (iii)), the provisions of Article 9-2, paragraphs (2) through (15) (excluding paragraph (7) and paragraph (9) [limited to the part pertaining to small business cooperatives]),

Articles 9-2-2 to 9-7, and Article 9-7-5 apply mutatis mutandis. In this case, the term "partner, relatives who share the same livelihood with partner, and small-sized enterprises that directly or indirectly constitute member cooperatives" in Article 9-2, paragraph (9) is deemed to be replaced with "partner, affiliate small-sized enterprises, and relatives who share the same livelihood with affiliate small-sized enterprises."

- (6) A federation of cooperatives engaged in the business set forth in paragraph (1), item (i) may conduct the following businesses. In this case, the business set forth in items (ii) through (v) must be conducted only to the extent not preventing the execution of the business set forth in item (i) and item (ii) of that paragraph.
- (i) businesses set forth in paragraph (2), item (i), item (ii), and items (iv) through (xxi) of the preceding Article
 - (ii) businesses conducting the acts specified in the items of Article 33, paragraph (2) (Prohibition on Engagement in Securities Services by Financial Institutions) of the Financial Instruments and Exchange Act (excluding the business set forth in the preceding item) with regard to securities and transactions prescribed in the items of that paragraph
 - (iii) business pertaining to trust business prescribed in Article 1, paragraph (1) (Approval of Engagement in Trust Business Activities) of the Act on Engagement in Trust Business Activities by Financial Institutions pursuant to that Act
 - (iv) business related to the affairs pertaining to a trust created by a method set forth in Article 3, item (iii) (Methods of Trust) of the Trust Act
 - (v) business set forth in the items of paragraph (9) of the preceding Article
- (7) With regard to a federation of cooperatives engaged in the business set forth in paragraph (1), item (i), the provisions of paragraphs (3) through (6) and paragraph (10) of the preceding Article apply mutatis mutandis. In this case, the phrase "paragraph (1), item (i) and item (ii)" in paragraph (4) of that Article is deemed to be replaced with "paragraph (1), item (ii) of the following Article" and the phrase "the business set forth in paragraph (8), item (ii) and the business prescribed in the preceding paragraph" in paragraph (10) of that Article is deemed to be replaced with "the business set forth in paragraph (6), item (iv) and item (v) of the following Article."
- (8) With regard to a federation of cooperatives engaged in the business set forth in paragraph (1), item (iii), the provisions of the first sentence of Article 9-6-3, paragraph (1) and Article 9-7-5 apply mutatis mutandis.

(Joint Enterprise Cooperatives)

Article 9-10 A joint enterprise cooperative is to engage in commerce, industrial business, mining business, transport business, service business or any other

business.

- Article 9-11 (1) Partner (excluding specified partners; the same applies in the following paragraph through paragraph (4)) of or more than one-half of all partners of a joint enterprise cooperative must engage in the business conducted by the joint enterprise cooperative.
- (2) More than one-third of the persons engaged in the business conducted by a joint enterprise cooperative must be a partner.
- (3) Partner of a joint enterprise cooperative must not carry out transactions in the lines of business as that conducted by the joint enterprise cooperative either for themselves or for third parties, without obtaining the approval of the assembly.
- (4) When a member has carried out transactions for the benefit of the member in violation of the provisions set forth in the preceding paragraph, a joint enterprise cooperative may, based on a resolution of the assembly, deem the transactions to have been carried out for the joint enterprise cooperative.
- (5) The right prescribed in the preceding paragraph lapses if it remains unexercised for two months from the date when another member learned about the transactions. The same applies when one year has elapsed from the date of the transactions.
- (6) Specified partner of a joint enterprise cooperative must not carry out all or part of the transactions in the lines of business as that conducted by the joint enterprise cooperative, without obtaining the approval of the assembly.

Section 3 Partners

(Contributions)

- Article 10 (1) A member must make one or more units of contribution.
- (2) The unit amount of contribution must be equal.
- (3) The number of units of contribution per member must not exceed twenty-five percent (ten percent in the case of a credit cooperative) of the total number of units of contribution; provided, however, that any of the following partner (excluding partner of a credit cooperative) may offer up to the number of units of contribution equivalent to thirty-five percent of the total number of units of contribution in the cooperative, when the member has gained the approval of the cooperative based on a resolution of the assembly:
- (i) a member receiving all or part of equity interest from another member who is transferring all of the equity interest thereof
- (ii) a member who is a juridical person formed by a merger or a joint incorporation-type company split (meaning a joint incorporation-type company split jointly conducted by a juridical person with another juridical

person; the same applies hereinafter) between partner who are juridical persons, which has joined the cooperative by offering the number of units of contribution equivalent to all or part of the number of units of contribution that had been offered by the member who is a juridical person dissolved by the merger or the partner who are juridical persons conducting the joint incorporation-type company split, within one year from the merger or joint corporation-type company split

(iii) a member who is a juridical person surviving a merger with another member who is a juridical person or a member who is a juridical person succeeding to the business of another member who is a juridical person through an absorption-type company split, which offers the number of units of contribution equivalent to all or part of the number of units of contribution that had been offered by the member who is a juridical person dissolved by the merger or the partner who are juridical persons conducting the absorption-type company split, within one year from the merger or absorption-type company split

(iv) beyond what is set forth in the preceding items, a member who, after the withdrawal of a member based on the grounds set forth in any of the items of Article 19, paragraph (1), offers the number of units of contribution equivalent to all or part of the number of units of contribution that had been offered by the member who has withdrawn, within one year from the withdrawal

(4) The provisions set forth in the preceding paragraph do not apply to the number of units of contribution offered by a member of a cooperative having three partners or less.

(5) The liability of a member is limited to the amount of the contribution.

(6) A member may not duly assert against the cooperative for by offsetting the payment of contribution.

(7) A majority of the total number of units of contribution in a joint enterprise cooperative must be offered by partners (excluding specified partners) engaged in the business conducted by the cooperative.

(Preparation, Keeping, and Inspection of a Member Registry)

Article 10-2 (1) A cooperative must prepare a member registry and state or record the following particulars with respect to each member:

(i) the name and the address or residence

(ii) the date of registration

(iii) the number of units, the amount, and the payment date of the contribution

(2) A cooperative must keep its member registry at its principal office.

(3) Partner and obligees of a cooperative may make the following requests to the cooperative at any time during its business hours. In this case, the cooperative

must not refuse the request without reasonable grounds.

- (i) if the member registry has been prepared in the form of a paper document, a request for inspection or copies of the document
- (ii) if the member registry has been prepared in the form of an electronic or magnetic record (meaning a record created in an electronic form, magnetic form or any other form that may not be recognized by human senses, which is provided for the use in data processing by computers and which is specified by order of the competent ministry; the same applies hereinafter), a request for inspection or copies of the information recorded in the electronic or magnetic record that have been displayed by a method specified by order of the competent ministry

(Voting Right and Right to Elect)

Article 11 (1) Each member has a single voting right and the right to elect officers or representative members.

- (2) A member may, pursuant to the provisions of the articles of incorporation, exercise the voting right thereof or right to elect in writing or by proxy with regard to the particulars that have been notified in advance pursuant to the provisions of Article 49, paragraph (1). In this case, no person other than a relative or an employee of the member or another member may serve as a proxy.
- (3) A member may, pursuant to the provisions of the articles of incorporation, exercise the voting right thereof by electronic or magnetic means (meaning a method using an electronic data processing system or any other method using information and communications technology, which is specified by order of the competent ministry; the same applies hereinafter, except in Article 33, paragraph (4), item (iii)), in lieu of the exercise of the voting right in writing under the provisions of the preceding paragraph.
- (4) A person exercising a voting right or right to elect pursuant to the provisions of the preceding two paragraphs is deemed to be an attendant.
- (5) A proxy may not serve as a proxy for five or more partners.
- (6) A proxy must submit a document proving the right to represent to the cooperative. In this case, if the exercise of a voting right by electronic or magnetic means is allowed pursuant to the provisions of the articles of incorporation, the proxy may prove the right to represent by electronic or magnetic means, in lieu of the submission of the document.

(Imposition of Allocated Expenses)

Article 12 (1) A cooperative (excluding a joint enterprise cooperative) may impose allocated expenses on its partner, pursuant to the provisions of the articles of incorporation.

- (2) Notwithstanding the provisions of the preceding paragraph, a cooperative engaged in mutual aid business may not impose allocated expenses on its partner with regard to the mutual aid business (including the business incidental thereto).
- (3) A member may not duly assert against the cooperative by offsetting the payment of expenses under paragraph (1).

(Usage Fees and Handling Fees)

Article 13 A cooperative (excluding a joint enterprise cooperative) may collect usage fees and handling fees pursuant to the provisions of the articles of incorporation.

(Freedom to Join)

Article 14 When a person qualified to be a member intends to join a cooperative, the cooperative must not, without reasonable grounds, refuse the person to join or impose more difficult requirements on the person on becoming a member than those imposed on present partners when they joined the cooperative.

(Membership)

Article 15 A person who intends to join a cooperative becomes a member when the person has, after gaining the consent of the cooperative with regard to becoming a member pursuant to the provisions of the articles of incorporation, completed the payment of the amount corresponding to the number of units of contribution the person offers or, if the cooperative has rules for collecting a membership fee, when the payment of the fee is completed, or succeeded to all or part of the equity interest of a member.

Article 16 (1) When the heir of a deceased member who is qualified to be a member has filed an application to join a cooperative within a period specified by the articles of incorporation, the heir is deemed to have become a member at the time of the commencement of succession, notwithstanding the provisions of the preceding Article. In this case, the member who is an heir succeeds to the rights and obligations of the deceased member with regard to the equity interest of the decedent.

(2) When there are several heirs to a deceased member, the provisions set forth in the preceding paragraph apply only to a single heir who has been selected with the consent of the other heirs.

(Transfer of Equity Interest)

Article 17 (1) No member may transfer the equity interest thereof without the approval of the cooperative.

- (2) When a non-member intends to acquire an equity interest, the transfer must be governed by the same rules as those for membership.
- (3) The transferee of equity interest succeeds to the rights and obligations of the transferor with regard to the equity interest.
- (4) No member may jointly own equity interest.

(Voluntary Withdraw)

Article 18 (1) A member may withdraw at the end of a business year by giving an advance notice at least ninety days before the relevant date.

- (2) The period for advance notice set forth in the preceding paragraph may be extended by the articles of incorporation; provided, however, that the period must not exceed one year.

(Statutory Withdrawal)

Article 19 (1) A member withdraws based on any of the following grounds:

- (i) loss of qualification for membership
 - (ii) death or dissolution
 - (iii) expulsion
 - (iv) cease and desist order that has become final and binding based on the decision by the Fair Trade Commission under the provisions of Articles 107 through 109
 - (v) loss of the entire equity interest (limited to a credit cooperative or a member of a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i))
- (2) Any of the following partners may be expelled based on a resolution of the assembly. In this case, the cooperative must notify the member to that effect by ten days prior to the day of the assembly and give the member an opportunity to give an explanation at the assembly.
 - (i) a member who has not used the services provided by the cooperative for a long time
 - (ii) a member who has failed to pay the contribution or expenses or perform any other obligation against the cooperative, or a specified member who has violated the provisions of Article 9-11, paragraph (6)
 - (iii) any other member who falls under the grounds prescribed in the articles of incorporation
 - (3) Expulsion may not be duly asserted against the expelled member unless the member has been notified to that effect.

(Refund of Equity Interests of Withdrawn Members)

Article 20 (1) When a member has withdrawn pursuant to the provisions of Article 18 or paragraph (1), items (i) to (iv) of the preceding Article, the

member may claim a refund of all or part of the equity interest, pursuant to the provisions of the articles of incorporation.

(2) The equity interest set forth in the preceding paragraph is decided based on the partnership property at the end of the business year in which the member withdraws.

(3) When calculating the equity interest set forth in the preceding paragraph, if the partnership property is insufficient for paying the obligation in full, the cooperative may request the withdrawn member to pay the amount of loss that the partner is liable to bear, pursuant to the provisions of the articles of incorporation.

(Prescription)

Article 21 The claim under the provisions of paragraph (1) or paragraph (3) of the preceding Article lapses by prescription if it is not exercised for two years from the date of withdrawal.

(Suspension of Refund)

Article 22 A cooperative may suspend a refund of equity interest until the withdrawn member has completed the obligation to pay in full to the cooperative.

(Reduction in the Number of Units of Contribution)

Article 23 (1) When a member has suspended the business or discontinued a part of the business, or when it is obvious that the member has unavoidable grounds, the member may reduce the number of units of contribution at the end of the business year, pursuant to the provisions of the articles of incorporation.

(2) With regard to the case set forth in the preceding paragraph, the provisions of Article 20 and Article 21 apply *mutatis mutandis*.

(Tax Imposed on the Income of Partners of a Joint Enterprise Cooperative)

Article 23-2 Out of the income received by a member (excluding a specified member) of a joint enterprise cooperative by engaging in the business conducted by the joint enterprise cooperative, the income received based on the same standards as those for the salaries, wages, reimbursement of expenses, bonuses, and retirement payments and remunerations having the same characteristics thereto paid by the joint enterprise cooperative to non-partner that engages in the business conducted by the joint enterprise cooperative is deemed to be employment income or retirement income with regard to the application of the Income Tax Act (Act No. 33 of 1965).

(Aid to Partners of a Small Business Cooperative)

Article 23-3 The government must take special taxation and financial measures for partners of a small business cooperative.

Section 4 Formation

(Founder)

Article 24 (1) In order to incorporate a business cooperative, a small business cooperative, a fire mutual aid cooperative, a credit cooperative or a joint enterprise cooperative, four or more persons who intend to become its partner (partner other than specified partner in the case of a joint enterprise cooperative) need to become founders, and in order to incorporate a federation of cooperatives, two or more cooperatives that intend to become its partner need to become founders.

(2) A credit cooperative may only be incorporated unless it has more three hundred partners.

(3) A fire mutual aid cooperative may only be incorporated unless it has more one thousand partners.

(Total Amount of Contribution to a Cooperative Engaged in Mutual Aid Business)

Article 25 (1) The total amount of contribution to a specified mutual aid association (excluding one engaged in the business of reinsurance or retrocession), a fire mutual aid cooperative, or a specified federation of mutual aid associations (excluding one engaged in the business of reinsurance or retrocession) must be ten million yen or more.

(2) The total amount of contribution in a specified mutual aid association or a specified federation of mutual aid associations engaged in the business of reinsurance or retrocession must be thirty million yen or more.

(3) The total amount of contribution in a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (iii) must be fifty million yen or more.

(District of a Fire Mutual Aid Cooperative)

Article 26 The district of a fire mutual aid cooperative is the entire area of a single or two or more prefectures for one that is qualified for membership for small-sized enterprises set forth in Article 8, paragraph (3), and is nationwide for one that is qualified for membership for small-sized enterprises that are engaged in a business that belongs to one of the business types specified by the articles of incorporation.

Article 26-2 (1) The district of a fire mutual aid cooperative covering the area of a prefecture(s) must not overlap with the district of a fire mutual aid cooperative covering the area of another prefecture(s).

(2) A federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) consists of fire mutual aid cooperatives and there is only one federation throughout the country.

(Organizational Meeting)

Article 27 (1) Founder must hold an organizational meeting after preparing the articles of incorporation, and notifying them together with the date and place of the meeting to the public.

(2) The public notice set forth in the preceding paragraph must be given by at least two weeks prior to the date of the meeting.

(3) The approval of the articles of incorporation prepared by the founders, establishment of business plan and decisions on any other matters necessary for the formation must be based on decisions made at the organizational meeting.

(4) The articles of incorporation set forth in the preceding paragraph may be amended at the organizational meeting; provided, however, that this does not apply to provisions concerning the district and the qualifications for membership.

(5) A decision at the organizational meeting is made by more two-thirds of the voting rights, with more than half of those who are qualified to be partner and who have given consent to the formation to the founders present, by the date of the meeting.

(6) When there has been a resolution for the postponement or continuation of the organizational meeting, the public notice under the provisions of paragraph (1) is not be required.

(7) Minutes must be taken with regard to the proceedings of the organizational meeting, pursuant to the provisions of order of the competent ministry.

(8) With regard to the organizational meeting, the provisions of Article 11 apply mutatis mutandis; and with regard to an action for declaratory judgment on the nonexistence or invalidity of or an action for rescission of a resolution of the organizational meeting, Article 830, Article 831, Article 834 (limited to the part pertaining to item (xvi) and item (xvii)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837, Article 838, and Article 846 (Action for Declaratory Judgment on Nonexistence or Invalidity of or Action for Revocation of a Resolution of a Shareholders Meeting) (excluding the part pertaining to company auditors in the case of a cooperative prescribed in Article 36-3, paragraph (4) of this Act whose articles of incorporation provide that the scope of audits conducted by auditors is limited to those concerning

accounting [hereinafter referred to as "cooperative limiting the audit authority"]) of the Companies Act apply mutatis mutandis.

(Approval for Formation)

Article 27-2 (1) The founders must, without delay after the conclusion of the organizational meeting, submit the articles of incorporation, business plan, and documents stating the names and address of the officers and other necessary matters to an administrative authority, pursuant to the provisions of order of the competent ministry, and obtain approval for the formation.

(2) With regard to the formation of a credit cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i), the founders must submit, in addition to the documents set forth in the preceding paragraph, a document stating the type and method of the operations and the names of the officers that engage in daily business and any other documents specified by order of the competent ministry.

(3) With regard to the formation of a fire mutual aid cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (iii), the founders must submit, in addition to the documents set forth in paragraph (1), a document stating the matters specified by order of the competent ministry concerning the implementation method of the fire mutual aid business, mutual aid contracts, mutual aid premiums, and the calculation method of the amount of liability reserve (hereinafter referred to as "fire mutual aid rules"), a document stating the names of the officers that engage in daily business, and any other documents specified by order of the competent ministry.

(4) With regard to the formation of a cooperative other than the cooperatives prescribed in the preceding two paragraphs, an administrative authority must grant the approval under paragraph (1), except in either of the following cases:

- (i) When the formation procedures or the contents of the articles of incorporation or business plan are in violation of laws or regulations
- (ii) When it is found to be very difficult for the cooperative to achieve its purpose, such as lacking the managerial basis necessary for conducting the business

(5) With regard to the formation of a cooperative prescribed in paragraph (2), an administrative authority must grant the approval under paragraph (1), except in any of the following cases:

- (i) when the formation procedures, the contents of the articles of incorporation or business plan, or the type or method of the operations are in violation of laws or regulations
- (ii) when the financial or other economic circumstances in the district are found to be inappropriate for conducting the business

- (iii) when any of the officers that engage in daily business are found to lack sufficient experience and knowledge concerning the financial operations
 - (iv) when the type or method of the operations or the business plan is found to be inappropriate for securing sound management or for protecting the interest of depositors and other obligees
- (6) With regard to the formation of a cooperative prescribed in paragraph (3), an administrative authority must grant the approval under paragraph (1), except in any of the following cases:
- (i) when the formation procedures or the contents of the articles of incorporation, fire mutual aid rules, or business plans are in violation of laws or regulations
 - (ii) when it is obvious that the distribution of risk concerning the interest insured is insufficient or when it is obvious that there is little prospect for the conclusion of mutual aid contracts
 - (iii) when any of the officers that engage in daily business are found to lack sufficient experience and knowledge concerning mutual aid activities
 - (iv) when the contents of the fire mutual aid rules or business plan are found to be inappropriate for securing sound management or for protecting the interest of partner and other mutual aid contractors

(Handover of the Functions of the Cooperative to Directors)

Article 28 The founders must, without delay after obtaining the approval under paragraph (1) of the preceding Article, hand over the functions of the cooperative to the directors.

(First Payment of Contribution)

Article 29 (1) The directors must, without delay after taking over the functions of the cooperative pursuant to the provisions of the preceding Article, have each member make the first payment of the contribution.

(2) The amount of the first payment set forth in the preceding paragraph must not be less than one-fourth of the unit amount of contribution.

(3) A person making a contribution in kind must, on the date of the first payment, provide the whole property to be contributed; provided, however, that this does not preclude the person from completing acts such as registration, establishment or transfer of relevant rights necessary for duly asserting against a third party after the cooperative has been established.

(4) Notwithstanding the provisions of paragraph (1) and paragraph (2), in the case of a credit cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i), the directors must, without delay after taking over the functions of the cooperative pursuant to the provisions of the preceding Article, have each member make a payment of the

full amount of the contribution.

(Time of Establishment)

Article 30 A cooperative is established by completing the registration of formation at the location of its principal office.

(Notification of Establishment)

Article 31 A fire mutual aid cooperative, a credit cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i) or item (iii) must notify an administrative authority of its incorporation within two weeks from the date of incorporation.

(Action for Invalidation of Formation)

Article 32 With regard to an action to invalidate the formation of a cooperative, the provisions of Article 828, paragraph (1) (limited to the part pertaining to item (i)) and paragraph (2) (limited to the part pertaining to item (i)), Article 834 (limited to the part pertaining to item (i)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Articles 837 to 839, and Article 846 (Action to Invalidate Formation) (excluding the part pertaining to company auditors, in the case of a cooperative limiting the audit authority) of the Companies Act apply mutatis mutandis.

Section 5 Management

(Articles of Incorporation)

Article 33 (1) The articles of incorporation of a cooperative must state or record therein the following particulars (excluding the particulars set forth in item (viii) pertaining to mutual aid business [including the business incidental thereto] in the case of a cooperative engaged in mutual aid business, and excluding the particulars set forth in item (iii) and item (viii) in the case of a joint enterprise cooperative):

- (i) the business
- (ii) the name
- (iii) the district
- (iv) location of the office
- (v) provisions on qualifications for membership
- (vi) provisions on the accession and withdrawal of partners
- (vii) unit amount of contribution and the method of its payment
- (viii) provisions on the sharing of expenses
- (ix) provisions on the appropriation of surplus and disposition of losses
- (x) amount of the reserve fund and its funding method

- (xi) fixed number of officers and provisions on their election or appointment
 - (xii) business year
 - (xiii) Method of public notice (meaning the method by which the cooperative gives public notice [excluding the public notice that must be given by way of publication in an official gazette pursuant to the provisions of this Act or any other Act]; the same applies hereinafter)
- (2) In addition to the particulars prescribed in the preceding paragraph, the articles of incorporation of a cooperative engaged in mutual aid business must state or record therein particulars concerning a reduction in the amount of mutual aid money and the additional collection of mutual aid premiums.
- (3) In addition to the particulars set forth in the preceding two paragraphs, the articles of incorporation of a cooperative must state or record therein the duration of the cooperative or the grounds for its dissolution if the cooperative has set the duration or grounds, the name of the person making a contribution in kind, the property to be contributed, the value thereof, and the number of units of contribution deemed to be offered by making the contribution in kind if any person is making a contribution in kind to the cooperative, and the property promised to be received by transfer after the incorporation of the cooperative, the value thereof and the name of the transferor if there is any property.
- (4) As the method of public notice, a cooperative may, in addition to the method of posting the notice at the office of the cooperative, specify any one of the following methods in its articles of incorporation:
- (i) publication in an official gazette
 - (ii) publication in a daily newspaper which publishes particulars on current events
 - (iii) electronic public notice (meaning, among methods of public notice, the method of implementing a measure to provides the information that should be made available to many and unspecified persons by electronic or magnetic means [meaning electronic or magnetic means as prescribed in Article 2, item (xxxiv) of the Companies Act] and which is prescribed in that item; the same applies hereinafter)
- (5) When a cooperative specifies in its articles of incorporation that it specifies the method set forth in item (iii) of the preceding paragraph as its method of public notice, it is sufficient to specify in the articles of incorporation that electronic public notice will be the method of public notice. In this case, either of the methods set forth in item (i) or item (ii) of that paragraph may be specified as the method of public notice in the case where the public notice may not be given by way of electronic public notice due to an accident or any other unavoidable circumstances.
- (6) When a cooperative gives public notice by way of electronic public notice, it

must give the public notice by way of electronic public notice on a continuous basis until the dates prescribed in the following items for the categories of public notice set forth in the relevant items:

- (i) a public notice stating that objections may be stated within the period specified therein: the day on which the period expires
 - (ii) a public notice other than that set forth in the preceding item: the day on which one month has passed from the first publication of the public notice
- (7) With regard to the case where a cooperative gives public notice under the provisions of this Act or other Acts by way of electronic public notice, the provisions of Article 940, paragraph (3) (Interruption of Electronic Public Notice), Article 941, Article 946, Article 947, Article 951, paragraph (2), Article 953 and Article 955 (Investigation of Electronic Public Notice, etc.) of the Companies Act apply mutatis mutandis. In this case, the phrase "Notwithstanding the provisions of the preceding two paragraphs, during the period in which public notice must be given by way of electronic public notice pursuant to these provisions" in Article 940, paragraph (3) of the Act is deemed to be replaced with "Notwithstanding the provisions of Article 33, paragraph (6) of the Small and Medium-Sized Enterprise Cooperatives Act, during the period in which public notice must be given by way of electronic public notice pursuant to that paragraph" and any other necessary technical replacement of terms is specified by Cabinet Order.
- (8) In addition to the particulars prescribed in paragraphs (1) through (3), the articles of incorporation of a cooperative may state or record therein the particulars that do not come into effect unless prescribed in its articles of incorporation pursuant to the provisions of this Act or any other particulars that do not violate this Act.

(Constitution)

Article 34 The following particulars, except for those that must be prescribed by the articles of incorporation, may be prescribed by the constitution of the cooperative:

- (i) provisions on the assembly or the member representatives' meeting
- (ii) provisions on the handling of functions and accounting
- (iii) provisions on officers
- (iv) provisions on partners
- (v) any other necessary particulars

(Keeping and Inspection of the Articles of Incorporation)

Article 34-2 (1) A cooperative must keep the articles of incorporation and the constitution (the articles of incorporation, the constitution and the mutual aid rules or fire mutual aid rules, in the case of a cooperative engaged in mutual

aid business) (hereinafter referred to as "articles of incorporation, etc." in this Article) at each office.

- (2) Partner and obligees of a cooperative may make the following requests to the cooperative at any time during its business hours. In this case, the cooperative must not refuse the request without reasonable grounds.
 - (i) if the articles of incorporation, etc. have been prepared in the form of a paper document, a request for inspection or copies of the document
 - (ii) if the articles of incorporation, etc. have been prepared in the form of an electronic or magnetic record, a request for inspection or copies of the information recorded in the electronic or magnetic record that have been displayed by a method specified by order of the competent ministry
- (3) With regard to the application of the provisions of paragraph (1) to a cooperative which has taken a measure specified by order of the competent ministry for enabling each office (excluding the principal office) to respond to the request set forth in item (ii) of the preceding paragraph, in the case where the articles of incorporation, etc. have been prepared in the form of an electronic or magnetic record, the term "each office" in that paragraph is deemed to be replaced with "the principal office."

(Officers)

- Article 35 (1) A cooperative has directors and auditors as its officers.
- (2) The fixed number of directors is three or more and the fixed number of auditors is one or more.
 - (3) Officers are elected at the general assembly, pursuant to the provisions of the articles of incorporation; provided, however, that the officers at the time of formation are elected at the organizational meeting.
 - (4) At least two-thirds of the fixed number of directors (excluding directors of a joint enterprise cooperative; hereinafter the same applies in this paragraph) must be a partner or an officers of the juridical person that is a partner; provided, however, that at least two-thirds of the fixed number of directors at the time of formation must be persons who intend to become a partner or an officer of juridical persons that intend to become a partner.
 - (5) Directors of a joint enterprise cooperative must be a partner (excluding specified partner; hereinafter the same applies in this paragraph); provided, however, that the directors at the time of formation must be a person who intend to become a partner.
 - (6) A cooperative (excluding a credit cooperative and a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1)) whose total number of members (members of the member cooperatives in the case of a federation of cooperatives) exceeds the standard specified by Cabinet Order must have at least one auditor who is not a member of the cooperative nor an

officer or employee of a member juridical person of the cooperative, and who has not served as a director or employee of the cooperative nor a director, accounting advisor (when the accounting advisor is a juridical person, a member of the company who is in the position of performing the duties), executive officer or employee of a subsidiary company of the cooperative (meaning a company for which the cooperative owns a majority of voting rights [excluding the voting rights pertaining to the shares whose voting rights may not be exercised for all the matters that are subject to resolution at the shareholders meeting, and including the voting rights pertaining to the shares which is deemed to have the voting rights pursuant to the provisions of Article 879, paragraph (3) of the Companies Act] of all shareholders [including all members of the company]; the same applies hereinafter) during the five years preceding the assumption of the office.

- (7) When the positions of more than one-third of the fixed number of directors or auditors have become vacant, the positions must be supplemented within three months.
- (8) An officer are elected by way of secret voting.
- (9) Voting is carried out with one vote per person.
- (10) Notwithstanding the provisions of paragraph (8), the election of an officer may be carried out by recommending nominees if no attendant of the meeting has an objection.
- (11) In the case of using nomination method, the assembly (the organizational meeting in the case of electing officers at the time of formation) is consulted as to whether a nominee may be approved as the elected person, and the nominee is elected on gaining the consent of all attendants.
- (12) In the case of electing two or more directors or auditors in a single election, the provisions set forth in the preceding paragraph must not be applied by way of dividing the nominees.
- (13) Notwithstanding the provisions of paragraph (3), officers may be appointed at the assembly (the organizational meeting in the case of the appointment of officers at the time of formation), pursuant to the provisions of the articles of incorporation.

(Notification of Changes to its Officers)

Article 35-2 When changes are made to the name or address of any of its officers, a cooperative must notify an administrative authority of the changes within two weeks from the date of the change.

(Relationship Between the Cooperative and its Officers)

Article 35-3 The relationship between a cooperative and its officers is governed by the provisions on mandate.

(Qualifications of Officers)

Article 35-4 (1) The following persons may not become an officer:

- (i) a juridical person
 - (ii) an adult ward or a person under curatorship or any person who is treated similarly thereto under the laws and regulations of a foreign state
 - (iii) a person who has been sentenced to punishment for violating the provisions of this Act, the Companies Act, or the Intermediate Juridical Person Act (Act No. 49 of 2001) or for committing a crime set forth in Article 255, Article 256, Articles 258 to 260, or Article 262 of the Civil Rehabilitation Act (Act No. 225 of 1999) or a crime set forth in Article 265, Article 266, Articles 268 to 272 or Article 274 of the Bankruptcy Act (Act No. 75 of 2004) when two years have not yet elapsed since the person completed the sentence or ceased to be subject to the sentence
 - (iv) a person who has been sentenced to imprisonment without work or a severer punishment for violating the provisions of laws or regulations other than the provisions of the Acts prescribed in the preceding item where execution of the sentence has yet to be completed or the sentence has yet to become inapplicable (excluding a person for whom execution of the sentence is suspended)
- (2) In addition to the persons set forth in the items of the preceding paragraph, a person who had been ordered to commence bankruptcy proceedings, and whose rights have not been restored may not become an officer of a cooperative engaged in mutual aid business.

(Term of Office of Officers)

Article 36 (1) The term of office of a director is a period specified by the articles of incorporation not exceeding two years.

- (2) The term of office of an auditor is a period specified by the articles of incorporation not exceeding four years.
- (3) Notwithstanding the provisions of the preceding two paragraphs, the term of office of an officer at the time of formation is a period decided at the organizational meeting; provided, however, that the period must not exceed one year.
- (4) The provisions of the preceding three paragraphs do not preclude a cooperative from extending the term of office set forth in any of the preceding three paragraphs until the last day of the general assembly relating to the final accounting period during the term of office, based on the articles of incorporation.
- (5) Notwithstanding the provisions of the preceding three paragraphs, in the case where the articles of incorporation have been changed so as to abolish the

provisions of the articles of incorporation that had limited the scope of audits conducted by auditors to those concerning accounting, the term of office of auditors expires at the time when the changes to the articles of incorporation become effective.

(Measures Taken when Vacancies Arise in Officers)

Article 36-2 Where there are no officers in office, or where there is a vacancy which results in a shortfall in the number of officers prescribed in this Act or the association of incorporation, an officer who has retired or resigned from office due to the expiration of the term of office continues to have the rights and obligations of an officer until a newly elected officer assumes the office.

(Duties and Authority of Officers)

- Article 36-3 (1) A director must faithfully perform the duties for the cooperative, observing laws and regulations, the articles of incorporation, the constitution and resolutions of the assembly.
- (2) An auditor audits the execution of the duties of the directors. In this case, the auditor must prepare an audit report, pursuant to the provisions of order of the competent ministry.
- (3) With regard to directors, the provisions of Article 357, paragraph (1) of the Companies Act, Article 360, paragraph (1) of that Act apply mutatis mutandis pursuant to the provisions of paragraph (3) of that Article, and Article 361 of that Act following the deemed replacement of terms; and with regard to auditors, the provisions of Article 343, paragraph (1) and paragraph (2), Article 345, paragraphs (1) through (3), Article 381 (excluding paragraph (1)), Article 382, the main clause of Article 383, paragraph (1), Article 383, paragraph (2) and paragraph (3), and Articles 384 through 388 of that Act apply mutatis mutandis. In this case, the term "accounting advisors" in Article 345, paragraph (1) and paragraph (2) of that Act is deemed to be replaced with "auditors," the term "the directors (or, for a company with board of directors, to the board of directors)" in Article 382 of that Act is deemed to be replaced with "the council," the term "Order of the Ministry of Justice" in Article 384 of that Act is deemed to be replaced with "order of the competent ministry," the terms "company with auditors (including a stock company whose articles of incorporation provide that the scope of the audit by its company auditors is limited to an audit related to accounting)" and "company with auditors" in Article 388 of that Article is deemed to be replaced with "cooperative," and any other necessary technical replacement of terms is specified by Cabinet Order.
- (4) A cooperative (excluding a cooperative requiring an audit by an accounting auditor prescribed in Article 40-2) whose total number of partners (partners of the member cooperatives in the case of a federation of cooperatives) does not

exceed the standard specified by Cabinet Order under Article 35, paragraph (6) may provide in the articles of incorporation that the scope of audits conducted by its auditors is limited to those concerning accounting, notwithstanding the provisions of paragraph (2).

- (5) With regard to a cooperative whose articles of incorporation have the provisions as prescribed in the preceding paragraph, the provisions of Article 353, Article 360, paragraph (1) and Article 364 of the Companies Act apply mutatis mutandis to its directors, and the provisions of Article 389, paragraphs (2) through (7) of that Act apply mutatis mutandis to its auditors. In this case, the term the "Ministry of Justice Order" in Article 389, paragraph (2), paragraph (3) and paragraph (4), item (ii) is deemed to be replaced with "order of the competent ministry" and any other necessary technical replacement of terms is specified by Cabinet Order.
- (6) The provisions of the preceding three paragraphs (excluding the part pertaining to the provisions of Article 360, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the provisions of paragraph (3) of that Act following the replacement of terms, as applied mutatis mutandis pursuant to the provisions of paragraph (3) of that Article) do not apply to a credit cooperative and a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i).

Article 36-4 Deleted.

(Authority of the Council)

Article 36-5 (1) A cooperative must set up a council.

(2) A council is formed by all directors.

(3) Handling of the functions of a cooperative is decided by its council.

(Resolutions of the Council)

Article 36-6 (1) A resolution of the council is adopted by a majority (in the case where a higher proportion is prescribed by the articles of incorporation or the constitution, the relevant proportion or more) of the directors present where the majority (in the case where a higher proportion is prescribed by the articles of incorporation or the constitution, the relevant proportion or more) of the directors entitled to participate in the vote are present.

(2) A director with a special interest in the resolution set forth in the preceding paragraph may not participate in the vote.

(3) A cooperative may allow directors to participate in votes of the council in writing or by electronic or magnetic means, pursuant to the provisions of the articles of incorporation.

(4) A cooperative may prescribe in its articles of incorporation that, in the case

where a director has made a proposal regarding a matter that is subject to a resolution of the council, if all directors (limited to those who are able to participate in the vote regarding the matter) have manifested their intention to agree with the proposal in writing or by way of an electronic or magnetic record (except when an auditor has objection to the proposal in the case of a cooperative other than a cooperative limiting the audit authority), the council is deemed to have adopted a resolution approving the proposal.

- (5) When a director has notified all directors of the particulars to be reported to the council, the particulars are not required to be reported to the council.
- (6) The provisions of Article 366 (Convenor), Article 367 (Request for Calling of Meeting by Shareholders) and Article 368 (Calling Procedures) of the Companies Act apply mutatis mutandis to convocation of the council. In this case, any necessary technical replacement of terms is specified by Cabinet Order.

(Minutes of the Council Meeting)

Article 36-7 (1) Minutes are taken with regard to the proceedings of the council meeting, pursuant to the provisions of order of the competent ministry, and if the minutes are prepared in writing, the directors and auditors present at the meeting must affix their seals next to their names.

- (2) With regard to the particulars recorded in an electronic or magnetic record in cases where the minutes under the preceding paragraph are prepared in the form of an electronic or magnetic record, a measure in lieu of the signing or affixing seals next to the names that is specified by order of the competent ministry must be taken.
- (3) A cooperative must, for a period of ten years from the date of the council meeting (including the date on which the council is deemed to have adopted a resolution pursuant to the provisions of paragraph (4) of the preceding Article; the same applies in the following paragraph), keep the document or electronic or magnetic record stating or recording the minutes under paragraph (1) or the manifestation of intention under paragraph (4) of that Article (hereinafter referred to as the "minutes, etc." in this Article) at its principal office.
- (4) A cooperative must, for a period of five years from the date of the council meeting, keep a copy of the minutes, etc. at its secondary offices; provided, however, that this does not apply when the minutes, etc. have been prepared in the form of an electronic or magnetic record and the cooperative has taken a measure specified by order of the competent ministry for enabling secondary offices to respond to the request set forth in item (ii) of the following paragraph.
- (5) Partner and obligees of a cooperative may make the following requests to the cooperative at any time during its business hours. In this case, the cooperative must not refuse the request without reasonable grounds.

- (i) if the minutes, etc. have been prepared in the form of a paper document, a request for inspection of the document or its copy or request for a copy of the document
- (ii) if the minutes, etc. are prepared in the form of an electronic or magnetic record; a request for inspection or copies of the particulars recorded in the electronic or magnetic record that are displayed by a method specified by order of the competent ministry

(Representative Director)

Article 36-8 (1) The council must select a director representing the cooperative (hereinafter referred to as a "representative director") from among the directors.

- (2) The representative director has the authority to carry out acts in or out of court concerning the functions of the cooperative.
- (3) With regard to the representative director, the provisions of Article 36-2 of this Act, Article 44, paragraph (1), Article 54, and Article 55 of the Civil Code (Act No. 89 of 1896), and Article 354 of the Companies Act apply mutatis mutandis.

(Prohibition of Concurrent Holding of Positions by Officers)

Article 37 (1) No auditor may concurrently hold the position of a director or an employee of the cooperative.

- (2) None of the following persons may become a director of the cooperative:
 - (i) a person (in the case of a juridical person, an officer thereof) who engages in business other than those permitted for persons having the status of partner prescribed in the articles of incorporation which competes substantially with the business of the cooperative
 - (ii) a person (excluding a small-sized enterprise set forth in Article 7, paragraph (1) or paragraph (2)) who engages in business permitted for person having the status of partner prescribed in the articles of incorporation or business which competes substantially therewith and who is a non-member (in the case of a juridical person, an officer thereof)

(Self-Contract by Directors)

Article 38 (1) In any of the following cases, a director must disclose the significant facts concerning the relevant transaction at the council and obtain its approval:

- (i) when a director intends to carry out a transaction with the cooperative for the director or for a third party
- (ii) when the cooperative intends to guarantee the obligations of the director or carry out a transaction with a person other than the director and where

- there is a conflict of interest between the cooperative and the director
- (2) The provisions of Article 108 of the Civil Code do not apply to a transaction under item (i) of that paragraph that has been approved under the preceding paragraph.
 - (3) A director who has carried out a transaction under either of items of paragraph (1) must report to the council the significant facts concerning the transaction without delay after the transaction.

(Officers' Liability for Damages Against the Cooperative)

- Article 38-2 (1) When an officer has neglected their duties, the officer is liable to compensate the cooperative for any damages that have been caused.
- (2) When an officer neglects the duties set forth in the preceding paragraph based on a resolution of the council, the directors who agreed to the resolution are deemed to have engaged in the relevant conduct.
 - (3) A director who has participated in the resolution set forth in the preceding paragraph and whose objection is not kept in the minutes is presumed to have agreed to the resolution.
 - (4) An officer may not be exempted from the liability set forth in paragraph (1) without the consent of all partners.
 - (5) Notwithstanding the provisions of the preceding paragraph, if an officer performs their duties in good faith and without gross negligence, the officer may be exempted from the liability set forth in paragraph (1), based on a resolution of the assembly, within a limit of the amount obtained by subtracting, from the amount of the liability for damages, an amount obtained by multiplying an amount equivalent to the amount of annual economic benefit that the officer has received or should receive from the cooperative during their office as a consideration for execution of their duties, which has been calculated by the method specified by order of the competent ministry, by one of the numbers prescribed in the following items for the respective categories of officers prescribed therein:
 - (i) the representative director: six
 - (ii) a director other than the representative director: four
 - (iii) an auditor: two
 - (6) In the case set forth in the preceding paragraph, a director must disclose the following particulars set forth in that paragraph at the assembly:
 - (i) the facts that caused the liability and the amount of the liability for damages
 - (ii) the exemption limit that can be allowed pursuant to the provisions of the preceding paragraph and the basis of its calculation
 - (iii) the reason that the officer should be exempted from liability and the amount of exemption

- (7) In order for a director of a cooperative other than a cooperative limiting the audit authority to submit a proposal concerning immunity from liability (limited to immunity of a director from liability) under paragraph (1) to the assembly, the director must gain the consent of the respective auditors.
- (8) In the case where a resolution under paragraph (5) has been adopted, the cooperative must obtain the approval of the assembly when it provides the officer under that paragraph with a retirement bonus or any other economic benefit specified by order of the competent ministry after the resolution.
- (9) Notwithstanding the provisions of paragraph (4), with regard to the liability under paragraph (1), the provisions of Article 426 (excluding paragraph (4)) and Article 427 of the Companies Act apply mutatis mutandis. In this case, the phrase "the consent of a majority of the directors (excluding the directors subject to the liability) (or, for companies with board of directors, by resolution of the board of directors)" in Article 426, paragraph (1) of that Act is deemed to be replaced with "a resolution of the council," the phrase "consent to exempt the liability (or, for a company with a board of directors, a resolution of the board of directors) to the effect that" in paragraph (3) of that Article is deemed to be replaced with "a resolution of the council to exempt the liability," and any other necessary technical replacement of terms is specified by Cabinet Order.

(Officers' Liability for Damages Against Third Parties)

- Article 38-3 (1) When an officer performs their duties in bad faith and gross negligence, the officer is liable to compensate a third party for any damages that have been caused.
- (2) The provisions of the preceding paragraph also apply when the persons prescribed in the following items have committed the acts prescribed in the respective items; provided, however, that this does not apply if the persons have proved that they did not fail to exercise due care with respect to the performance of their duties:
 - (i) a director: the following acts (excluding the act set forth in (a) in the case of a director of a credit cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i)):
 - (a) providing a false statement or recording of any significant particulars to be stated or recorded in the documents to be prepared pursuant to the provisions of Article 40, paragraph (1) or paragraph (2)
 - (b) registering false information
 - (c) issuing a false public notice
 - (ii) providing a false statement or recording of any significant particulars to be stated or recorded in an audit report

(Joint and Several Liabilities of Officers)

Article 38-4 In the case where an officer is liable to compensate the cooperative or a third party for any damages that have been caused, if any other officers are also liable to compensate for the damages, the persons are joint and several obligors.

(Action to Enforce Liability of an Officer)

Article 39 With regard to an action to enforce liability of an officer, the provisions of Part VII, Chapter II, Section 2 (excluding Article 867, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5), and Article 851) (Action to Enforce Liability, etc. at a Stock Company) of the Companies Act apply mutatis mutandis. In this case, the term "Ministry of Justice Order" in Article 847, paragraph (1) and paragraph (4) of that Act is deemed to be replaced with "order of the competent ministry," and any other necessary technical replacement of terms is specified by Cabinet Order.

(Submission, Keeping, and Inspection of Settlement-Related Documents)

- Article 40 (1) A cooperative must prepare a balance sheet as of the date of its formation, pursuant to the provisions of order of the competent ministry.
- (2) A cooperative must prepare an inventory of assets, a balance sheet, a profit and loss statement, and a proposed appropriation of surplus or a proposed disposition of loss (hereinafter referred to as "settlement-related documents") and a business report pertaining to each business year, pursuant to the provisions of order of the competent ministry.
- (3) Settlement-related documents and a business report may be prepared in the form of electronic or magnetic records.
- (4) A cooperative must, for a period of ten years from the date on which settlement-related documents are prepared, retain the settlement-related documents.
- (5) Settlement-related documents and a business report under paragraph (2) must be audited by an auditor, pursuant to the provisions of order of the competent ministry.
- (6) Settlement-related documents and a business report that have been audited by an auditor pursuant to the provisions of the preceding paragraph must be approved by the council.
- (7) When giving a notice of the general assembly, the directors must provide partner with settlement-related documents and a business report approved under the preceding paragraph (including an audit report, or in the case paragraph (1) of the following Article is applicable, an accounting audit report), pursuant to the provisions of order of the competent ministry.
- (8) The directors must submit or provide settlement-related documents and a business report to the general assembly by attaching a document stating the

opinion of the auditor or an electronic or magnetic record including the particulars to be stated in the document, and seek its approval.

- (9) The directors must report on the contents of the business report submitted or provided to the general assembly pursuant to the provisions of the preceding paragraph.
- (10) A cooperative must keep the settlement-related documents and the business report of each business year at its principal office for a period of five years from the day two weeks prior to the date of the relevant general assembly.
- (11) A cooperative must keep copies of the settlement-related documents and the business report at its principal office for a period of three years from the day two weeks prior to the date of the general assembly; provided, however, that this does not apply when the settlement-related documents and the business report have been prepared in the form of electronic or magnetic records and the cooperative has taken a measure specified by order of the competent ministry that enables secondary offices to respond to the requests set forth in item (iii) and item (iv) of the following paragraph:
- (12) Partners and obligees of a cooperative may make the following requests to the cooperative at any time during its business hours; provided, however, that the partners and obligees must pay a fee specified by the cooperative when making a request set forth in item (ii) or item (iv):
- (i) if the settlement-related documents and the business report have been prepared in the form of paper documents; a request for inspection of the documents or copies of the documents
 - (ii) a request for provision of a transcript or an extract of the documents set forth in the preceding item
 - (iii) if the settlement-related documents and the business report have been prepared in the form of electronic or magnetic records, a request for inspection of information recorded in the electronic or magnetic records that have been displayed by a method specified by order of the competent ministry
 - (iv) a request for provision of the information recorded in the electronic or magnetic records set forth in the preceding item by electronic or magnetic means that has been specified by the cooperative or a request for issuance of a document providing the information
- (13) The provisions of the preceding paragraphs do not apply to a credit cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i).

Article 40-2 (1) A cooperative engaged in mutual aid business whose scale of business exceeds the standards specified by Cabinet Order must be audited, not only by an auditor, but also by a financial auditor with regard to

settlement-related documents prepared pursuant to the provisions of paragraph (2) of the preceding Article, pursuant to the provisions of order of the competent ministry.

- (2) With regard to a cooperative for which an audit by a financial auditor prescribed in the preceding paragraph is required, the provisions of Article 439 and Article 444 (excluding paragraph (3)) of the Companies Act apply mutatis mutandis. In this case, the term "Ministry of Justice Order" in Article 439 and Article 444, paragraph (1), paragraph (4) and paragraph (6) of that Act is deemed to be replaced with "order of the competent ministry," the term "its subsidiaries" in paragraph (1) of that Article is deemed to be replaced with "its subsidiaries, etc. (meaning subsidiaries, etc. prescribed in Article 61-2, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act)," and the phrase "may, pursuant to" in that paragraph is deemed to be replaced with "must, pursuant to," and any other necessary technical replacement of terms is specified by Cabinet Order.
- (3) With regard to a financial auditor, the provisions of Article 35-3 of this Act and Article 329, paragraph (1), Article 337, Article 338, paragraph (1) and paragraph (2), Article 339, Article 340, paragraphs (1) through (3), Article 344, paragraph (1) and paragraph (2), Article 345, paragraphs (1) through (3), Article 396, paragraphs (1) through (5), Article 397, paragraph (1) and paragraph (2), Article 398, paragraph (1) and paragraph (2), and Article 399, paragraph (1) of the Companies Act apply mutatis mutandis. In this case, the term "accounting advisor" in Article 345, paragraph (1) and paragraph (2) of that Act is deemed to be replaced with "accounting auditor," the term "Ministry of Justice Order" in Article 396, paragraph (1) and paragraph (2), item (ii) of that Act is deemed to be replaced with "order of the competent ministry," and any other necessary technical replacement of terms is specified by Cabinet Order.
- (4) With regard to the liability of a financial auditor, the provisions of Articles 38-2 through 38-4 apply mutatis mutandis. In this case, the term "auditor" in Article 38-2, paragraph (5), item (iii) is deemed to be replaced with an "auditor or financial auditor," the term "audit report" in Article 38-3, paragraph (2), item (ii) is deemed to be replaced with an "audit report or financial audit report," the term "an officer" in Article 38-4 is deemed to be replaced with "a financial auditor," the term "any other officers" in that Article is deemed to be replaced with "any officer or financial auditor," and any other necessary technical replacement of terms is specified by Cabinet Order.
- (5) With regard to an action to enforce the liability of a financial auditor, the provisions of Article 39 apply mutatis mutandis. In this case, any necessary technical replacement of terms is specified by Cabinet Order.

Article 40-3 (1) Where there is no financial auditors in office, or where there is a vacancy which results in a shortfall in the number of financial auditors prescribed in the articles of incorporation, if a financial auditor is not appointed without delay, an auditor must appoint a person who is to perform the duties of a financial auditor temporarily.

(2) With regard to a person who is to perform the duties of a financial auditor temporarily under the preceding paragraph, the provisions of Article 337 and Article 340, paragraphs (1) through (3) of the Companies Act apply mutatis mutandis.

(Preparation of Accounting Books)

Article 41 (1) A cooperative must prepare accurate accounting books in a timely manner, pursuant to the provisions of order of the competent ministry.

(2) A cooperative must retain its accounting books and important materials regarding its business for a period of ten years from the closing date of the account books.

(3) Partners may, by gaining the consent of three-hundredths or more (in the case where a lesser proportion is prescribed in the articles of incorporation, the relevant proportion) of all partners, make the following requests to the cooperative at any time during its business hours. In this case, the cooperative must not refuse the request without reasonable grounds.

(i) if the accounting books or materials related thereto have been prepared in the form of paper documents; a request for inspection of the paper documents or copies thereof

(ii) if the accounting books or materials related thereto have been prepared in the form of electronic or magnetic records, a request for inspection of information recorded in the electronic or magnetic records that have been displayed by a method specified by order of the competent ministry or for copies thereof

(4) The provisions of paragraph (1) do not apply to a credit cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i).

(5) With regard to the application of the provisions of paragraph (3) to a cooperative engaged in mutual aid business and a credit cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i), the term "three-hundredths" in the paragraph (3) is deemed to be replaced with "one-tenth."

(Election of Officers)

Article 42 (1) A member may request an election of officers under the joint signature of one-fifth or mor of all partners (in the case where a lesser

proportion is prescribed in the articles of incorporation, the relevant proportion), and when a majority of the attendants have agreed with the request at the assembly, the officers pertaining to the request lose their positions.

- (2) A request for an election of officers under the provisions set forth in the preceding paragraph must be made concurrently for all directors or all auditors; provided, however, that this does not apply when the election of officers is requested on the grounds that the officers violate a law or regulation, the articles of incorporation, the constitution, the mutual aid rules or the fire mutual aid rules.
- (3) A request for a change of officers under the provisions of paragraph (1) must be made by submitting a document stating the reason for the election of officers to the cooperative.
- (4) A person making a request for election of officers under the provisions of paragraph (1) may, in lieu of submitting the document set forth in the preceding paragraph, provide the information to be included in the document set forth in that paragraph by electronic or magnetic means, by gaining the consent of the cooperative, pursuant to the provisions of Cabinet Order.
- (5) In the case where a request for election of officers under the provisions of paragraph (1) has been made (limited to the case where there has been a submission in writing as set forth in paragraph (3)), the directors must submit the request for discussion at the assembly, and send the document under the provisions of paragraph (3) to the officers pertaining to the request by seven days prior to the date of the assembly, and give the officers an opportunity to provide an explanation at the general meeting.
- (6) In the case where a request for election of officers under the provisions of paragraph (1) has been made (limited to the case where there has been a submission by electronic or magnetic means as set forth in paragraph (4)), the directors must submit the request for discussion at the assembly, and send a document including the information that has been provided pursuant to the provisions of paragraph (4) to the officers pertaining to the request by seven days prior to the date of the assembly, and give the officers an opportunity to provide an explanation at the general meeting.
- (7) In the case prescribed in the preceding paragraph, the cooperative may, in lieu of sending the document set forth in that paragraph, provide the information that have been provided pursuant to the provisions of paragraph (4) by electronic or magnetic means, by gaining the consent of the officers pertaining to the request, pursuant to the provisions of Cabinet Order.
- (8) With regard to the case set forth in paragraph (5) or paragraph (6), the provisions of Article 74, paragraph (2) and Article 48 apply *mutatis mutandis*. In this case, the term "When a member has requested a convocation of the

assembly by submitting a document including the particulars to be discussed at the meeting and the reason for the convocation to the council, by gaining the consent of one-fifth or more of all partners (in the case where a lesser proportion is prescribed in the articles of incorporation, the relevant proportion)" in Article 47, paragraph (2) and the phrase "when the member has gained the consent of one-fifth or more of all partners (in the case where a lesser proportion is prescribed in the articles of incorporation, the relevant proportion)" in the second sentence of Article 48 is deemed to be replaced with "when there has been a request for election of officers pursuant to the provisions of Article 42, paragraph (1)."

(Advisor)

Article 43 A cooperative may designate a person with the relevant expertise as an advisor by a resolution of the council, and ask for an advice regarding important matters of the cooperative at any time; provided, however, that the advisor may not represent the cooperative.

(Counselor and Chief Accountant)

Article 44 (1) A cooperative may appoint a counselor and a chief accountant by a resolution of the council, and have the persons perform their functions at its principal office or any of its secondary offices.
(2) With regard to a counselor the provisions of Article 11, paragraph (1) and paragraph (3) (Manager's Authority to Represent), Article 12 (Non-Competition by Managers), and Article 13 (Apparent Managers) of the Companies Act apply *mutatis mutandis*.

Article 45 (1) A member may request the cooperative to dismiss a counselor or a chief accountant, by gaining the consent of one-tenth or more of all partners (in the case where a lesser proportion is prescribed in the articles of incorporation, the relevant proportion).
(2) A request under the provisions set forth in the preceding paragraph must be made by submitting a document stating the reason for dismissal to the cooperative.
(3) A person making a request for dismissal under the provisions of paragraph (1) may, in lieu of the submission of the document set forth in the preceding paragraph, provide the information to be included in the document set forth in that paragraph by electronic or magnetic means, by gaining the consent of the cooperative, pursuant to the provisions of Cabinet Order.
(4) In the case where a request under the provisions of paragraph (1) has been made, the council must decide whether or not to dismiss the counselor or the chief accountant.

- (5) In the case where the documents set forth in paragraph (2) are submitted, the directors must send the document set forth in paragraph (2) to the counselor or the chief accountant by seven days prior to the date on which the decision concerning dismissal under the preceding paragraph is decided, and give the counselor or the chief accountant an opportunity to provide an explanation.
- (6) In the case where there has been a submission by electronic or magnetic means as set forth in paragraph (3), the directors must send a document including the information that has been provided pursuant to the provisions of paragraph (3) to the counselor or the chief accountant by seven days prior to the date on which dismissal under paragraph (4) is decided, and give the counselor or the chief accountant an opportunity to provide an explanation.
- (7) In the case prescribed in the preceding paragraph, the cooperative may, in lieu of sending the document set forth in that paragraph, provide the information that has been provided pursuant to the provisions of paragraph (3) by electronic or magnetic means, by gaining the consent of the counselor or the chief accountant pertaining to the request, pursuant to the provisions of Cabinet Order.

(Convocation of the Assembly)

Article 46 The general assembly must be convened once in a business year, pursuant to the provisions of the articles of incorporation.

Article 47 (1) The extraordinary general assembly may be convened at any time as needed pursuant to the provisions of the articles of incorporation.

- (2) When a member has requested the convocation of the general assembly by submitting a document including the particulars to be discussed at the meeting and the reason for the convocation to the council, by gaining the consent of one-fifth or more of all partners (in the case where a lesser proportion is prescribed in the articles of incorporation, the relevant proportion), the council must decide to convene the extraordinary general assembly within twenty days from the request date.
- (3) In the case set forth in the preceding paragraph, if the exercise of voting rights by electronic or magnetic means is specified pursuant to the provisions of the articles of incorporation, the matters and the reason to be stated in the document may be submitted by electronic or magnetic means, in lieu of the submission of the document. In this case, the member is deemed to have submitted the document.
- (4) The particulars and the reason to be stated in the document provided by electronic or magnetic means (excluding a method specified by order of the competent ministry) as set forth in the first sentence of the preceding paragraph is deemed to have arrived at the council at the time when they have

been recorded onto a file in a computer used by the council.

Article 48 A member who has made a request under the provisions of paragraph (2) of the preceding Article may convene the general meeting by obtaining the approval of an administrative authority, when no director has instigated the procedure for calling the assembly within ten days from the day on which the member has made the request under that paragraph. The same applies when there is no person to perform the duties of a director and when the member has gained the consent of or more one-fifth of all partners (in the case where a lesser proportion is prescribed in the articles of incorporation, the relevant proportion).

(Procedures for Convocation of the General Assembly)

Article 49 (1) The general assembly must be convened in accordance with the method prescribed in the articles of incorporation, by indicating the particulars to be discussed at the meeting by ten days prior to the date of the meeting (in the case where a lesser period is prescribed in the articles of incorporation, the relevant period).

(2) The convocation of the general assembly is decided by the council, unless otherwise provided for in this Act.

(3) Notwithstanding the provisions of paragraph (1), the general assembly may be held without undergoing the procedure for convocation when the consent of all the partners is obtained.

(Notice or Demand)

Article 50 (1) It is sufficient that a notice or demand to be issued to a member by a cooperative is sent to the address of the person stated or recorded in the member registry (in the case where the person has notified the cooperative of a different place or contact address for the receipt of a notice or demand, to the place or contact address).

(2) The notice or demand set forth in the preceding paragraph is deemed to have arrived at the time when the notice or demand should normally have arrived.

(Particulars to be Decided at the General Assembly)

Article 51 (1) The following particulars must be decided at the general assembly:

(i) a change to the articles of incorporation

(ii) establishment of, a change to, or abolition of the constitution, mutual aid rules or fire mutual aid rules

(iii) establishment of or a change to the income and expenditure budget and the business plan for each business year

(iv) method of the imposition and collection of expenses

- (v) any other particulars specified by the articles of incorporation
- (2) A change to the articles of incorporation (excluding a change to the particulars specified by Cabinet Officer Order in the case of a change to the articles of incorporation of a credit cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i)) does not become effective without the approval of an administrative authority.
- (3) With regard to the approval under the preceding paragraph, the provisions of Article 27-2, paragraphs (4) to (6) apply mutatis mutandis.
- (4) Notwithstanding the provisions of paragraph (1), it may be prescribed in the articles of incorporation that it is not necessary for any change to particulars set forth in paragraph (1), item (ii) that relates to a minor particulars or any other particulars specified by order of the competent ministry to be decided at the assembly. In this case, the scope of the particulars that do not need to be decided at the assembly and the notice, public notice, and any other method for making the changes known to the partners must be prescribed in the articles of incorporation.

(Minutes of the General Assemblies)

- Article 52 (1) Unless otherwise provided for in this Act or the articles of incorporation or the constitution, a decision at the general assembly is made by a majority of the voting rights of those present, and in the case of a tied vote, the decision is made by the chairperson.
- (2) The chairperson is appointed at the general assembly.
 - (3) The chairperson does not have the right to votes at the general assembly as a member.
 - (4) The general assembly may only decide the particulars notified in advance pursuant to the provisions of Article 49, paragraph (1); provided, however, that this does not apply in cases where otherwise provided for in the articles of incorporation or in the case prescribed in paragraph (3) of that Article.

(Special Resolution)

Article 53 The following particulars require a majority vote of two-thirds or more of the voting rights of those present where a half or more of all partners are present:

- (i) a change to the articles of incorporation
- (ii) dissolution or merger of the cooperative
- (iii) expulsion of a member
- (iv) transfer of all businesses of the cooperative
- (v) special provisions on the limit of the number of units of contribution from a member
- (vi) immunity of an officer from liability under the provisions of Article 38-2,

paragraph (5)

(Accountability of Directors and Auditors)

Article 53-2 In the case where the director or the auditor is requested by a partner to provide an explanation on a certain matter at the general assembly, the director or the auditor must provide the necessary explanation with respect to the relevant particulars; provided, however, that this does not apply in the case where the particulars are not relevant to the particulars that are the purpose of the general assembly, or in cases where the explanation seriously detrimentes the common interest of the partners, or in any other case specified by order of the competent ministry as a case where the director or the auditor has reasonable grounds.

(Resolution for Postponement or Continuation)

Article 53-3 In the case where a resolution for the postponement or continuation of the general assembly is adopted, the provisions of Article 49 do not apply.

(Minutes of the Assembly)

Article 53-4 (1) Minutes must be taken with regard to the proceedings of the general assemblies, pursuant to the provisions of order of the competent ministry.

(2) A cooperative must, for a period of ten years from the date of the general assembly, keep the minutes set forth in the preceding paragraph at its principal office.

(3) A cooperative must, for a period of five years from the date of the general assembly, keep a copy of the minutes under paragraph (1) at its secondary offices; provided, however, that this does not apply when the minutes have been prepared in the form of an electronic or magnetic record and the cooperative has taken a measure specified by order of the competent ministry that enables its secondary office to respond to the request set forth in item (ii) of the following paragraph.

(4) Partners and obligees of a cooperative may make the following requests to the cooperative at any time during its business hours. In this case, the cooperative must not refuse the request without reasonable grounds.

(i) If the minutes under paragraph (1) have been prepared in the form of a paper document, a request for the inspection of the document or its copy or request for a copy of the document

(ii) If the minutes under paragraph (1) have been prepared in the form of an electronic or magnetic record, a request for the inspection of particulars recorded in the electronic or magnetic record that have been displayed by a method specified by order of the competent ministry or a request for its copy

(Action for Declaratory Judgment on Nonexistence, Invalidity of or Action for Revocation of a Resolution of the Assembly)

Article 54 With regard to an action for a declaratory judgment on the nonexistence or invalidity of or an action for revocation of a resolution of the general assembly, Article 830, Article 831, Article 834 (limited to the parts pertaining to item (xvi) and item (xvii)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837, Article 838, and Article 846 (Action for Declaratory Judgment on Nonexistence or Invalidity of or Action for Revocation of a Resolution of a Shareholders Meeting) (excluding the part pertaining to company auditors in the case of a cooperative limiting the audit authority) of the Companies Act apply mutatis mutandis.

(Member Representatives Meeting)

Article 55 (1) A cooperative (excluding a joint enterprise cooperative) whose total number of partners exceeds two hundred persons may establish the member representatives meeting in lieu of the general assembly, pursuant to the provisions of the articles of incorporation.

(2) The representatives must be elected fairly and impartially from among partners according to their address, types of businesses, etc. pursuant to the provisions of the articles of incorporation.

(3) The fixed number of representatives must not be less than one-tenth of the total number of partners (one hundred persons in the case of a cooperative whose total number of partners exceeds one thousand persons) on the date of the election.

(4) With regard to the election of representatives, the provisions of Article 35, paragraph (8) and paragraph (9) apply mutatis mutandis.

(5) The term of office of a representative is a period specified by the articles of incorporation not exceeding three years.

(6) With regard to the member representatives meeting, the provisions concerning the general assembly apply mutatis mutandis. In this case, the phrase "a relative or an employee of the member or another member" in Article 11, paragraph (2) is deemed to be replaced with "another member," and the term "five" in paragraph (5) of that Article is deemed to be replaced with "two."

(7) Notwithstanding the provisions of the preceding paragraph, the member representatives meeting may not elect representatives (excluding the election of a representative for filling a vacancy) nor decide the particulars set forth in Article 53, item (ii) or item (iv) (referred to as "a merger, etc." in the following Article).

(Special Provisions on the Member Representatives Meeting)

Article 55-2 (1) The member representatives meeting of a cooperative engaged in mutual aid business or a credit cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i) may decide on a merger, etc., notwithstanding the provisions of paragraph (7) of the preceding Article, Article 57-2-2, paragraph (1), Article 57-3, paragraph (1) and paragraph (2), Article 62, paragraph (1) and Article 63.

(2) When a cooperative prescribed in the preceding paragraph has decided on a merger, etc. at the member representatives meeting, it must notify the partners of the contents of the resolution within ten days from the date of the resolution.

(3) In the case where a cooperative has given notice under the preceding paragraph, the general assembly may be convened pursuant to the provisions of Article 47, paragraph (2) or Article 48 in order to discuss the particulars pertaining to the notice at the meeting. In this case, the submission of a document under the provisions of Article 47, paragraph (2) or an request for approval in the case set forth in the second sentence of Article 48 must be completed within thirty days from the date of a resolution on the particulars pertaining to the notice at the member representatives meeting.

(4) In the case where the particulars pertaining to the notice were not approved at the general assembly under the preceding paragraph, the resolution concerning the particulars at the member representatives meeting cease to be effective.

(Reduction in the Unit Amount of Contribution)

Article 56 (1) When the general assembly makes a decision to reduce the unit amount of the contribution, the cooperative must, within two weeks from the date of the resolution, prepare an inventory of assets and a balance sheet and keep these at its principal office.

(2) Partners and obligees of a cooperative may make the following requests to the cooperative at any time during its business hours. In this case, the cooperative must not refuse the request without reasonable grounds.

(i) if the inventory of assets and the balance sheet under the preceding paragraph have been prepared in the form of paper documents, a request for the inspection of the documents

(ii) if the inventory of assets and the balance sheet under the preceding paragraph have been prepared in the form of electronic or magnetic records, a request for the inspection of the particulars recorded in the electronic or magnetic records that have been displayed by a method specified by order of the competent ministry

(Objections of Obligees)

Article 56-2 (1) When a cooperative reduces the unit amount of contribution, an obligee of the cooperative may state an objection to the cooperative regarding the reduction in the unit amount of contribution.

(2) In the case set forth in the preceding paragraph, the cooperative must give a public notice on the following particulars in an official gazette, and notify the particulars separately to each known creditor other than depositors, persons who make installment savings, or any other creditors specified by Cabinet Order; provided, however, that the period set forth in item (ii) may not be less than one month:

(i) the fact that the unit amount of contribution will be reduced

(ii) the fact that obligees may state objections within a certain period

(3) Notwithstanding the provisions of the preceding paragraph, when a cooperative gives a public notice under the provisions of that paragraph not only in an official gazette, but also by the method of public notice set forth in item (ii) or item (iii) of Article 33, paragraph (4), in accordance with the provisions of the articles of incorporation under the provisions of that paragraph, the cooperative is not be required to give the separate notice under the provisions of the preceding paragraph.

(4) If an obligee has not stated an objection within the period set forth in paragraph (2), item (ii), the obligee is deemed to have approved the reduction in the unit amount of contribution.

(5) If an obligee has stated an objection within the period set forth in paragraph (2), item (ii), the cooperative must make a payment or provide equivalent security to the obligee, or entrust equivalent property to a trust company, etc. (meaning a trust company or a financial institution that engages in trust business [meaning a financial institution approved under Article 1, paragraph (1) of the Act on Provision, etc. of Trust Business by Financial Institutions (Act No. 43 of 1943)]) for the purpose of having the obligee receive the payment; provided, however, that this does not apply if the reduction in the unit amount of contribution poses no risk of harming the obligee.

(Action for Invalidation of Reduction in the Unit Amount of Contribution)

Article 57 With regard to an action for the invalidation of a reduction in the unit amount of the contribution of a cooperative, the provisions of Article 828, paragraph (1) (limited to the parts pertaining to item (v)) and paragraph (2) (limited to the part pertaining to item (v)), Article 834 (limited to the part pertaining to item (v)), Article 835, paragraph (1), Articles 836 through 839, and Article 846 (excluding the part pertaining to company auditors, in the case of a cooperative limiting the audit authority) of the Companies Act apply *mutatis mutandis*.

(Changes to Fire Mutual Aid Rules of a Fire Mutual Aid Cooperative)

Article 57-2 In order for a fire mutual aid cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (iii) to make a change to any particulars prescribed in the fire mutual aid rules, it must obtain the approval of an administrative authority.

(Transfer of Mutual Aid Activities)

Article 57-2-2 (1) In order for a business cooperative, small business cooperative, or federation of cooperatives (excluding a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (iii)) engaged in mutual aid business to transfer all or part of its mutual aid business (including business incidental to this business; hereinafter the same applies in this Article), it must do so based on a resolution of the general assembly.

- (2) A cooperative prescribed in the preceding paragraph may, by concluding a contract, carry out a transfer of all of its mutual aid contracts, which adopt the same basis for the calculation of the liability reserve, to another cooperative engaged in mutual aid business, based on the resolution of the assembly.
- (3) A cooperative prescribed in paragraph (1) may determine that assets pertaining to mutual aid business are transferred based on a contract to transfer mutual aid contracts prescribed in the preceding paragraph.
- (4) Notwithstanding the provisions of the preceding two paragraphs, all or part of the business concerning liability mutual aid, etc. and assets pertaining to the business may be transferred to another cooperative engaged in the relevant business.
- (5) With regard to the transfer of all or part of the mutual aid business provided in paragraph (1) and the transfer of assets pertaining to the mutual aid business provided in paragraph (3), the provisions of Articles 56 to 57 apply mutatis mutandis.

(Transfer or Acquisition of Business of a Credit Cooperative)

Article 57-3 (1) A credit cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i) (hereinafter referred to as a "credit cooperative, etc." in this Article) may, following a resolution of the general assembly, transfer all or part of its business to a bank, another credit cooperative, etc., a Shinkin bank, or a labor bank (including a federation composed of credit unions or worker's credit unions; the same applies in the following paragraph).

- (2) A credit cooperative, etc. may, following a resolution of the general meeting, acquire a part of the business of a bank or all or part of the business of another credit cooperative, etc., a credit union, or a worker's credit union. In this case, a resolution of the assembly is not required if the acquisition cost does not

exceed one-fifth of the amount of net assets that the credit cooperative, etc. actually holds based on the final balance sheet.

- (3) In the case where a credit cooperative, etc. acquires all or part of the business without the resolution of the general assembly pursuant to the provisions of the second sentence of the preceding paragraph, if at least one-sixth of all partners of the credit cooperative, etc. have notified the credit cooperative, etc. of their opposition to acquire all or part of the relevant business within two weeks from the date of public notice or notice under the provisions of the following paragraph, then a credit cooperative, etc. must obtain an approval to conclude the contract to acquire all or part of the business by a resolution of the general assembly by the day before it acquires all or part of the business.
- (4) In the case where a credit cooperative, etc. acquires all or a part of the business without the resolution of the general assembly pursuant to the provisions of the second sentence of the paragraph (2), the credit cooperative, etc. must give a public notice or give a notice to its partners stating that it will acquire all or a part of the business and the name or trade name and the address of the other party to the contract, by twenty days prior to the day on which it acquires all or a part of the business.
- (5) A transfer of the activities under paragraph (1) or the acquisition of the business under paragraph (2) does not become effective without the approval of an administrative authority, except for those specified by Cabinet Order.
- (6) With regard to a transfer or acquisition of the business as a whole under paragraph (1) and paragraph (2), the provisions of Article 57 apply *mutatis mutandis*.
- (7) In the case where a credit cooperative, etc. has succeeded to the rights and obligations based on a contract (limited to one where the operations related to the contract pertain to acts prescribed in Article 2, paragraph (2) [Definitions, etc.] of the Banking Act [Act No. 59 of 1981]; hereinafter the same applies in this paragraph) as a result of the acquisition of all or part of the business under paragraph (2), if the contract falls under the category of operations that cannot be carried out by the credit cooperative, etc. or is restricted for the credit cooperative, etc. due to a law or regulation concerning the business of the credit cooperative, etc., the credit cooperative, etc. may continue the operations related to the contract until the specified period expires if a period is specified by the contract, and for a period not exceeding one year from the date of succession if the period is not specified by the contract.

(Prohibition of Transfer of Business of a Fire Mutual Aid Cooperative)

Article 57-4 A fire mutual aid cooperative or a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (iii) may not transfer its business.

(Restrictions on Operations of Surplus Funds)

Article 57-5 A cooperative engaged in mutual aid business and a cooperative other than that engaged in mutual aid business (excluding a credit cooperative and a federation of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (i)) whose total number of partners (partners of the member cooperatives in the case of a federation of cooperatives) exceeds the standards specified by Cabinet Order set forth in Article 35, paragraph (6) must not operate the surplus funds that were accumulated in the course of business except in the case of using any of the following methods; provided, however, that this does not apply when it has obtained the approval of an administrative authority:

- (i) deposits, savings or money trusts in a bank, the Norinchukin Bank, the Shoko Chukin Bank, a credit union, a federation of credit unions, a credit cooperative, a federation of agricultural cooperatives, a federation of fisheries cooperatives, a federation of fishery processing cooperatives, or a federation of cooperatives that is able to accept deposits or savings as its business
- (ii) acquisition of Japanese government bonds, local government bonds, or securities specified by order of the competent ministry

(Accounting Principles)

Article 57-6 The accounting of a cooperative is to comply with accounting practices that are generally accepted as fair and appropriate.

(Reserve Funds and the Balance Carried Forward)

Article 58 (1) A cooperative must set aside one-tenth or more (one-fifth in the case of a cooperative engaged in mutual aid business) of its surplus in each business year as a reserve fund until the surplus reaches the amount specified by the articles of incorporation.

- (2) The amount of the reserve fund specified by the articles of incorporation under the preceding paragraph must not be less than half of the total amount of contribution (not less than the total amount of contribution in the case of a cooperative engaged in mutual aid business).
- (3) The reserve fund under paragraph (1) must not be used except when it is used for compensating for losses.
- (4) A cooperative engaged in the business set forth in Article 9-2, paragraph (1), item (iv) or Article 9-9, paragraph (1), item (vi) must carry forward one-twentieth or more of its surplus in each business year to the following business year as funds to be allocated for the expenses of its business.
- (5) A cooperative engaged in mutual aid business must calculate the liability

reserve and the payment reserve and set these funds aside at the end of each business year.

- (6) When a cooperative engaged in mutual aid business offers a contractor rebate (meaning the distribution of all or part of the mutual aid premiums and profits earned from the operation of the money collected as mutual aid premiums that are not allocated to the payment of mutual aid proceeds, refunds, or any other benefits [hereinafter referred to as "mutual aid proceeds, etc."], the operating costs, or any other costs distributed to mutual aid contractors, in the case where the distribution is prescribed by mutual aid rules or fire mutual aid rules; the same applies hereinafter), it must do so in accordance with the standards specified by order of the competent ministry as those ensuring the fair and equitable distribution.
- (7) Particulars concerning the accumulation of the liability reserve and the payment reserve set forth in paragraph (5) and the reserve funds to be allocated for contractor rebates set forth in the preceding paragraph, and other particulars necessary for contractor rebates are specified by order of the competent ministry.

(Separate Accounts for Mutual Aid Businesses)

- Article 58-2 (1) A cooperative engaged in mutual aid business must separate the accounting for its mutual aid from the accounting for its other businesses.
- (2) A cooperative engaged in business concerning liability mutual aid, etc. must separate the accounting for its business concerning liability mutual aid, etc. from the accounting for its other businesses.

(Prohibition of Operations of Funds from the Accounts for Mutual Aid Business to Other Accounts)

- Article 58-3 A cooperative engaged in mutual aid business must not operate the funds from the account for its mutual aid business to the account for any of its other businesses nor secure with assets under the account for its mutual aid business to raise funds for the account for any of its other business.

(Standards for Soundness)

- Article 58-4 In order to contribute to the sound administration of mutual aid business by specified mutual aid associations, fire mutual aid cooperatives, federations of cooperatives engaged in the business set forth in Article 9-9, paragraph (1), item (iii), and specified federations of mutual aid associations, an administrative authority may, by using the following amounts, establish standards as to whether or not the status of the capacity to pay mutual aid proceeds, etc. is appropriate as the standards for determining the soundness of the management of the cooperatives:

- (i) the grand total of the amount of contribution, the amount of the retained earnings reserve, and any other amounts specified by order of the competent ministry
- (ii) the amount calculated pursuant to the provisions of order of the competent ministry as the amount corresponding to the risk that may occur as a result of the occurrence of a mutual aid incident covered by a mutual aid contract or for any other reason, which is beyond normal risk assessment

(Explanation of Important Matters)

Article 58-5 A cooperative engaged in mutual aid business must, in addition to what is provided for in this Act and other laws and regulations, explain important matters pertaining to the mutual aid business to its users and take other measures for securing the sound and appropriate management of the mutual aid business, pursuant to the provisions of order of the competent ministry.

(Appointment of a Mutual Aid Actuary)

Article 58-6 (1) A cooperative engaged in mutual aid business (excluding a cooperative that meets the requirements specified by order of the competent ministry) must appoint a mutual aid actuary at the council meeting, and have the mutual aid actuary participate in the calculation method of mutual aid premiums and the matters concerning actuarial calculations pertaining to other matters specified by order of the competent ministry.

(2) A mutual aid actuary must be a person who meets the requirements specified by order of the competent ministry as a person who has the necessary knowledge and experience of mutual aid actuarial calculation.

Article 58-7 (1) At the end of each business year, a mutual aid actuary must confirm the following particulars pursuant to the provisions of order of the competent ministry, and submit a written opinion stating the results thereof to the council:

- (i) whether or not the liability reserve pertaining to mutual aid contracts as specified by order of the competent ministry has been accumulated based on a sound mutual aid actuarial calculation
 - (ii) whether or not contractor rebates have been provided in a fair and equitable manner
 - (iii) any other particulars specified by order of the competent ministry
- (2) When a mutual aid actuary has submitted a written opinion set forth in the preceding paragraph to the council, the mutual aid actuary must submit a copy thereof to an administrative authority without delay.
- (3) An administrative authority may ask a mutual aid actuary to provide an

explanation about the copy of the written opinion under the preceding paragraph or to provide an opinion on any other particulars that fall under the duties of the mutual aid actuary.

- (4) In addition to what is provided for in the preceding three paragraphs, particulars necessary for a written opinion under paragraph (1) are specified by order of the competent ministry.

Article 58-8 An administrative authority may, when a mutual aid actuary violates this Act or a disposition given by the administrative authority under this Act, order the relevant cooperative to dismiss the mutual aid actuary.

(Dividends of Surplus)

Article 59 (1) A cooperative must not distribute its surplus until it has compensated for the loss and deducted the reserve fund under Article 58, paragraph (1) and the balance carried forward under paragraph (4) of that Article.

- (2) Any surplus must be distributed according to the amount of the cooperative's services used by the partner (users of fire mutual aid business in the case of a fire mutual aid cooperative) or according to the amount of contribution paid by the partner within a limit not exceeding ten percent of its surplus per year, pursuant to the provisions of the articles of incorporation.

- (3) Notwithstanding the provisions set forth in the preceding paragraph, in the case of a joint enterprise cooperative, any surplus must be distributed according to the amount of contribution paid by the partner within a limit not exceeding twenty percent of its surplus per year, and if there is more surplus left, distribute the surplus according to the degree to which the partners (excluding specified partners) engaged in the business of the joint enterprise cooperative, pursuant to the provisions of the articles of incorporation.

Article 60 Until the partners complete the payment of their contributions, a cooperative may allocate the surplus to be distributed to its partner for the payment, pursuant to the provisions of the articles of incorporation.

(Prohibition of Acquisition of Cooperative's Equity Interest)

Article 61 A cooperative may not acquire the equity interest held by its members nor receive the equity interest as a pledge.

(Public Inspection of Explanatory Documents on the Status of Operations and Assets)

Article 61-2 (1) In each business year, a cooperative engaged in mutual aid business must prepare explanatory documents stating the particulars specified

- by order of the competent ministry as those concerning the status of the operations and assets, keep these at the offices of the cooperative (excluding offices that are mainly used for activities other than mutual aid activities and any other offices specified by order of the competent ministry; hereinafter the same applies in this Article) and make these available for public inspection.
- (2) In the case where a cooperative set forth in the preceding paragraph that requires an audit by a financial auditor pursuant to the provisions of Article 40-2, paragraph (1) is a subsidiary or one having a special relationship specified by order of the competent ministry with the cooperative (hereinafter referred to as "subsidiary company, etc."), the cooperative must, in each business year, prepare, in addition to the explanatory documents set forth in the preceding paragraph, explanatory documents stating the particulars specified by order of the competent ministry as those concerning the status of the operations and assets of the cooperative and the subsidiary company, etc. in a consolidated manner for the cooperative and the subsidiary company, etc., keep these at the offices of the cooperative, and make these available for public inspection.
- (3) The explanatory documents prescribed in the preceding two paragraphs may be prepared in the form of electronic or magnetic records.
- (4) When the explanatory documents prescribed in paragraph (1) or paragraph (2) have been prepared in the form of electronic or magnetic records, a cooperative may take a measure specified by ordinance of the competent ministry as one for making the information contained in the electronic or magnetic records available to unspecified and large number of persons by electronic or magnetic means, at the offices of the cooperative. In this case, the cooperative is deemed to be keeping the explanatory documents prescribed in these provisions and have made the documents available for public inspection pursuant to these provisions.
- (5) In addition to what is provided for in the preceding paragraphs, the period during which the explanatory documents under paragraph (1) or paragraph (2) are made available for public inspection and any other necessary particulars concerning the operation of these provisions are specified by order of the competent ministry.
- (6) A cooperative set forth in paragraph (1) must endeavor to disclose the information that would be useful for users of mutual aid activities to learn about the status of the operations and assets of the cooperative and its subsidiary company, etc., in addition to the particulars prescribed in paragraph (1) and paragraph (2).

Section 6 Dissolution, Liquidation, and Merger

(Grounds for Dissolution)

Article 62 (1) A cooperative dissolves based on any of the following grounds:

- (i) a resolution of the assembly
 - (ii) a merger of the cooperatives
 - (iii) an order to commence bankruptcy proceedings of the cooperative
 - (iv) expiration of the duration or occurrence of grounds for dissolution prescribed by the articles of incorporation
 - (v) an order to dissolve under the provisions of Article 106, paragraph (2)
- (2) When a cooperative has been dissolved pursuant to the provisions of item (i) or item (iv) of the preceding paragraph, it must notify an administrative authority of the dissolution within two weeks from the date of dissolution.
- (3) A fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) is dissolved when the approval set forth in Article 27-2, paragraph (1) is revoked pursuant to the provisions of Article 106-2, paragraph (4) or paragraph (5), in addition to the grounds prescribed in the items of paragraph (1).
- (4) A resolution of the dissolution of a cooperative engaged in the activities concerning liability mutual aid, etc., a fire mutual aid cooperative, or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) does not become effective without the approval of an administrative authority.

(Merger Agreements)

Article 63 A cooperative may merge with another cooperative, following a resolution of the general assembly. In this case, the cooperatives that merge must conclude a merger agreement.

(Absorption-Type Mergers)

Article 63-2 In the case where a cooperative carries out an absorption-type merger (meaning a merger carried out by a cooperative with another cooperative where the cooperative surviving the merger succeeds to all the rights and obligations of the cooperative dissolved as a result of the merger; hereinafter the same applies in this Chapter), the following particulars must be prescribed in the absorption-type merger agreement:

- (i) the names and address of the surviving cooperative in the absorption-type merger (hereinafter referred to as the "surviving cooperative" in this Chapter) and the disappearing cooperative in the absorption-type merger (hereinafter referred to as the "disappearing cooperative in the absorption-type merger" in this Chapter)
- (ii) the district and the unit amount of contribution of the surviving cooperative in the absorption-type merger (the unit amount of contribution, in the case

- where the surviving cooperative in the absorption-type merger is a joint enterprise cooperative)
- (iii) particulars concerning the allocation of contribution to partner of the disappearing cooperative in the absorption-type merger
 - (iv) when the amount of money to be paid to partners of the disappearing cooperative in the absorption-type merger is decided, the relevant decision
 - (v) the day on which the absorption-type merger is to become effective (hereinafter referred to as the "effective date" in this Chapter)
 - (vi) any other particulars specified by order of the competent ministry

(Consolidation-Type Mergers)

Article 63-3 In the case where two or more cooperatives carry out a consolidation-type merger (meaning a merger carried out by two or more cooperatives where the cooperative that is incorporated in the merger succeeds to all the rights and obligations of the disappearing cooperatives in the merger; hereinafter the same applies in this Chapter), the following particulars must be prescribed in the consolidation-type merger agreement:

- (i) the names and address of the cooperatives that disappears in the consolidation-type merger (hereinafter referred to as the "disappearing cooperatives in the consolidation-type merger" in this Chapter)
- (ii) the activities, name, district, location of the principal office, and unit amount of contribution of the cooperative formed in the consolidation-type merger (hereinafter referred to as the "newly formed cooperative in the consolidation-type merger" in this Chapter) (the activities, name, location of the principal office, and unit amount of contribution, in the case where the newly formed cooperative is a joint enterprise cooperative)
- (iii) particulars concerning the allocation of contribution to partners of the disappearing cooperatives in the consolidation-type merger
- (iv) when the amount of money to be paid to partners of the disappearing cooperatives in the consolidation-type merger is decided, the relevant decision
- (v) any other particulars specified by order of the competent ministry

(Procedures for Disappearing Cooperatives in Consolidation-type Mergers)

Article 63-4 (1) A disappearing cooperative in the consolidation-type merger must, during the period from the following dates, whichever is earlier, to the date on which the absorption-type merger becomes effective, keep a document or electronic or magnetic record stating or recording the details of the absorption-type merger agreement and other particulars specified by order of the competent ministry at its principal office:

- (i) The day two weeks prior to the date of the general assembly set forth in

- paragraph (3)
- (ii) The date of the public notice prescribed in Article 54-2, paragraph (2) as applied mutatis mutandis pursuant to the provisions of paragraph (4) or the date of the notice prescribed in paragraph (2) of that Article as applied mutatis mutandis to the provisions of paragraph (4), whichever is earlier
- (2) Partners and obligees of a disappearing cooperative in absorption-type merger may make the following requests to the disappearing cooperative in the absorption-type merger at any time during its business hours; provided, however, that the partners and obligees must pay a fee specified by the the disappearing cooperative in the absorption-type merger when making a request set forth in item (ii) or item (iv):
- (i) a request for inspection of the document set forth in the preceding paragraph
 - (ii) a request for provision of a transcript or an extract of the document set forth in the preceding paragraph
 - (iii) a request for inspection of the information recorded in the electronic or magnetic record set forth in the preceding paragraph that are displayed by a method specified by order of the competent ministry
 - (iv) a request for provision of the information recorded in the electronic or magnetic record set forth in the preceding paragraph by electronic or magnetic means that has been specified by order of the competent ministry or a request for provision of a document including the relevant information
- (3) A disappearing cooperative in absorption-type merger must have the merger agreement approved by a resolution of the assembly by the day before the effective date.
- (4) With regard to a disappearing cooperative in absorption-type merger, the provisions of Article 56-2 apply mutatis mutandis.
- (5) A disappearing cooperative in absorption-type merger may change the effective date by agreement with the surviving cooperative in the absorption-type merger.
- (6) In the case set forth in the preceding paragraph, the disappearing cooperative in the absorption-type merger must announce the changed effective date to the public by the day prior to the former effective date (the changed effective date in the case where the changed effective date is earlier than the former effective date).
- (7) When the effective date is changed pursuant to the provisions of paragraph (5), the provisions of this Article, the following Article, and Article 65 apply mutatis mutandis by deeming the changed effective date to be the effective date.

(Procedures for Surviving Cooperatives in Absorption-type Mergers)

Article 63-5 (1) A surviving cooperative in the absorption-type merger must, during the period from the following dates, whichever is earlier, to the date on which six months have elapsed from the date on which the absorption-type merger becomes effective, keep a document or electronic or magnetic record stating or recording the details of the absorption-type merger agreement and other particulars specified by order of the competent ministry at its principal office:

- (i) when it is necessary to obtain the approval for the absorption-type merger agreement by a resolution of the general assembly, the day two weeks before the date of the general assembly
- (ii) the date of public notice or notice under the provisions of paragraph (5), whichever is earlier
- (iii) the date of the public notice prescribed in Article 56-2, paragraph (2) as applied mutatis mutandis pursuant to the provisions of paragraph (6) or the date of the notice prescribed in paragraph (2) of that Article as applied mutatis mutandis to the provisions of paragraph (6), whichever is earlier

(2) Partners and obligees of a surviving cooperative in absorption-type merger may make the following requests to the surviving cooperative at any time during its business hours; provided, however, that the partners and obligees must pay a fee specified by the surviving cooperative when making a request set forth in item (ii) or item (iv):

- (i) a request for inspection of the document set forth in the preceding paragraph
- (ii) a request for provision of a transcript or an extract of the document set forth in the preceding paragraph
- (iii) a request for inspection of the information recorded in the electronic or magnetic record set forth in the preceding paragraph that are displayed by a method specified by order of the competent ministry
- (iv) a request for provision of the information recorded in the electronic or magnetic record set forth in the preceding paragraph by electronic or magnetic means that are specified by the surviving cooperative in the absorption-type merger or a request for provision of a document stating the relevant information

(3) A surviving cooperative in absorption-type merger must obtain the approval for the absorption-type merger agreement by a resolution of the general assembly by the day before the effective date; provided, however, that this does not apply to a merger where the total number of partners of the disappearing cooperative in the absorption-type merger does not exceed one-fifth of the total number of the surviving cooperatives, and the total amount of assets actually held by the disappearing cooperative based on the final balance sheet does not exceed one-fifth of the total amount of assets actually held by the surviving

cooperative based on the final balance sheet.

- (4) In the case where a surviving cooperative in absorption-type merger carries out a merger without a resolution of the general assembly pursuant to the provisions of the proviso to the preceding paragraph, if at least one-sixth of all the partners of the surviving cooperative have notified the surviving cooperative of their opposition to the merger within two weeks from the date of public notice or notice under the provisions of the following paragraph, then the surviving cooperative must obtain the approval for the absorption-type merger agreement by a resolution of the general assembly by the day before the effective date.
- (5) In the case where a surviving cooperative in absorption-type merger carries out a merger without a resolution of the general assembly pursuant to the provisions of the proviso to paragraph (3), the surviving cooperative must give a public notice or give notice to its partner stating that it will carry out a merger and the name and the address of the disappearing cooperative, by twenty days prior to the effective date.
- (6) With regard to a surviving cooperative, the provisions of Article 56-2 apply *mutatis mutandis*.
- (7) A surviving cooperative in absorption-type merger must, without delay after the date on which the absorption-type merger becomes effective, prepare a document or an electronic or magnetic record stating or recording the rights and obligations of the disappearing cooperative to which the surviving cooperative has succeeded in the absorption-type merger and any other particulars specified by order of the competent ministry as those concerning the absorption-type merger.
- (8) A surviving cooperative in absorption-type merger must keep the document or electronic or magnetic record set forth in the preceding paragraph at its principal office for a period of six months from the date on which the absorption-type merger becomes effective.
- (9) Partners and obligees of a surviving cooperative in absorption-type merger may make the following requests to the surviving cooperative at any time during its business hours; provided, however, that the partners and obligees must pay a cost specified by the surviving cooperative when making a request set forth in item (ii) or item (iv):
 - (i) a request for inspection of the document set forth in the preceding paragraph
 - (ii) a request for provision of a transcript or an extract of the document set forth in the preceding paragraph
 - (iii) a request for inspection of the information recorded in the electronic or magnetic record set forth in the preceding paragraph that are displayed by a method specified by order of the competent ministry

- (iv) a request for provision of the information recorded in the electronic or magnetic record set forth in the preceding paragraph by electronic or magnetic means that are specified by the surviving cooperative or a request for provision of a document stating the relevant information

(Procedures for Disappearing Cooperatives in Consolidation-type Mergers)

Article 63-6 (1) A disappearing cooperative in consolidation-type merger must, during the period from the following dates, whichever is earlier, to the date of the establishment of the newly formed cooperative in the consolidation-type merger, keep a document or electronic or magnetic record stating or recording the details of the consolidation-type merger agreement and other particulars specified by order of the competent ministry at its principal office:

- (i) the day two weeks prior to the date of the general assembly set forth in paragraph (3)
- (ii) the date of the public notice prescribed in Article 56-2, paragraph (2) as applied mutatis mutandis pursuant to the provisions of paragraph (4) or the date of the notice prescribed in paragraph (2) of that Article as applied mutatis mutandis to the provisions of paragraph (4), whichever is earlier

(2) Partners and obligees of a disappearing cooperative in consolidation-type merger may make the following requests to the disappearing cooperative at any time during its business hours; provided, however, that the partners and obligees must pay a cost specified by the disappearing cooperative when making a request set forth in item (ii) or item (iv):

- (i) a request for inspection of the document set forth in the preceding paragraph
- (ii) a request for provision of a transcript or an extract of the document set forth in the preceding paragraph
- (iii) a request for inspection of the information recorded in the electronic or magnetic record set forth in the preceding paragraph that are displayed by a method specified by order of the competent ministry
- (iv) a request for provision of the information recorded in the electronic or magnetic record set forth in the preceding paragraph by electronic or magnetic means that are specified by the consolidated cooperative or a request for provision of a document stating the information

(3) A disappearing cooperative in consolidation-type merger must obtain approval for consolidation agreement by a resolution of the general assembly.

(4) With regard to a disappearing cooperative in consolidation-type merger, the provisions of Article 56-2 apply mutatis mutandis.

(Procedurea for Newly Formed Cooperatives)

Article 64 (1) The provisions of Section 4 (excluding Article 30) do not apply to

the incorporation of a newly formed cooperative.

- (2) In order to incorporate a cooperative through a merger, organizing committee members whom the respective cooperatives have appointed from among their partners at the general assembly must jointly prepare the articles of incorporation, appoint officers and carry out any other necessary acts for the incorporation.
- (3) The term of office of an officer under the provisions set forth in the preceding paragraph expires on the date of the general assembly.
- (4) With regard to the appointment of organizing committee members under the provisions of paragraph (2), the provisions of Article 53 apply *mutatis mutandis*.
- (5) With regard to the appointment of officers under the provisions of paragraph (2), the provisions of the main clause of Article 35, paragraph (4), the main clause of Article 35, paragraph (5), and Article 35, paragraph (6) apply *mutatis mutandis*.
- (6) A newly formed cooperative must, without delay after the date of establishment, prepare a document or an electronic or magnetic record stating or recording the rights and obligations of the disappearing consolidated cooperatives in the consolidated-type merger to which the newly formed cooperative has succeeded by the consolidation-type merger and any other particulars specified by order of the competent ministry as those concerning the consolidation-type merger.
- (7) A newly formed cooperative must keep the document or electronic or magnetic record set forth in the preceding paragraph at its principal office for a period of six months from the date of incorporation.
- (8) Partners and obligees of a newly formed cooperative may make the following requests to the newly formed cooperative at any time during its business hours; provided, however, that the partners and obligees must pay a cost specified by the newly formed cooperative when making a request set forth in item (ii) or item (iv):
 - (i) a request for inspection of the document set forth in the preceding paragraph
 - (ii) a request for provision of a transcript or an extract of the document set forth in the preceding paragraph
 - (iii) a request for inspection of the information recorded in the electronic or magnetic record set forth in the preceding paragraph that are displayed by a method specified by order of the competent ministry
 - (iv) a request for provision of the information recorded in the electronic or magnetic record set forth in the preceding paragraph by electronic or magnetic means that are specified by the newly formed cooperative in the consolidation-type merger or a request for provision of a document stating

the relevant information

(Validity of Mergers)

Article 65 (1) A surviving cooperative in absorption-type merger succeeds to the rights and obligations of the disappearing cooperative in the absorption-type merger (including the rights and obligations that the cooperative holds with regard to its activities based on a permission, an approval or any other disposition of an administrative authority; the same applies in the following paragraph) on the effective date or the date on which it obtains the approval of an administrative authority set forth in paragraph (1) of the following Article, whichever is later.

(2) A newly formed cooperative in consolidation-type merger succeeds to the rights and obligations of the disappearing cooperative in the consolidation-type merger on the date of its establishment.

(Approval for Mergers)

Article 66 (1) A merger of cooperatives does not become effective without the approval of an administrative authority.

(2) With regard to the approval set forth in the preceding paragraph, the provisions of Article 27, paragraphs (4) to (6) apply *mutatis mutandis*.

(Action for Invalidation of a Merger)

Article 67 With regard to an action for the invalidation of a merger, the provisions of Article 828, paragraph (1) (limited to the parts pertaining to item (vii) and item (viii)) and paragraph (2) (limited to the parts pertaining to item (vii) and item (viii)), Article 834 (limited to the parts pertaining to item (vii) and item (viii)), Article 835, paragraph (1), Articles 836 to 839, Article 843 (excluding paragraph (1), item (iii) and item (iv) and the proviso to paragraph (2)), and Article 846 (Action for Invalidation of a Merger) (excluding the parts pertaining to company auditors, in the case of a cooperative limiting the audit authority) of the Companies Act apply *mutatis mutandis*; and with regard to a motion set forth in Article 843, paragraph (4) of that Act as applied *mutatis mutandis* pursuant to the provisions of this Article, the provisions of Article 868, paragraph (5), Article 870 (limited to the parts pertaining to item (xv)), the main clause of Article 871, Article 872 (limited to the part pertaining to item (iv)), the main clause of Article 873, Article 875, and Article 876 (Non-Contentious Cases) of the Companies Act.

(Liquidators)

Article 68 (1) When a cooperative has been dissolved, the directors of the cooperative become the liquidators, except in the case of a dissolution based on

an order to commence bankruptcy proceedings; provided, however, that this does not apply when another person has been appointed as a liquidator at the general assembly.

- (2) When a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) has been dissolved based on the revocation of the approval set forth in Article 27-2, paragraph (1) under the provisions of Article 106-2, paragraph (4) or paragraph (5), an administrative authority appoints the liquidator, notwithstanding the provisions of the preceding paragraph and the provisions of Article 478, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1).

(Payment of Mutual Aid Money After Dissolution)

Article 68-2 (1) When a cooperative engaged in mutual aid activities has been dissolved based on a resolution of the general assembly, revocation of the approval set forth in Article 27-2, paragraph (1) under the provisions of Article 106-2, paragraph (4) or paragraph (5), or a dissolution order under the provisions of Article 106, paragraph (2), it must pay mutual aid money with regard to a mutual aid contract for which grounds for the payment of mutual aid money has occurred within ninety days from the date of dissolution.

(2) When a cooperative under the preceding paragraph has been dissolved based on the grounds set forth in Article 62, paragraph (1), item (iv), it must refund the mutual aid premium for the period from the date of dissolution to the expiration date of the mutual aid contract.

(3) When a cooperative under paragraph (1) has been dissolved based on the grounds set forth in that paragraph, it must refund the mutual aid premium for the period from the day on which the period set forth in that paragraph has elapsed to the expiration date of the mutual aid contract.

(Order of Disposition of Property)

Article 68-3 The liquidator of a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) must dispose of the property of the cooperative or the federation according to the following order:

- (i) payment of general obligations
- (ii) payment of mutual aid money and the mutual aid premiums prescribed in paragraph (2) and paragraph (3) of the preceding Article
- (iii) distribution of residual assets

(Mutatis Mutandis Application of the Companies Act)

Article 69 (1) With regard to the dissolution and liquidation of a cooperative, the

provisions of Article 475 (excluding item (i) and item (iii)), Article 476, Article 478, paragraph (2) and paragraph (4), Article 479, paragraph (1) and paragraph (2) (limited to the parts other than those prescribed in the respective items), Article 481, Article 483, paragraph (4) and paragraph (5), Article 484, Article 485, Article 489, paragraph (4) and paragraph (5), Article 492, paragraphs (1) through (3), Articles 499 through 503, Article 507 (Liquidation of a Stock Company), Article 868, paragraph (1), Article 869, Article 870 (limited to the parts pertaining to item (ii) and item (iii)), Article 871, Article 872 (limited to the parts pertaining to item (iv)), Article 874 (limited to the parts pertaining to item (i) and item (iv)), Article 875, and Article 876 (Non-Contentious Cases) of the Companies Act and Article 40 (Judicial Decision for Appointment of a Person to Conduct Inspections) of the Non-Contentious Cases Procedure Act (Act No. 14 of 1898) apply mutatis mutandis; with regard to a liquidator of a cooperative, the provisions of Article 35-3, Article 35-4, Article 36-2, Article 36-3, paragraph (1) and paragraph (2), Articles 36-5 through 38-4 (excluding Article 36-7, paragraph (4)), Article 40 (excluding paragraph (1), paragraph (11), and paragraph (13)), Article 47, paragraphs (2) to (4), Article 48, and Article 53-2 of this Act, the provisions of Article 357, paragraph (1) of the Companies Act, paragraph (1) of that Article as applied mutatis mutandis by replacing the terms pursuant to the provisions of Article 360, paragraph (3) of that Act, and the provisions of Article 361, Article 381, paragraph (2), Article 382, the main clause of Article 383, paragraph (1), Article 383, paragraph (2) and paragraph (3), Articles 384 through 386, and Article 508 of the Companies Act apply mutatis mutandis; with regard to an action to enforce liability of a liquidator of a cooperative, the provisions of Part VII, Chapter II, Section 2 (excluding Article 847, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5), and Article 851, and excluding the parts pertaining to the company auditors in the case of a cooperative limiting the audit authority) (Action to Enforce Liability, etc. of a Stock Company) of that Act apply mutatis mutandis; and with regard to a liquidator of a cooperative limiting the audit authority, the provisions of Article 353, Article 360, paragraph (1) and Article 364 of that Act apply mutatis mutandis. In this case, the phrase "an inventory of assets, a balance sheet, a profit and loss statement, and a plan for the appropriation of surplus or a plan for the disposition of losses" in Article 40, paragraph (2) is deemed to be replaced with "an inventory of assets and a balance sheet," the term "a business report" in that paragraph is deemed to be replaced with a "progress report," the term "business report" in paragraph (3), paragraphs (5) to (10), and paragraph (12), item (i) and item (iii) of that Article is deemed to be replaced with a "progress report," the term "the directors (or, for a Company with Board of Directors, to the board of directors)" in Article 382 of the Companies Act is

deemed to be replaced with "the board of liquidators," the term "the following shareholders" in the parts of Article 479, paragraph (2) of the Companies Act other than those prescribed in the respective items is deemed to be a " member who has obtained the consent of one-fifth or more of all partners," the term " Ministry of Justice Order" in Article 384, Article 492, paragraph (1), Article 507, paragraph (1), and Article 847, paragraph (1) and paragraph (4) of that Act is deemed to be "order of the competent ministry," the phrase "give public notice in the official gazette" in Article 499, paragraph (1) of that Act is deemed to be replaced with "give public notice," and any other necessary technical replacement of terms is specified by Cabinet Order.

(2) A court supervising the dissolution and liquidation of a cooperative may seek the opinion of or entrust an investigation with an administrative authority supervising the operations of the cooperative.

(3) An administrative authority prescribed in the preceding paragraph may state its opinion to the court prescribed in that paragraph.

Chapter III Federations of Small Business Associations

Section 1 General Rules

(Types)

Article 70 Federations of Small Business Associations (hereinafter referred to as "FSBAs") consist of prefectural federations of small business associations (hereinafter referred to as "prefectural FSBAs") and the national federation of small business associations (hereinafter referred to as "national FSBA").

(Personality and Address)

Article 71 (1) the FSBA is a juridical person.

(2) The address of the FSBA is the address at which its principal office is located.

(Name)

Article 72 (1) The FSBA must use the following words in its name:

(i) in the case of a prefectural FSBA, "federation of small business associations" bearing the name of the prefecture of its district

(ii) in the case of the national FSBA, "national federation of small business associations"

(2) No person other than the FSBA may use in its name a word indicating a prefectural FSBA or the national FSBA.

(Number of FSBAs)

Article 73 (1) There is only one prefectural FSBA in each prefecture, and its district is the district of the prefecture.

(2) There is only one national FSBA throughout the country.

Section 2 Activities

(Prefectural FSBA)

Article 74 (1) A prefectural FSBA engage in the following activities:

(i) providing instructions regarding organization, activities, and management to cooperatives, joint cooperatives, commercial and industrial cooperatives, federations of commercial and industrial cooperatives, shopping district promotion cooperatives, and federations of shopping district promotion cooperatives (hereinafter referred to as "cooperatives, etc."), and liaison between them

(ii) audits of cooperatives, etc.

(iii) education on and provision of information about cooperatives, etc.

(iv) investigations and research on cooperatives, etc.

(v) holding of exhibitions, fairs, etc. concerning the activities of cooperatives, etc. and conducting of mediation thereof

(vi) in addition to the activities set forth in the preceding items, activities necessary for achieving the sound development of cooperatives, etc. and small and medium-sized enterprises

(2) A prefectural FSBA may make proposal on the particulars concerning cooperatives, etc., FSBA, and small and medium-sized enterprises to the Diet, a council of a local government, or an administrative authority.

(National FSBA)

Article 75 (1) The national FSBA is to engage in the following activities:

(i) provision of instructions regarding its organization and activities to prefectural FSBA and liaison between them

(i)-2 liaison between cooperatives, etc.

(ii) education on and provision of information about cooperatives, etc.

(iii) investigation and research on cooperatives, etc.

(iv) provision of examinations on knowledge concerning the organization, activities and management of cooperatives, etc.

(v) holding of exhibitions, fairs, etc. concerning the activities of cooperatives, etc. and mediation thereof

(vi) in addition to the activities set forth in the preceding items, activities necessary for achieving the sound development of cooperatives, etc., prefectural FSBA, and small and medium-sized enterprises

(2) The national FSBA may, when it is necessary to carry out its activities, request a prefectural FSBA to report on the operations or accounting thereof, or provide instructions to a prefectural FSBA regarding the establishment of or

a change to the activity plan or any other important matters concerning their operations or accounting, pursuant to the provisions of the articles of incorporation.

(3) With regard to the national FSBA, the provisions of paragraph (2) of the preceding Article apply *mutatis mutandis*.

(Exclusion from Application of the Act on Prohibition of Private Monopolization)
Article 75-2 The provisions of Article 8, paragraph (1), item (i) and item (iv) of the Act on Prohibition of Private Monopolization do not apply to the activities set forth in the items of Article 47, paragraph (1) and the items of paragraph (1) of the preceding Article carried out by an FSBA; provided, however, that this does not apply to the designation of unfair trade practices or where competition in any particular field of trade is substantially restrained, resulting in unreasonable price increase.

Section 3 Members

(Qualification of Members)

Article 76 (1) Persons that are qualified to be a member of a prefectural FSBA are as follows:

- (i) a cooperative, etc. having an office within the district of the prefectural FSBA
- (ii) a person other than the person set forth in the preceding item, who is specified by the articles of incorporation

(2) persons that are qualified to be a member of the national FSBA are as follows:

- (i) a prefectural FSBA
- (ii) a cooperative, etc. whose district covers the districts of all prefectures
- (iii) a person other than the person set forth in the preceding two items, who is specified by the articles of incorporation

(Voting Rights and Right to Elect)

Article 77 (1) Each member of a prefectural FSBA has a single voting right and the right to elect officers or representatives.

(2) Each member of the national FSBA has a single voting right and the right to elect officers; provided, however, that two or more voting rights or rights to elect may be granted to a person set forth in paragraph (2), item (i) of the preceding Article, within a limit not exceeding one-fiftieth of the total number of voting rights or rights to elect, pursuant to the provisions of the articles of incorporation.

(3) A member may, pursuant to the provisions of the articles of incorporation, exercise the voting right or right to elect in writing or by proxy with regard to

the issues that have been notified in advance pursuant to the provisions of Article 49, paragraph (1) as applied mutatis mutandis pursuant to the provisions of Article 82-10, paragraph (4).

- (4) A member may, pursuant to the provisions of the articles of incorporation, exercise the voting right by electronic or magnetic means, in lieu of the exercise of the voting right in writing under the provisions set forth in the preceding paragraph.
- (5) A person exercising a voting right or right to elect pursuant to the provisions of the preceding two paragraphs is deemed to be an attendant.
- (6) In the case of a prefectural FSBA, a proxy may not serve as a proxy for five or more members.
- (7) In the case of the national FSBA, a proxy may not exercise voting rights or rights to elect exceeding one-fiftieth of the total number of voting rights or rights to elect on behalf of its members.
- (8) A proxy must submit a document proving the authority to represent to the FSBA. In this case, if the exercise of a voting right by electronic or magnetic means is specified pursuant to the provisions of the articles of incorporation, the proxy may prove the authority to represent by electronic or magnetic means, in lieu of the submission of the document.

(Imposition of Expenses)

Article 78 (1) An FSBA may impose expenses on its members, pursuant to the provisions of the articles of incorporation.

- (2) A member may not duly assert against the FSBA an offset for the payment of expenses set forth in the preceding paragraph.

(Membership)

Article 79 (1) When a person qualified to be a member of a prefectural FSBA intends to join a prefectural FSBA, the prefectural FSBA must not, without reasonable grounds, refuse the person to join nor impose more difficult requirements on the person who becomes its member than those imposed when present members joined the prefectural FSBA.

- (2) When the national FSBA has been established, all prefectural FSBA become members thereof. The same applies to a prefectural FSBA that has been established after the establishment of the national FSBA.
- (3) With regard to the case where a person set forth in Article 76, paragraph (2), item (ii) or item (iii) intends to join the national FSBA, the provisions of paragraph (1) apply mutatis mutandis.

(Withdrawal)

Article 80 (1) A member of a prefectural FSBA or a member of the national

FSBA other than a prefectural FSBA may withdraw by giving an advance notice at least thirty days before their withdrawal.

- (2) A prefectural FSBA which is a member of the national FSBA withdraws when it is dissolved.
- (3) With regard to a member of a prefectural FSBA and a member of the national FSBA other than a prefectural FSBA, the provisions of Article 19 apply *mutatis mutandis*.

Section 4 Formation

(Founders)

Article 81 (1) In order to incorporate an FSBA, eight or more persons who intend to become its members are required to become its founders. In this case, the founders must include five or more persons set forth in Article 76, paragraph (1), item (i) in the case of a prefectural FSBA, and must include five or more prefectural FSBA's in the case of the national FSBA.

- (2) A prefectural FSBA may only be incorporated if one-fifth or more of the cooperatives, etc. having their principal offices within its district are to become its members.
- (3) The national FSBA may not be incorporated unless twenty-five or more prefectural FSBA's become its members.

(Organizational Meeting)

Article 82 (1) Founders must hold an organizational meeting after preparing the articles of incorporation, and issue a public notice on the articles of incorporation together with the date and place of the meeting.

- (2) When a decision on the postponement or continuation of the organizational meeting is made at the organizational meeting, the provisions set forth in the preceding paragraph do not apply.
- (3) Minutes must be taken with regard to the proceedings of the organizational meeting, pursuant to the provisions of order of the competent ministry.
- (4) With regard to a resolution of the organizational meeting, the provisions of Article 27, paragraphs (2) through (5) and Article 77 apply *mutatis mutandis*; and with regard to an action for declaratory judgment on the nonexistence or invalidity of or an action for revocation of a resolution of the organizational meeting, Article 830, Article 831, Article 834 (limited to the parts pertaining to item (xvi) and item (xvii)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837, Article 838, and Article 846 (Action for Declaratory Judgment on Nonexistence or Invalidity of or Action for Revocation of a Resolution of a Shareholders Meeting) (excluding the parts pertaining to company auditors in these provisions) of the Companies Act apply

mutatis mutandis.

(Approval for Formation)

Article 82-2 The founders must, without delay after the organizational meeting, submit the articles of incorporation, activity plan, and documents stating the names and addresses of the officers and other necessary particulars to an administrative authority, and obtain approval for the formation.

(Application Mutatis Mutandis)

Article 82-3 With regard to the incorporation, the provisions of Article 28 and Article 30 apply mutatis mutandis.

Section 5 Management

(Articles of Incorporation)

Article 82-4 The articles of incorporation of an FSBA must state or record therein the following particulars:

- (i) activities
- (ii) name
- (iii) location of the office
- (iv) provisions on membership qualifications
- (v) provisions on new members and withdrawal of members
- (vi) provisions on the sharing of expenses
- (vii) fixed number of officers and the provisions on the election or appointment
- (viii) business year
- (ix) method of public notice

(Constitution)

Article 82-5 The following particulars, except for those that must be prescribed by the articles of incorporation, may be prescribed by the constitution of the FSBA:

- (i) provisions on the general assembly or the member representatives meeting
- (ii) provisions on the execution of its operations and accounting
- (iii) provisions on its officers
- (iv) provisions on its members
- (v) any other necessary matters

(Officers)

Article 82-6 An FSBA has one president, five or more directors, and two or more auditors as its officers.

(Duties of the Officers)

- Article 82-7 (1) The president represents the FSBA and preside over its operations.
- (2) The directors must, pursuant to the provisions of the articles of incorporation, assist the president in administering the operations of the FSBA, perform the duties of the president in place of the president when the president is unavailable, and perform the duties of the president when the post is vacant.
- (3) The auditors audit the status of the operations and accounting of the FSBA.

(Provisions Applied Mutatis Mutandis)

Article 82-8 With regard to an FSBA, the provisions of Article 10-2, Article 34-2, and Article 40 (excluding paragraph (1), paragraphs (6) to (9), and paragraph (13)) apply mutatis mutandis; with regard to the president, directors, and auditors, the provisions of Article 35, paragraph (3) and paragraphs (7) through (13), Article 35-2, Article 35-3, Article 36 (excluding paragraph (5)), and Article 36-3, paragraph (1) apply mutatis mutandis; with regard to the president, the provisions of Article 38 of this Act and Article 44, paragraph (1) (Capacity to Commit Tortious Acts) and Article 55 (Delegation of Director's Authority) of the Civil Code apply mutatis mutandis; with regard to directors, the provisions of Article 40, paragraphs (7) through (9) apply mutatis mutandis; and with regard to auditors, the provisions of Article 37, paragraph (1) apply mutatis mutandis. In this case, the term "per person" in Article 35, paragraph (9) is deemed to be replaced with "per person (per right to elect in the case of the national FSBA)," the phrase "at the council and obtain its" in Article 38, paragraph (1) is deemed to be replaced with "to the auditors and obtain their," and the term "council" in paragraph (3) of that Article is deemed to be replaced with "auditors."

(Advisor)

Article 82-9 An FSBA may designate a person with the relevant expertise as an advisor, and seek advice from the advisor regarding important matters on the FSBA; provided, however, that the advisor may not represent the FSBA.

(General Meeting)

- Article 82-10 (1) The president must convene the general assembly once in every business year, pursuant to the provisions of the articles of incorporation.
- (2) The president may, when the president finds it necessary, convene the extraordinary general assembly at any time, pursuant to the provisions of the articles of incorporation.
- (3) The following particulars require a majority vote of two-thirds or more of the voting rights of those present, where a half or more of all members are present

in the case of a prefectural FSBA, and where members having voting rights of a half or more of the total number of voting rights are present in the case of the national FSBA:

- (i) a change to the articles of incorporation
 - (ii) dissolution of the FSBA
 - (iii) expulsion of a member
- (4) With regard to the general assembly, the provisions of Article 47, paragraphs (2) through (4), Articles 48 through 50, Article 51, paragraph (1) and paragraph (2), Article 52, Article 53-3, and Article 53-4 apply mutatis mutandis; with regard to an action for a declaratory judgment on the nonexistence or invalidity of or an action for rescission of a resolution of the general meeting, Article 830, Article 831, Article 834 (limited to the portions pertaining to item (xvi) and item (xvii)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837, Article 838, and Article 846 (Action for Declaratory Judgment on Nonexistence or Invalidity of or Action for Revocation of a Resolution of a Shareholders Meeting) (excluding the parts pertaining to company auditors in these provisions) of the Companies Act apply mutatis mutandis. In this case, the term "council" in Article 47, paragraph (2) and paragraph (4) is deemed to be replaced with "president" and the phrase "no directors" in Article 48 is deemed to be replaced with "the president"

(Member Representatives Meeting)

- Article 82-11 (1) A prefectural FSBA whose total number of members exceeds two hundred persons may establish the member representatives meeting in lieu of the general assembly, pursuant to the provisions of the articles of incorporation.
- (2) With regard to the member representatives meeting, the provisions concerning the general assembly of a prefectural FSBA and the provisions of Article 55, paragraphs (2) through (5) apply mutatis mutandis. In this case, the term "five" in Article 77, paragraph (6) is deemed to be replaced with "two."
- (3) Notwithstanding the provisions of the preceding paragraph, the member representatives meeting may not elect representatives (excluding the election of a representative filling a vacancy) nor decide the particulars set forth in paragraph (3), item (ii) of the preceding Article.

(Sectional Meeting)

Article 82-12 An FSBA may, pursuant to the provisions of the articles of incorporation, establish a sectional meeting for each type of cooperative, etc.

Section 6 Dissolution and Liquidation

(Grounds for Dissolution)

Article 82-13 (1) An FSBA dissolves based on any of the following grounds:

- (i) a resolution of the general assembly
- (ii) an order to commence bankruptcy proceedings
- (iii) an order to dissolve under the provisions of Article 106, paragraph (2)

(2) When an FSBA is dissolved pursuant to the provisions of item (i) of the preceding paragraph, it must notify the administrative authority of its dissolution within two weeks from the date of the dissolution.

(Liquidators)

Article 82-14 When an FSBA is dissolved, the president becomes the liquidator, except in the case of a dissolution based on an order to commence bankruptcy proceedings; provided, however, that this does not apply when another person is appointed as a liquidator at the general assembly.

(Liquidation Proceedings)

Article 82-15 The liquidator must, without delay after assuming the position, investigate the status of the assets of the FSBA, prepare an inventory of the assets and a balance sheet, decide on the method to dispose of the assets, submit these documents to the general assembly, and seek its approval.

(Restriction on Distribution of Property)

Article 82-16 The liquidator may not distribute the property of the FSBA until after the obligations of the FSBA are paid off.

(Approval of the Settlement of Account)

Article 82-17 When the liquidation has completed, the liquidator must, without delay, prepare a statement of accounts, and submit it to the general assembly, and seek its approval.

(Application Mutatis Mutandis of the Civil Code)

Article 82-18 (1) With regard to dissolution and liquidation, the provisions of Article 73, Article 75, Article 76, and Articles 78 through 82 (Liquidation of a Juridical Person) of the Civil Code and Article 35, paragraph (2) and Articles 37 to 40 (Supervision of Liquidation of a Juridical Person) of the Non-Contentious Case Procedures Act apply mutatis mutandis; and with regard to the liquidator, the provisions of Article 35-3, Article 36-3, paragraph (1), Article 37, paragraph (1), Article 38, Article 39, Article 40, paragraphs (2) through (10) (excluding paragraph (6)), Article 47, paragraphs (2) through (4), Article 48, and Article 82-10, paragraph (1) and paragraph (2) of this Act and Article 44, paragraph (1) (Capacity to Commit Tortious Acts) of the Civil Code

apply mutatis mutandis. In this case, "the preceding Article" in Article 75 of that Act is deemed to be replaced with "Article 82-14 of the Small and Medium-Sized Enterprise Cooperatives Act," the phrase "at the council and obtain its" in Article 38, paragraph (1) is deemed to be replaced with "to the auditors and obtain their," and the term "council" in paragraph (3) of that Article is deemed to be replaced with "auditors."

- (2) A court supervising the dissolution and liquidation of an FSBA may seek the opinion of or entrust an investigation with an administrative authority supervising the operations of the FSBA.
- (3) An administrative authority prescribed in the preceding paragraph may state its opinion to the court prescribed in that paragraph.

Chapter IV Registration

Section 1 General Provisions

(Validity of Registration)

Article 83 Particulars that need to be registered pursuant to the provisions of this Act may not be duly asserted against a third party until after the registration thereof.

Section 2 Registration of Cooperatives and FSBA's

Subsection 1 Registration at the Location of the Principal Office

(Registration of Incorporation of Cooperatives)

Article 84 (1) A cooperative must complete the registration of its formation at the location of its principal office within two weeks from the day on which the payment of a contribution under the provisions of Article 29 is made.

(2) With regard to the registration set forth in the preceding paragraph, the following particulars (excluding the particulars set forth in item (iii) in the case of registration of incorporation of a joint enterprise cooperative) must be registered:

- (i) activities
- (ii) name
- (iii) district
- (iv) address of the office
- (v) unit amount of contribution, the method of its payment, the total number of units of contribution, and the total amount of contribution paid
- (vi) the duration of the cooperative or the grounds for its dissolution if the cooperative has specified the duration or grounds
- (vii) name, address and qualifications of the person having the right to represent

- (viii) method of public notice
- (ix) if the provisions of the articles of incorporation under Article 33, paragraph (4) specify that electronic public notice is used as the method of public notice; the following particulars:
 - (a) particulars necessary to provide the information that need to be made available to unspecified and many persons by electronic or magnetic means, which are specified by the Ministry of Justice Order
 - (b) if there are provisions of the articles of incorporation set forth in the second sentence of Article 33, paragraph (5); the relevant provisions
- (3) An FSBA must complete the registration of its incorporation at the location of its principal office within two weeks from the day on which the incorporation is approved.
- (4) In the registration set forth in the preceding paragraph, the following matters must be registered:
 - (i) activities
 - (ii) name
 - (iii) address of the office
 - (iv) name, address and qualifications of the person having the right to represent
 - (v) method of public notice

(Registration of Changes)

- Article 85 (1) A cooperative or an FSBA (hereinafter referred to as a "cooperative, etc." in this Chapter) must, when any changes are made to the particulars prescribed in the items of paragraph (2) or the particulars prescribed in the items of paragraph (4) of the preceding Article, complete registration of the relevant changes at the location of its principal office within two weeks.
- (2) Notwithstanding the provisions of the preceding paragraph, among the particulars prescribed in paragraph (2), item (v) of the preceding Article, the registration of changes to the total number of units of contribution and the total amount of contribution already paid as of the last day of each business year will be accepted, within four weeks from the last day.

(Registration of the Principal Office Relocated to the District under the Jurisdiction of Another Registry Office)

- Article 86 When a cooperative, etc. relocates its principal office to the district under the jurisdiction of another registry office, it must, within two weeks, complete registration of its relocation at the registry office in its former district, and register the particulars specified in the following items for the types of cooperatives, etc. prescribed in those items at the registry office in the new district:

- (i) cooperatives: particulars prescribed in the items of Article 84, paragraph (2)
- (ii) FSBAs: particulars prescribed in the items of Article 84, paragraph (4)

(Registration of Provisional Disposition to Suspend the Performance of Duty)

Article 87 When an order to suspend the performance of duty of the persons specified respectively in the following items for the types of cooperatives, etc. prescribed in those items or to appoint a person to act for the person has been issued or a decision has been made to change or revoke provisional disposition order, the relevant changes must be registered at the registry office in the district where the principal office of the cooperative, etc. is located:

- (i) cooperatives: the director representing the cooperative
- (ii) FSBAs: the president

(Registration of Counselors)

Article 88 When a cooperative appoints a counselor, it must, within two weeks, register the name and address of the counselor and the office to which the counselor has been assigned at the registry office in the district where its principal office is located. The same applies with regard to a change to the registered information and the extinction of counselor's right to represent.

(Registration of Absorption-Type Mergers)

Article 89 When a cooperative carries out an absorption-type merger, it must, within two weeks from the day on which the absorption-type merger becomes effective, register the dissolution of the disappearing cooperative in the absorption-type merger and register the changes to the surviving cooperative in the absorption-type merger at the registry office in the district where its principal office is located.

(Registration of Consolidation-Type Mergers)

Article 90 When two or more cooperatives carry out a consolidation-type merger, the cooperatives must, within two weeks from the following dates, whichever is later, register the dissolution of the disappearing cooperatives in the consolidation-type merger and register the incorporation of the cooperative formed in the consolidation-type merger at the registry office in the district where its principal office is located:

- (i) the date of the resolution of the general assembly set forth in Article 63-6, paragraph (3)
- (ii) the date on which the procedure under the provisions of Article 56-2 as applied mutatis mutandis pursuant to the provisions of Article 63-6, paragraph (4) is completed
- (iii) the date agreed between the disappearing cooperatives in the

consolidation-type merger

(iv) the day on which the approval under Article 66, paragraph (1) is obtained

(Registration of Dissolution)

Article 91 When a cooperative, etc. is dissolved pursuant to the provisions of Article 62, paragraph (1), item (i) or item (iv) or Article 82-13, paragraph (1), item (i), it must register the dissolution within two weeks at the location of its principal office.

(Registration of the Completion of Liquidation)

Article 92 When liquidation is completed, the completion of liquidation must be registered at the location of the principal office within two weeks from the dates specified in the following items for the types of cooperative, etc. prescribed in the relevant items:

- (i) cooperative: the date of the approval under Article 507, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1)
- (ii) FSBA: the date of the approval under Article 82-17

Subsection 2 Registration at the Location of a Secondary Office

(Registration at the Location of a Secondary Office)

Article 93 (1) In the cases prescribed in the following items (excluding the case where the secondary office prescribed in each item is located within the district under the jurisdiction of the registry office where the principal office is located), registration at the location of a secondary office must be completed at the location of the secondary office, within the periods specified in the relevant items:

- (i) the case where a secondary office is established at the time of incorporation of the cooperative, etc. (excluding the case set forth in the following item): within two weeks from the date of the registration of incorporation at the location of the principal office
 - (ii) the case where a cooperative incorporated by a consolidation-type merger establishes its secondary office at the time of the consolidation-type merger: within three weeks from the date prescribed in Article 90
 - (iii) the case where a secondary office is established after the incorporation of the cooperative, etc.: within three weeks from the date of the establishment of the secondary office
- (2) At the time of registration at the location of a secondary office, the following particulars must be registered; provided, however, that only the particulars set forth in item (iii) need to be registered when a new secondary office is

established within the district under the jurisdiction of a registry office having jurisdiction over the location of the secondary office:

- (i) name
 - (ii) address of the principal office
 - (iii) addresses of any secondary offices (limited to those located within the district under the jurisdiction of the registry office having jurisdiction over the secondary office)
- (3) When a change is made to any particulars prescribed in the items of the preceding paragraph, the change must be registered at the location of the secondary office within three weeks.

(Registration of a Secondary Office Relocated to the District under the Jurisdiction of Another Registry Office)

Article 94 When a cooperative, etc. relocates its secondary office to the district under the jurisdiction of another registry office, it must register of the relocation at the former location (excluding the case where it is relocated within the district under the jurisdiction of the registry office having jurisdiction over the location of the principal office) within three weeks, and register the particulars prescribed in the items of paragraph (2) of the preceding Article at the new location (excluding the case where it is located within the district under the jurisdiction of the registry office having jurisdiction over the location of the principal office; hereinafter the same applies in this Article) within four weeks; provided, however, that the particulars set forth in item (iii) of that paragraph only need to be registered at the new location when a new secondary office is established within the district under the jurisdiction of the registry office having jurisdiction over the location of a secondary office.

(Registration of Changes to the Secondary Offices)

Article 95 In the cases provided in Article 89, Article 90, and Article 92, the registrations prescribed in these provisions must also be completed at the locations of secondary offices within three weeks from the dates prescribed in these provisions; provided, however, that registration of changes prescribed in Article 89 is required only when any change is made to the particulars prescribed in the items of Article 93, paragraph (2).

Section 3 Entrustment of Registration

Article 96 (1) With regard to the case where a judgment upholding a claim pertaining to an action for invalidation of the incorporation of a cooperative becomes final and binding, the provisions of Article 937, paragraph (1) (limited to the parts pertaining to item (i), (a)) of the Companies Act apply mutatis

mutandis. In this case, any necessary technical replacement of terms is specified by Cabinet Order.

- (2) With regard to the case where a judgment upholding a claim pertaining to an action for the invalidation of a reduction in the unit amount of the contribution of a cooperative becomes final and binding, the provisions of Article 937, paragraph (1) (limited to the parts pertaining to item (i), (d)) of the Companies Act apply mutatis mutandis. In this case, any necessary technical replacement of terms is specified by Cabinet Order.
- (3) With regard to the case where a judgment upholding a claim pertaining to an action for a declaratory judgment on the nonexistence or invalidity of or an action for revocation of a resolution of the general assembly becomes final and binding, the provisions of Article 937, paragraph (1) (limited to the parts pertaining to item (i), (g)) of the Companies Act apply mutatis mutandis. In this case, any necessary technical replacement of terms is specified by Cabinet Order.
- (4) With regard to the case where a judgment upholding a claim pertaining to an action for the invalidation of a merger becomes final and binding, the provisions of Article 937, paragraph (3) (limited to the parts pertaining to item (ii) and item (iii)) of the Companies Act apply mutatis mutandis. In this case, any necessary technical replacement of terms is specified by Cabinet Order.
- (5) When an administrative authority orders a cooperative, etc. to dissolve pursuant to the provisions of Article 106, paragraph (2), it must entrust the registration of the dissolution with the registry office without delay.

Section 4 Registration Procedures

(Registry Offices Having Jurisdiction and the Registry)

Article 97 (1) With regard to registration of a cooperative, etc., the competent registry offices are the Legal Affairs Bureau or the District Legal Affairs Bureau having jurisdiction over the location of the relevant office of the cooperative, etc. or a branch office or a sub-branch office thereof.

- (2) Each registry office keeps a business cooperative registry, a small business cooperative registry, a fire mutual aid cooperative registry, a credit cooperative registry, a registry of federations of small and medium-sized enterprise cooperatives, a joint enterprise cooperative registry, and a registry of federations of small business associations.

(Application to Register Incorporation)

Article 98 (1) The incorporation of a cooperative, etc. is registered by an application filed by the person representing the cooperative, etc.

- (2) An application form for the registration of incorporation must be accompanied

by the documents specified in the following items for the types of cooperatives, etc. specified in those items, unless otherwise provided for by laws and regulations:

- (i) cooperatives: the articles of incorporation, a document proving the qualifications of the person having the right to represent, and a document proving the total number of units of contribution and the payment of a contribution under the provisions of Article 29
- (ii) FSBAs: the articles of incorporation and a document proving the qualifications of the person having the right to represent

(Application for Registration of Changes)

Article 99 (1) An application form for registration of establishment of a new office or relocation of the office of a cooperative, etc. or any change to the particulars prescribed in the items of Article 84, paragraph (2) or the items of paragraph (4) of that Article must be accompanied by a document proving the establishment or relocation of the new office or proving the changes to the particulars prescribed in the items of paragraph (2) of that Article or the items of paragraph (4) of that Article.

(2) An application form for registration of a change due to a reduction in the unit amount of the contribution must be accompanied by, in addition to the document set forth in the preceding paragraph, a document proving that public notice or notice under the provisions of Article 56-2, paragraph (2) (in the case of a cooperative which has given public notice by the method of public notice set forth in Article 33, paragraph (4), item (ii) or item (iii) in accordance with the provisions of the articles of incorporation under the provisions of that paragraph, in addition to giving public notice in an official gazette, pursuant to the provisions of Article 56-2, paragraph (3), public notice by these methods) is given, and, if any obligee states an objection, the fact that a payment has been made or equivalent security has been provided to the obligee or equivalent property has been entrusted for the purpose of having the obligee receive the payment, or the fact that the reduction in the unit amount of contribution poses no risk of harming the obligee.

(Application for Registration of Dissolution)

Article 100 An application form for registration of the dissolution of a cooperative, etc. under the provisions of Article 91 must be accompanied by a document providing the grounds for dissolution.

(Application for Registration of Completion of Liquidation)

Article 101 The liquidator must attach a document certifying that the settlement of accounts has been approved pursuant to the provisions of Article 507,

paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1) or the provisions of Article 82-17, to an application form to register the completion of the liquidation of a cooperative, etc.

(Application for Registration of Changes Due to an Absorption-Type Merger)

Article 102 An application form to register the changes due to an absorption-type merger of a cooperative must be accompanied by, in addition to a document proving the changes made to the particulars prescribed in the items of Article 84, paragraph (2), a document proving that public notice or notice under the provisions of Article 56-2, paragraph (2) as applied mutatis mutandis pursuant to Article 63-4, paragraph (4) and to Article 63-5, paragraph (6) (in the case of a cooperative which gives public notice by the method of public notice set forth in Article 33, paragraph (4), item (ii) or item (iii) in accordance with the provisions of the articles of incorporation under the provisions of that paragraph, in addition to giving public notice in an official gazette, pursuant to the provisions of Article 56-2, paragraph (3) as applied mutatis mutandis pursuant to the provisions of Article 63-4, paragraph (4) and to Article 63-5, paragraph (6), public notice by these methods) has been given, and, if any obligee has stated an objection, the fact that a payment has been made or equivalent security has been provided to the obligee or equivalent property has been entrusted for the purpose of having the obligee receive the payment, or the fact that the absorption-type merger poses no risk of harming the obligee, and a certificate of the registered particulars of the cooperative dissolved due to the absorption-type merger (excluding one whose principal office is located within the district under the jurisdiction of the relevant registry office).

(Application to Register Incorporation Due to Consolidation-Type Merger)

Article 102-2 An application form to register incorporation due to a consolidation-type merger of cooperatives must be accompanied by, in addition to the documents specified in Article 98, paragraph (2), item (i), a document proving that public notice or notice under the provisions of Article 56-2, paragraph (2) as applied mutatis mutandis pursuant to the provisions of Article 63-6, paragraph (4) (in the case of a cooperative which gives public notice by the method of public notice set forth in Article 33, paragraph (4), item (ii) or item (iii) in accordance with the provisions of the articles of incorporation under the provisions of that paragraph, in addition to giving public notice in an official gazette, pursuant to the provisions of Article 56-2, paragraph (3) as applied mutatis mutandis pursuant to the provisions of Article 63-6, paragraph (4), public notice by these methods) has been given,

and, if any obligee has stated an objection, the fact that a payment has been made or equivalent security has been provided to the obligee or equivalent property has been entrusted for the purpose of having the obligee receive the payment, or the fact that the consolidation-type merger poses no risk of harming the obligee, and certificates of registered information of the disappearing cooperatives in the consolidation-type merger (excluding those whose principal offices are located within the district under the jurisdiction of the relevant registry office).

(Mutatis Mutandis Application of the Commercial Registration Act)

Article 103 With regard to registration of a cooperative, etc., the provisions of Articles 2 through 5 (Registry Office and Registrar), Articles 7 through 15, Articles 17 through 23-2, Article 24 (excluding item (xv) and item (xvi)), Articles 25 through 27 (Registry, etc., General Rules on the Registration Procedure, and Prohibition of Registration of Identical Trade Names for Identical Office Addresses), Articles 48 through 53, Article 71, paragraph (1) and paragraph (3) (Registration of a Stock Company) and Articles 132 through 148 (Correction and Cancellation of Registration and Miscellaneous Provisions) of the Commercial Registration Act (Act No. 125 of 1963) apply mutatis mutandis; and with regard to registration of a cooperative, the provisions of Article 24 (limited to the parts pertaining to item (xv)) (Dismissal of Application), Article 45 (Registration of the Manager of a Company), Article 79, Article 82 and Article 83 (Registration of a Merger) of that Act apply mutatis mutandis. In this case, the term "Corporate Reorganization Act (Act No. 154 of 2002)" in Article 12, paragraph (1) of that Act is deemed to be replaced with "Act on Special Measures for the Reorganization Proceedings of Financial Institutions (Act No. 95 of 1996)," the term "the items of Article 930, paragraph (2) of the Companies Act" in Article 48, paragraph (2) of that Act is deemed to be replaced with "the items of Article 93, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act," the phrase "one who has become a liquidator of a liquidating stock company pursuant to the provisions of Article 478, paragraph (1), item (i) of the Companies Act (in the case prescribed in Article 483, paragraph (4) of that Act, one who has become the representative liquidator of a liquidating stock company pursuant to the provisions of that paragraph)" in the proviso to Article 71, paragraph (3) of that Act is deemed to be replaced with "a liquidator under the provisions of the main clause of Article 82-14 of the Small and Medium-Sized Enterprise Cooperatives Act" with regard to an FSBA.

Chapter V Miscellaneous Provisions

(Filing of Complaints)

Article 104 (1) A member who considers that the operations or accounting of the cooperative or the FSBA violates a law or regulation, a disposition by an administrative authority based on a law or regulation, the articles of incorporation, the constitution, mutual aid rules or fire mutual aid rules, or that administration of the cooperative or the FSBA is extremely unjust may file a complaint for this in writing to an administrative authority by attaching the grounds therefor.

(2) When a complaint set forth in the preceding paragraph is filed, an administrative authority must take necessary measures pursuant to the provisions of this Act.

(Request for Inspection)

Article 105 (1) A member may, by gaining the consent of at least one-tenth of all partners, request an administrative authority to conduct an inspection based on the reason that the operations or accounting of the cooperative or the FSBA is suspected of violating a law or regulation, a disposition by an administrative authority based on a law or regulation, the articles of incorporation, the constitution, mutual aid rules or fire mutual aid rules.

(2) When a request set forth in the preceding paragraph is made, an administrative authority must inspect the status of the operations or accounting of the cooperative or the FSBA.

(Submission of Account Settlement Documents)

Article 105-2 (1) In each business year, a cooperative (excluding a credit cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i)) or an FSBA must submit a business report, an inventory of assets, a balance sheet, a profit and loss statement, and a document stating the method for the appropriation of the surplus or the disposition of loss to an administrative authority, within two weeks from the last day of the ordinary general assembly.

(2) In the case where a cooperative for which an audit by a financial auditor is required pursuant to the provisions of Article 40-2, paragraph (1) has a subsidiary company, etc., the cooperative must, in each business year, prepare, in addition to the documents set forth in the preceding paragraph, documents stating the status of the operations and assets of the cooperative and the subsidiary company, etc. in a consolidated manner, and submit these to an administrative authority.

(3) Particulars to be stated in the documents under the preceding paragraphs and any other necessary information are specified by order of the competent ministry.

(Collection of Reports)

- Article 105-3 (1) Once every year, an administrative agency may collect from a cooperative or an FSBA reports on partner, officers, employees, amount of activities, and other general circumstances of the cooperative or the FSBA, which are especially necessary for appropriately processing the administration concerning the cooperative or the FSBA.
- (2) When an administrative authority finds that the operations or accounting of a cooperative or an FSBA is suspected to have violated a law or regulation, a disposition by an administrative authority based on a law or regulation, the articles of incorporation, the constitution, mutual aid rules or fire mutual aid rules, or that the administration of a cooperative or an FSBA is suspected to be extremely unjust, it may collect the necessary reports on the operations or accounting from the relevant cooperative or the FSBA.
- (3) When an administrative authority finds it necessary to secure the sound and appropriate administration of the operations of a cooperative engaged in mutual aid activities and to protect partners and any other mutual aid contractors, it may request the cooperative engaged in mutual aid activities to submit reports or documents on the status of the operations or assets.
- (4) When an administrative authority finds it especially necessary to secure the sound and appropriate administration of the operations of a cooperative engaged in mutual aid activities and to protect partners and any other mutual aid contractors, it may, to the extent necessary to do so, request a subsidiary company, etc. (meaning a subsidiary company or a juridical person specified by order of the competent ministry as one whose management is controlled by the cooperative; the same applies in the following paragraph, and paragraph (4) and paragraph (5) of the following Article) or a mutual aid agent of the cooperative to submit reports or documents that would provide a reference concerning the status of operations or assets of the cooperative.
- (5) A subsidiary company, etc. or a mutual aid agent of a cooperative may refuse to submit the reports or documents under the provisions set forth in the preceding paragraph when they have reasonable grounds.

(Inspections)

- Article 105-4 (1) When an administrative authority finds that the operations or accounting of a cooperative or an FSBA is suspected to have violated a law or regulation, a disposition by an administrative authority based on a law or regulation, the articles of incorporation, the constitution, mutual aid rules or fire mutual aid rules, or that the administration of a cooperative or an FSBA is suspected to be extremely unjust, it may inspect the operations or accounting of the cooperative or the FSBA.

- (2) When an administrative authority finds it necessary to secure the sound and appropriate administration of the operations of a cooperative engaged in mutual aid activities and to protect partners and any other mutual aid contractors, it may have its officials enter an office or any other facility of the cooperative engaged in mutual aid activities, and have them ask questions about the status of the operations or assets, or inspect the books and documents or other relevant items.
- (3) An administrative authority must inspect the status of the operations or accounting of a cooperative engaged in activities, concerning liability mutual aid, etc. in each year, as a rule.
- (4) When an administrative authority finds it particularly necessary to carry out the entry, questioning or inspection under the provisions of the preceding two paragraphs, it may, to the extent necessary for it, have its officials enter the facility of a subsidiary company, etc. of the cooperative or a mutual aid agent of the cooperative, have them ask questions on particulars that are necessary to question or inspect the cooperative, or have them inspect the books and documents or other relevant items.
- (5) A subsidiary company, etc. of the cooperative or a mutual aid agent of the cooperative may refuse the questioning and inspection under the provisions of the preceding paragraph when they have reasonable grounds.
- (6) An official who enters, questions, or inspects under the provisions of paragraphs (1) through (4) must carry an identification card and present it to the persons concerned when requested to do so.
- (7) The authority for the entry, questioning, or inspection under the provisions of paragraphs (1) through (4) must not be construed as the one granted for criminal investigation.

(Dispositions for Violations of Laws and Regulations)

- Article 106 (1) In the case when an administrative authority collects reports pursuant to the provisions of Article 105-3, paragraph (2) or carries out an inspection pursuant to the provisions of Article 105, paragraph (2) or paragraph (1) of the preceding Article, if it finds that the operations or accounting of the cooperative or the FSBA violates a law or regulation, a disposition by an administrative authority based on a law or regulation, the articles of incorporation, the constitution, mutual aid rules or fire mutual aid rules, or that the administration of the cooperative or the FSBA is extremely unjust, it may order the cooperative or the FSBA to take necessary measures within a certain period.
- (2) When a cooperative or an FSBA violates an order set forth in the preceding paragraph, or when an administrative authority finds that a cooperative or an FSBA has failed to commence its activities within one year from the date of

incorporation or has suspended its activities for one year or more on a continuous basis without reasonable grounds, the administrative authority may order the cooperative or the FSBA to dissolve.

- (3) When the position of the person having the right to represent a cooperative or an FSBA is vacant or when the whereabouts of the person is unknown, an administrative authority may, in lieu of notice of order under the provisions set forth in the preceding paragraph, publish the gist thereof in an official gazette.
- (4) In the case set referred to in the preceding paragraph, the order becomes effective on the day when twenty days have elapsed from the date of publication in the official gazette.

(Supervisory Dispositions Pertaining to Mutual Aid Activities)

- Article 106-2 (1) When an administrative authority finds it necessary to secure the sound and appropriate administration of the operations of a cooperative engaged in mutual aid activities and to protect partners and any other mutual aid contractors, in light of the status of the operations or assets of the cooperative engaged in mutual aid activities or due to changes in circumstances, it may, to the extent necessary to do so, order the cooperative to make changes to the particulars prescribed in the articles of incorporation, the constitution, mutual aid rules, or fire mutual aid rules or to change the method of execution of business.
- (2) When an administrative authority finds it necessary to secure the sound and appropriate administration of the operations of a cooperative engaged in mutual aid activities and to protect partners and any other mutual aid contractors, in light of the status of the operations or assets of the cooperative engaged in mutual aid activities or the property of the cooperative engaged in mutual aid activities and its subsidiary company, etc., it may, by specifying the particulars for which measures should be taken and the period in which the measures should be taken, request the cooperative to submit an improvement plan for securing sound management or order the cooperative to change the submitted improvement plan, or, to the extent necessary for it, order to suspend all or part of the operations of the cooperative by setting a deadline or order to deposit the property of the cooperative or take any other measures necessary for supervision.
 - (3) An order under the provisions of the preceding paragraph (including a request for the submission of an improvement plan), which is issued when it is considered necessary based on the level of solvency in terms of the ability to pay mutual aid proceeds of a specified mutual aid association, a fire mutual aid cooperative, a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii), or a specified federation of mutual aid associations to pay mutual aid proceeds, etc., must be one specified by order of

the competent ministry according to the categories of the level of solvency in term of ability to pay mutual aid proceeds, etc. of the cooperative.

- (4) When an administrative authority finds that the status of the assets of a cooperative engaged in mutual aid activities has deteriorated considerably and that it would be inappropriate to continue the mutual aid activities from the viewpoint of protecting partners and any other mutual aid contractors, it may revoke the approval set forth in Article 9-6-2, paragraph (1) (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5)) granted for the cooperative, or, in the case of a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii), revoke the approval set forth in Article 27-2, paragraph (1).
- (5) When a cooperative engaged in mutual aid activities violates any particulars that are of significant importance prescribed in a law or regulation, a disposition by an administrative authority based on a law or regulation, the articles of incorporation, the constitution, mutual aid rules or fire mutual aid rules, or has engaged in an act that causes harm to the public interest, it may order to suspend all or part of the operations of the cooperative or to dismiss officers, or revoke the approval set forth in Article 9-6-2, paragraph (1) (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5)), or, in the case of a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii), revoke the approval set forth in Article 27-2, paragraph (1).

(Notification to Administrative Authorities)

Article 106-3 When a cooperative engaged in mutual aid activities (in the case set forth in item (i), the cooperative or the mutual aid agent to which the notification pertains) falls under any of the following items, it must notify an administrative authority of this, pursuant to the provisions of order of the competent ministry:

- (i) when intending to establish or close mutual aid agent
- (ii) when a mutual aid actuary is appointed or when a mutual aid actuary retires from office
- (iii) when the cooperative is to own a new subsidiary company, etc.
- (iv) when a subsidiary company, etc. is no longer a subsidiary company, etc.
- (v) when the cooperative commences the public inspection of explanatory documents pursuant to the provisions of Article 61-2, paragraph (1) or paragraph (2)
- (vi) when the cooperative falls under any other case specified by order of the competent ministry

(Expulsion Measures)

Article 107 When the Fair Trade Commission finds that an enterprise that is a member of a cooperative (excluding a small business cooperative) and whose number of regularly hired employees exceeds one hundred is not substantially a small sized enterprise, it may have the enterprise withdraw from the cooperative following the procedure prescribed in the following Article, in order to achieve the purpose of this Act.

Article 108 With regard to the case referred to in the preceding Article, the provisions of Articles 40 through 42 (Authority of the Fair Trade Commission), Article 45, Articles 47 through 49, Article 52, Article 55, paragraph (1) and paragraphs (3) through (5), Articles 56 through 58, Article 59, paragraph (1), Articles 60 through 64, Article 66, Article 68, Article 69, paragraph (1) and paragraph (2), Article 70, Article 70-2, paragraphs (1) through (3), Articles 70-3 through 70-5, Article 70-8, Article 70-12, paragraph (2), Articles 70-15 through 70-17, Articles 70-19 through 70-22 (Reports of Facts, Investigations of Cases, Cease and Desist Order, Hearings, Decisions, and Other Procedures for Disposal of Cases), Article 75, Article 76 (Miscellaneous Provisions), Articles 77 through 82, and Article 88 (Lawsuits) of the Act on Prohibition of Private Monopolization apply *mutatis mutandis*.

(Jurisdiction of the Tokyo High Court)

Article 109 (1) The Tokyo High Court has jurisdiction over the first instance of a lawsuit pertaining to a decision of the Fair Trade Commission under the provisions of the preceding Article.

(2) The lawsuit set forth in the preceding paragraph is to be handled by a panel of judges established within the Tokyo High Court pursuant to the provisions of Article 87, paragraph (1) of the Act on Prohibition of Private Monopolization.

Article 110 Deleted.

(Administrative Authorities with Jurisdiction)

Article 111 (1) The term "administrative authority" as used in this Act is prescribed in the following items, except in the case of Article 65, paragraph (1) and Article 74, paragraph (2) (including as applied *mutatis mutandis* pursuant to the provisions of Article 75, paragraph (3)):

(i) with regard to a business cooperative, a small business cooperative, or a federation of cooperatives (excluding one engaged in the activities set forth in Article 9-9, paragraph (1), item (i) or item (iii)), if its district is located within the district of a prefecture and a business permitted for the persons having the status of partner as prescribed in the articles of incorporation is

- not a business under the jurisdiction of the Minister of Finance nor a business under the jurisdiction of the Minister of Land, Infrastructure and Transport (limited to those specified by Cabinet Order; hereinafter the same applies in this item and item (iv)), the administrative authority is the prefectural governor having jurisdiction over its principal office (hereinafter referred to as the competent prefectural governor), and if its district is not located within the district of a prefecture and the business permitted for the persons having the status of partner as prescribed in the articles of incorporation is the business under the jurisdiction of the Minister of Finance or the business under the jurisdiction of the Minister of Land, Infrastructure and Transport and any other business, the administrative authority must be the Minister of Finance or the Minister of Land, Infrastructure and Transport and the competent prefectural governor, and if it does not fall under their jurisdiction, the administrative authority is the competent minister of the business permitted for the persons having the status of partner as prescribed in the articles of incorporation.
- (ii) with regard to a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i), the administrative authority is the Prime Minister.
 - (iii) with regard to a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii), the administrative authority is the Minister of Economy, Trade and Industry and the Prime Minister.
 - (iv) with regard to a joint enterprise cooperative, if all of its business is a business under the jurisdiction of the Minister of Finance or a business under the jurisdiction of the Minister of Land, Infrastructure and Transport, the administrative authority is the Minister of Finance or the Minister of Land, Infrastructure and Transport, and if its business is a business under the jurisdiction of the Minister of Finance or a business under the jurisdiction of the Minister of Land, Infrastructure and Transport and any other business, the administrative authority is the Minister of Finance or the Minister of Land, Infrastructure and Transport and the competent prefectural governor, and if it does not fall under their jurisdiction, the administrative authority is the competent prefectural governor.
 - (v) with regard to a prefectural FSBA, the administrative authority is the competent prefectural governor.
 - (vi) with regard to the national FSBA, the administrative authority is the Minister of Economy, Trade and Industry.
- (2) The Prime Minister delegates the authority under this Act (excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

- (3) The affairs under the authority (excluding the authority pertaining to a fire mutual aid cooperative whose district is the same as the district of a prefecture in the case of the Minister of Economy, Trade and Industry, and excluding the authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of the preceding paragraph in the case of the Prime Minister) of the administrative authority (excluding the competent prefectural governor; hereinafter the same applies in this Article) prescribed in this Act may be partially performed by a prefectural governor pursuant to the provisions of Cabinet Order.
- (4) The administrative authority may delegate its authority under this Act partially to the head of a Local Branch Office, pursuant to the provisions of Cabinet Order.
- (5) The Commissioner of the Financial Services Agency may delegate the authority that has been delegated pursuant to the provisions of paragraph (2) to the head of a Local Finance Bureau or the head of a Local Finance Branch Bureau, pursuant to the provisions of Cabinet Order.
- (6) With regard to a fire mutual aid cooperative whose district is the same as the district of a prefecture, the affairs pertaining to approval for incorporation and other affairs under the authority (limited to the authority that has been delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of paragraph (2) in the case of the Prime Minister) of the administrative authority prescribed in this Act may be partially performed by a prefectural governor, pursuant to the provisions of Cabinet Order.

(Orders of the Competent Ministry)

Article 111-2 Orders of the competent ministry under this Act are as follows:

- (i) with regard to a business cooperative, a small business cooperative, or a federation of cooperatives (excluding those engaged in the activities set forth in Article 9-9, paragraph (1), item (i) or item (iii)), orders issued jointly by the ministers having jurisdiction over the business permitted for the persons having the status of partner as prescribed in the articles of incorporation
- (ii) with regard to a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii),
Orders of the Ministry of Economy, Trade and Industry/Cabinet Order

(Submission of Relevant Documents to the Minister of Finance)

Article 111-3 The Minister of Finance may, when the minister finds it necessary to develop or draft a plan for a system pertaining to a fire mutual aid cooperative pertaining to the financial failure resolution system or financial crisis management under the jurisdiction, request the Prime Minister to submit and provide an explanation about the necessary relevant documents.

Chapter VI Penal Provisions

Article 112 (1) When an officer of a cooperative has, under any name, provided a loan, discounted a negotiable instrument, accepted a deposit or an installment saving, or disposed of assets of the cooperative for the speculative transactions, outside the scope of activities of the cooperative, the officer is punished by imprisonment with work not more than three years or a fine not more than one million yen (imprisonment with work not more than three years or a fine not more than three million yen in the case of a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i)).

(2) A person who has committed a crime set forth in the preceding paragraph may be punished by cumulative imposition of imprisonment with work and a fine, according to the circumstances.

(3) The provisions of paragraph (1) do not apply when there are applicable provisions in the Penal Code (Act No. 45 of 1907).

Article 112-2 A person who violates the provisions of Article 39, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the provisions of Article 9-7-5, paragraph (3) (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5) or paragraph (8)) (hereinafter referred to as "Financial Instruments and Exchange Act as applied mutatis mutandis") is punished by imprisonment with work not more than three years or a fine not more than three million yen, or both.

Article 112-3 A person who violates the provisions of Article 39, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis is punished by imprisonment with work not more than one year or a fine not more than one million yen, or both.

Article 112-4 In the case set forth in the preceding Article, economic benefit received by the offender or a third party who knows the circumstances is confiscated. When all or part of it cannot be confiscated, the equivalent value thereof is collected.

Article 112-5 A person who falls under any of the following items is punished by imprisonment with work not more than six months or a fine not more than five hundred thousand yen, or both:

(i) a person who fails to provide the information prescribed in Article 37,

- paragraph (1) (excluding item (ii)) of the Financial Instruments and Exchange Act as applied mutatis mutandis or provides false information
- (ii) a person who violates the provisions of Article 37, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis
- (iii) a person who, in violation of the provisions of Article 37-3, paragraph (1) (excluding item (ii) and item (vi)) of the Financial Instruments and Exchange Act as applied mutatis mutandis, fails to provide a document or provides a document not including the information prescribed in that paragraph or provides false information
- (iv) a person who fails to provide a document under the provisions of Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis or provides a document including false information

Article 112-6 (1) A person who, in violation of the provisions of Article 61-2, paragraph (1) or paragraph (2), fails to provide the documents prescribed in these provisions for public inspection, or who, in violation of these provisions, provides those documents for public inspection not including the information to be provided therein or provides false information is punished by a fine not more than one million yen.

(2) The provisions of the preceding paragraph also apply to a person who makes the information contained in electronic or magnetic records available to unspecified and many persons by electronic or magnetic means without recording the information to be recorded therein as specified in Article 61-2, paragraph (4) or by recording false information, in the case where, pursuant to the provisions of that paragraph, the documents prescribed in paragraph (1) or paragraph (2) of that Article are deemed to be kept and have been provided for public inspection pursuant to these provisions.

Article 112-7 A person who falls under any of the following items is punished by a fine not more than three hundred thousand yen:

- (i) a person who solicits a mutual aid contract in violation of the provisions of Article 275, paragraph (1) of the Insurance Business Act as applied mutatis mutandis pursuant to Article 9-7-5, paragraph (2) (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5) or paragraph (8))
- (ii) a person who engages in any of the acts prescribed in Article 300, paragraph (1), items (i) through (iii) of the Insurance Business Act in violation of the provisions of that paragraph as applied mutatis mutandis pursuant to the provisions of Article 9-7-5, paragraph (2) (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5) or paragraph (8))

Article 113 When a cooperative, in violation of the provisions of Article 7, paragraph (3), fails to give a notification or gives a false notification, the directors of the cooperative is punished by a fine not more than three hundred thousand yen.

Article 114 A person who fails to make a report under the provisions of Article 27, paragraph (1) of the Warehousing Business Act as applied mutatis mutandis pursuant to the provisions of Article 9-3, paragraph (4) or under the provisions of Article 105-3, paragraph (2) of this Act or makes a false report, or who fails to submit a report or documents under the provisions of paragraph (3) or paragraph (4) of that Article or submits a false report or document, or who refuses, obstructs, or challenges an inspection under the provisions of Article 27, paragraph (1) of the Warehousing Business Act as applied mutatis mutandis pursuant to the provisions of Article 9-3, paragraph (4) or under the provisions of Article 105, paragraph (2) or Article 105-4, paragraph (1) or (3), or who refuses to respond to or gives a false answer to the question or , or challenges an inspection under the provisions of paragraph (2) or paragraph (4) of that Article is punished by a fine not more than three hundred thousand yen (imprisonment with work not more than one year or a fine not more than three million yen in the case of a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i)).

Article 114-2 When a cooperative or an FSBA violates an order under the provisions of Article 106, paragraph (1), the directors of the cooperative or the president of the FSBA is punished by a fine not more than three hundred thousand yen.

Article 114-3 A person who, in violation of the provisions of Article 955, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 33, paragraph (7), fails to state or record the information provided by the Ministry of Justice Order concerning an investigation of the electronic public notice prescribed in that paragraph in an investigation record registry, etc. prescribed in that paragraph, or states or records false information, or fails to retain the investigation record registry, etc. is punished by a fine not more than three hundred thousand yen.

Article 114-4 When the representative person of a juridical person, or an agent, employee, or any other worker of a juridical person or an individual, with regard to the business of the juridical person or individual, violates the provisions prescribed in any of the following items, not only the offender is

punished but also the juridical person is punished by a fine set forth in the relevant items or the individual is punished by a fine set forth in the respective Articles:

- (i) Article 112-2: a fine not more than three hundred million yen
- (ii) Article 112-3: a fine not more than one hundred million yen
- (iii) Article 112-5, Article 112-6, paragraph (1) or paragraph (2) or the preceding Article: a fine set forth in the respective Articles
- (iv) Article 114: a fine set forth in that Article (a fine not more than two hundred million yen in the case of a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i))

Article 114-5 a person who falls under any of the following items is punished by a civil fine not more than one hundred million yen:

- (i) a person who, in violation of the provisions of Article 946, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 33, paragraph (7), fails to make a report or makes a false report
- (ii) A person who refuses any of the requests prescribed in the items of Article 951, paragraph (2) of the Companies Act or the items of Article 955, paragraph (2) of that Act as applied mutatis mutandis pursuant to the provisions of Article 33, paragraph (7) without reasonable grounds

Article 114-6 (1) In any of the following cases, the officers, financial auditors or liquidators of a cooperative engaged in mutual aid activities are punished by a civil fine not more than two hundred thousand yen:

- (i) when they, in violation of the provisions of Article 9-2, paragraph (7) or Article 9-9, paragraph (4), engage in the activities prescribed in these provisions without obtaining approval
- (ii) when they violate the provisions of Article 9-6-25, paragraph (1) (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5))
- (iii) when they, in the case where a request under the provisions of Article 344, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 40-2, paragraph (3) is made, fail to include the particulars to which the request pertains in the purpose of the general assembly or fails to submit a proposal to which the request pertains to the general assembly
- (iv) when they, in violation of the provisions of Article 396, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 40-2, paragraph (3), refuse an inspection or the copying of a document or information contained in an electronic or magnetic record that is displayed by a method specified by order of the competent ministry, without reasonable

grounds

- (v) when they, in stating opinions pursuant to the provisions of Article 398, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 40-2, paragraph (3), make a false statement to or conceal facts from the ordinary general assembly
 - (vi) when they, in making a report pursuant to the provisions of Article 340, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 40-2, paragraph (3) or Article 40-3, paragraph (2), make a false statement to concealed facts from the general assembly
 - (vii) when they violate the provisions of Article 40-3, paragraph (1)
 - (viii) when they violate the provisions of Article 57-2
 - (ix) when they transfer the business of a cooperative in violation of the provisions of Article 57-4
 - (x) when they violate the provisions of Article 58, paragraph (5)
 - (xi) when they violate the provisions of Article 58-2, paragraph (1) or paragraph (2)
 - (xii) when they, in violation of the provisions of Article 58-6, paragraph (1), fail to carry out the procedure to appoint a mutual aid actuary or appoints a person who does not meet the requirements specified by order of the competent ministry set forth in paragraph (2) of that Article as a mutual aid actuary
 - (xiii) when they violate an order (including a request for the submission of an improvement plan) under the provisions of Article 58-8 or Article 106-2, paragraph (1), paragraph (2) or paragraph (5)
 - (xiv) when they, in violation of the provisions of Article 68-3, dispose of property of the cooperative
 - (xv) when they, in violation of the provisions of Article 105-2, paragraph (2), fail to submit the documents or submits false documents
 - (xvi) when they violate the provisions of Article 106-3
- (2) The provisions of the preceding paragraph also apply to the case where a person prescribed in Article 976 of the Companies Act obstruct an inspection under the provisions of Article 396, paragraph (3) of that Act as applied mutatis mutandis pursuant to the provisions of Article 40-2, paragraph (3).

Article 114-7 When a mutual aid agent fails to submit a report or document under the provisions of Article 305 of the Insurance Business Act as applied mutatis mutandis pursuant to the provisions of Article 9-7-5, paragraph (2) (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5) or paragraph (8)) or submits a false report or document, or refuses to respond to the question or gives a false answer to the question, or refuses, prevents, or challenges an inspection under the provisions of that

Article, or violates an order under the provisions of Article 306 or Article 307, paragraph (1) of that Act as applied mutatis mutandis pursuant to the provisions of Article 9-7-5, paragraph (2), the mutual aid agent is punished by a civil fine not more than two hundred thousand yen.

Article 115 (1) In any of the following cases, the founders, officers or liquidators of a cooperative or an FSBA is punished by a civil fine not more than two hundred thousand yen:

- (i) when they engage in activities other than those that the cooperative or the FSBA is able to conduct based on the provisions of this Act
- (ii) when they fail to complete registration under the provisions of this Act
- (iii) when they violate the provisions of Article 9-2, paragraph (3) (including as applied mutatis mutandis pursuant to the provisions of Article 9-7-2, paragraph (3) or Article 9-9, paragraph (5))
- (iv) when they accept a deposit or an installment saving in violation of the provisions of Article 9-8, paragraph (3) (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (7))
- (v) when they provide a loan or discount a negotiable instrument in violation of the provisions of Article 9-8, paragraph (4) (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (7))
- (vi) when they violate the provisions of Article 9-9, paragraph (2) or paragraph (3)
- (vii) when they, in violation of the provisions of Article 10-2 or Article 34-2 (including as applied mutatis mutandis pursuant to the provisions of Article 82-8), Article 40 (including as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1), Article 82-8, or Article 82-18, paragraph (1)), Article 56 (including as applied mutatis mutandis pursuant to the provisions of Article 57-2-2, paragraph (5)), Article 63-4, paragraph (1) or paragraph (2), Article 63-5, paragraph (1), paragraph (2), or paragraph (7) or (9), Article 63-6, paragraph (1) or paragraph (2), or Article 64, paragraphs (6) through (8), fail to keep documents or electronic or magnetic records, fail to provide or record information to be provided or recorded in the documents or electronic or magnetic records, or provide or recorded false information, or refuse an inspection or the copying of documents or information contained in electronic or magnetic records that are displayed by a method specified by order of the competent ministry, provision of a transcript or an extract of the documents, provision of information contained in the electronic or magnetic records by electronic or magnetic means, or provision of a document providing the information, without reasonable grounds
- (viii) when they violate the provisions of Article 79, paragraph (1) (including as applied mutatis mutandis pursuant to the provisions of paragraph (3) of that

- Article)
- (ix) when they violate the provisions of Article 19, paragraph (2) (including as applied mutatis mutandis pursuant to the provisions of Article 80, paragraph (3)), Article 42, paragraph (5) or paragraph (6), or Article 45, paragraph (5) or paragraph (6)
 - (x) when they, in violation of the provisions of Article 27, paragraph (7), Article 36-7, paragraph (1) (including as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1)), Article 53-4, paragraph (1) (including as applied mutatis mutandis pursuant to the provisions of Article 82-10, paragraph (4)), Article 82, paragraph (3) or Article 82-15 or the provisions of Article 492, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1), fail to prepare the minutes, an inventory of assets, or a balance sheet, or fail to provide or record the information to be provided or recorded in these documents or electronic or magnetic records, or provide or recorded false information
 - (xi) when they violate the provisions of Article 31, Article 35-2 (including as applied mutatis mutandis pursuant to Article 82-8), Article 62, paragraph (2) or Article 82-13, paragraph (2)
 - (xii) when they, in violation of the provisions of Article 941 of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 33, paragraph (7), fail to request an investigation set forth in that Article
 - (xiii) when they, in violation of the provisions of Article 35, paragraph (6), fail to appoint a person who falls under the category of persons prescribed in that paragraph as an auditor
 - (xiv) when they violate the provisions of Article 35, paragraph (7) (including as applied mutatis mutandis pursuant to the provisions of Article 82-8)
 - (xv) when they, in the case where a request under the provisions of Article 343, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 36-3, paragraph (3) is made, fail to include the information to which the request pertains for the purpose of the general assembly or fail to submit a proposal to which the request pertains to the general assembly
 - (xvi) when obstructe an investigation under the provisions of Article 381, paragraph (2) or Article 384 of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 36-3, paragraph (3), the provisions of Article 389, paragraph (5) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 36-3, paragraph (5), or the provisions of Article 381, paragraph (2), Article 384, or Article 492, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1)
 - (xvii) when they, in violation of the provisions of Article 389, paragraph (4) of

- the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 36-3, paragraph (5) or the provisions of Article 36-7, paragraph (5) (including as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1)), Article 41, paragraph (3), or Article 53-4, paragraph (4) (including as applied mutatis mutandis pursuant to the provisions of Article 82-10, paragraph (4)), refuse an inspection or the copying of a document or information contained in an electronic or magnetic record that are displayed by a method specified by order of the competent ministry, without reasonable grounds
- (xviii) when they violate the provisions of Article 37, paragraph (1) (including as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1), Article 82-8, or Article 82-18, paragraph (1)) or paragraph (2) (including as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1))
- (xix) when they fail to make a disclosure under the provisions of Article 38, paragraph (1) (including as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1), Article 82-8, or Article 82-18, paragraph (1)) or the provisions of Article 38-2, paragraph (6)
- (xx) when they, in violation of the provisions of Article 38, paragraph (3) (including as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1), Article 82-8, or Article 82-18, paragraph (1)), fail to make a report to the council or make a false report
- (xxi) when they violate the provisions of Article 46 or Article 82-10, paragraph (1)
- (xxii) when they, in violation of the provisions of Article 56, paragraph (1) or Article 56-2, paragraph (5), reduces the unit amount of contribution or, in violation of the provisions of Article 56-2, paragraph (5) as applied mutatis mutandis pursuant to the provisions of Article 56, paragraph (1) as applied mutatis mutandis pursuant to the provisions of Article 57-2-2, paragraph (5) or the provisions of Article 57-2-2, paragraph (5), Article 63-4, paragraph (4), Article 63-5, paragraph (6), or Article 63-6, paragraph (4), transfer all or part of the mutual aid activities, transfer the assets pertaining to the mutual aid activities, or carry out a merger of the cooperative
- (xxiii) when they fail give public notice under the provisions of Article 56-2, paragraph (2) (including as applied mutatis mutandis pursuant to the provisions of Article 57-2-2, paragraph (5), Article 63-4, paragraph (4), Article 63-5, paragraph (6), or Article 63-6, paragraph (4)), the provisions of Article 499, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1), or the provisions of Article 79, paragraph (1) of the Civil Code or Article 81, paragraph (1) of that Act as applied mutatis mutandis pursuant to the provisions of Article 82-18,

- paragraph (1), or give false public notice
 - (xxiv) when they violate the provisions of Article 57-5
 - (xxv) when they violate the provisions of Article 58, paragraphs (1) through (4) or Article 59
 - (xxvi) when they, in violation of the provisions of Article 61, acquire equity interest held by a member or acquire the equity interest as a pledge
 - (xxvii) when they, in violation of the provisions of Article 484, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1) or the provisions of Article 81, paragraph (1) of the Civil Code as applied mutatis mutandis pursuant to the provisions of Article 82-18, paragraph (1), fail to file a petition for commencement of bankruptcy proceedings
 - (xxviii) when they unreasonably specify the period set forth in Article 499, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1) in order to delay the completion of liquidation
 - (xxix) when they perform obligations in violation of the provisions of Article 500, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1)
 - (xxx) when they distribute the assets of the cooperative or the FSBA in violation of the provisions of Article 502 of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 69, paragraph (1) or the provisions of Article 82-16
 - (xxxii) when they, in violation of the provisions of Article 105-2, paragraph (1), fail to submit documents or submit false documents
 - (xxxii) when they fail to make a report under the provisions of Article 105-3, paragraph (1) or make a false report
- (2) The provisions of the preceding paragraph also apply when a person prescribed in Article 976 of the Companies Act obstructs an investigation under the provisions of Article 381, paragraph (3) of that Act as applied mutatis mutandis pursuant to the provisions of Article 36-3, paragraph (3) or the provisions of Article 389, paragraph (5) of that Act as applied mutatis mutandis pursuant to the provisions of Article 36-3, paragraph (5).

Article 115-2 A person who violates the provisions of Article 8, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 6, paragraph (3) is punished by a civil fine not more than one hundred thousand yen.

Article 115-3 A person who violates the provisions of Article 72, paragraph (2) is punished by a civil fine not more than one hundred thousand yen.

Article 116 (1) When a witness or an expert witness who takes an oath pursuant to the provisions of Article 154 or Article 166 of the Code of Criminal Procedure (Act No. 131 of 1948) as applied mutatis mutandis pursuant to the provision of Article 62 of the Antimonopoly Act following the deemed replacement of terms, as applied mutatis mutandis pursuant to the provision of Article 108 gives a false statement or expert opinion, the witness or expert witness is punished by imprisonment with work for not less than three months but not more than ten years.

(2) when a person who commits the offense set forth in the preceding paragraph confesses to the crime before the termination of the trial procedure and before the offense is detected, the person may be made subject to reduced punishment or be exempted from punishment.

Article 117 A person who falls under any of the following items is punished by imprisonment with work not more than one year or a fine not more than three million yen:

(i) a person who, in violation of a disposition against a person relates to a case or a witness under the provisions of Article 47, paragraph (1) or paragraph (2) or Article 56, paragraph (1) of the Antimonopoly Act as applied mutatis mutandis pursuant to the provisions of Article 108, fails to appear, fails to make a statement or makes a false statement, or fails to make a report or makes a false report

(ii) a person who, in violation of a disposition against an expert witness under the provisions of Article 47, paragraph (1), item (ii) or paragraph (2) or Article 56, paragraph (1) of the Antimonopoly Act as applied mutatis mutandis pursuant to the provisions of Article 108, fails to appear, fails to give an expert opinion, or gives a false expert opinion

(iii) a person who, in violation of a disposition against a holder of vouchers under the provisions of Article 47, paragraph (1), item (iii) or paragraph (2) or Article 56, paragraph (1) of the Antimonopoly Act as applied mutatis mutandis pursuant to Article 108, fails to submit the vouchers

(iv) a person who refuses, obstructs, or challenges an inspection under the provisions of Article 47, paragraph (1), item (iv) or paragraph (2) or Article 56, paragraph (1) of the Antimonopoly Act as applied mutatis mutandis pursuant to the provisions of Article 108

Article 118 A person who falls under any of the following items is punished by a fine not more than two hundred thousand yen:

(i) a person who, in violation of a disposition under the provisions of Article 40 of the Antimonopoly Act as applied mutatis mutandis pursuant to the

provisions of Article 108, fails to appear, fails to submit a report, information or materials, or submits a false report, information or material
(ii) a person who, in violation of an order against a witness or an expert witness under the provisions of Article 154 or Article 166 of the Code of Criminal Procedure as applied mutatis mutandis pursuant to Article 62 of the Antimonopoly Act following the deemed replacement of terms, as applied mutatis mutandis pursuant to the provisions of Article 108, fails to take an oath

Supplementary Provisions

The effective date of this Act is the day on which one month has elapsed from the day of its promulgation; provided, however, that the provisions concerning federations of cooperatives in this Act come into effect on the day on which eight months have elapsed from the enforcement of this Act.

Supplementary Provisions [Act No. 57 of March 31, 1950]

This Act comes into effect on the day of its promulgation.

Supplementary Provisions [Act No. 138 of April 6, 1951] [Extract]

(Effective Date)

(1) This Act comes into effect on the day of enforcement of the Act to Partially Amend the Commercial Code (Act No. 67 of 1950) (July 1, 1951); provided, however, that the provisions revising Article 11, paragraph (4) come into effect on the day of their promulgation.

(Definitions)

(2) The term "New Commercial Code" as used in these Supplementary Provisions means the Commercial Code amended by the Act to Partially Amend the Commercial Code, the term "Former Commercial Code" means the former Commercial Code, the term "New Act" means the Small and Medium-Sized Enterprise Cooperatives Act amended by this Act, and the term "Former Act" means the former Small and Medium-Sized Enterprise Cooperatives Act.

(Principles)

(3) The New Act applies to the matters occurred prior to the enforcement of this Act, unless otherwise provided; provided, however, that this does not preclude the validity that ceases to be effective pursuant to the Former Act.
(4) Any provisions of articles of incorporation, constitutions or contracts that

conflict with the New Act cease to be effective on the date on which this Act comes into effect.

(Order to Dissolve)

- (5) Prior laws and regulations continue to govern a case specified in Article 58, paragraph (2) or paragraph (3) of the Former Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 110 of the Old Act or a case specified in any of these provisions which is associated with the case, for which a court receives an request or startes proceedings prior to the enforcement of this Act, even after the enforcement of this Act. The same applies to the liability of a person whose request for the case is dismissed.

(Security for Filing an Action)

- (6) The provisions of Article 249 of the Old Commercial Code (including as applied mutatis mutandis pursuant to the provisions of Article 252 or Article 253 of the Former Commercial Code) as applied mutatis mutandis to the provisions of Article 27 or Article 54 of the Former Act, the provisions of Article 380 of the Former Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 57, paragraph (3) of the Former Act, the provisions of Article 1106 of the Former Commercial Act as applied mutatis mutandis pursuant to the provisions of Article 66 of the Former Act, or the provisions of Article 59 of the Former Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 110 of the Former Act, concerning the security to be provided at the time of filing an request for an order to dissolve or filing an action, apply mutatis mutandis only to the security provided prior to the enforcement of this Act.

(Certification of the Articles of Incorporation)

- (7) The articles of incorporation, owned by a cooperative that receives the certification of the articles of incorporation under the provisions of Article 167 of the Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 33, paragraph (3) of the Former Act on the day of the enforcement of this Act, is deemed to be certified under Article 27-2, paragraph (1) and Article 51, paragraph (2) of the New Act.

(Convocation of the General Meeting)

- (12) In the case where a request under the provisions of Article 47, paragraph (2) of the Former Act is made or the auditor carries out the procedure for calling the general assembly prior to the enforcement of this Act, prior laws and regulations continue to govern the general assembly even after the enforcement of this Act.

(Action to Revoke a Resolution)

- (13) If the period specified in Article 248, paragraph (1) of the Former Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 27, paragraph (6) or Article 54 of the Former Act has yet to lapse regarding an action to revoke a resolution on the day of the enforcement of this Act, the provisions of Article 248, paragraph (1) of the New Commercial Code apply mutatis mutandis to the filing period for an action to revoke a resolution.

(Representative Director)

- (14) The director having the right to represent a cooperative pursuant to the provisions of Article 261, paragraph (1) or paragraph (2) of the Former Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 42 of the Former Act is deemed to be the director to represent the cooperative pursuant to the provisions of Article 261, paragraph (1) of the New Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 42 of the New Act.
- (15) In the case where it is decided that two or more directors must jointly represent a cooperative pursuant to the provisions of Article 261, paragraph (2) of the Former Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 42 of the Former Act, the decision is deemed to have been made pursuant to the provisions of Article 261, paragraph (2) of the New Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 42 of the New Act.
- (16) In the case where the director to represent a cooperative is not decided on the day of the enforcement of this Act, the registration of directors under Article 83, paragraph (2), item (vii) of the Former Act remains valid until the registration under Article 83, paragraph (2), item (viii) of the New Act is completed.

(Liability for the Acts of Directors)

- (17) Prior laws and regulations continue to govern the liability for the acts committed by directors prior to the enforcement of this Act, even after the enforcement of this Act.
- (18) In the case a director is exempted from the liability under the preceding paragraph after the enforcement of this Act, the provisions of the New Commercial Code apply mutatis mutandis to the director's exemption, notwithstanding the provisions of that paragraph.
- (19) In the case of filing an action to enforce the liability under paragraph (17) of the Supplementary Provisions after the enforcement of this Act, the provisions of the preceding paragraph apply to the action.

(Filing of Actions against Directors)

- (20) In the case where an action against a director is filed pursuant to the provisions of Article 267, paragraph (1) of the Former Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 42 of the Former Act prior to the enforcement of this Act, prior laws and regulations continue to govern the action even after the enforcement of this Act.

(Person to Represent a Cooperative in Filing an Action Between the Cooperative and Its Director)

- (21) In the case where a cooperative files an action against its director or a director files an action against the cooperative prior to the enforcement of this Act, the provisions of Article 38 of the Former Act apply to the person to represent the cooperative in filing an action after the enforcement of this Act; provided, however, that this does not apply to the person to represent the cooperative who is designated pursuant to the provisions of Article 261-2 of the New Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 42 of the New Act.

(Actions Filed by Auditors)

- (22) In the case where an auditor files an action with a court prior to the enforcement of this Act, prior laws and regulations continue to govern the action, even after the enforcement of this Act.

(Mutatis Mutandis Application of Provisions for Auditors)

- (23) The provisions of paragraphs (17) to (20) of the Supplementary Provisions apply mutatis mutandis to auditors.

(Mutatis Mutandis Application of Provisions for Liquidators)

- (24) The provisions of paragraph (12) and paragraphs (14) to (21) of the Supplementary Provisions apply mutatis mutandis to liquidators.

(Penal Provisions)

- (25) Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.

Supplementary Provisions [Act No. 213 of June 8, 1951] [Extract]

- (1) This Act come into effect on July 1, 1951.

Supplementary Provisions [Act No. 239 of June 15, 1951]

This Act comes into effect on the day of enforcement of the Shinkin Bank Act.

Supplementary Provisions [Act No. 100 of April 28, 1952] [Extract]

(Effective Date)

- (1) This Act comes into effect on May 1, 1952; provided, however, that the provisions revising Article 6, paragraph (1), item (i), Article 77, paragraph (3), and Article 107 come into effect on the day of its promulgation.

(Articles of Incorporation)

- (2) Articles of incorporation on which public notice is given prior to the enforcement of this Act pursuant to the provisions of Article 27, paragraph (1) prior to the amendment is deemed to have been prepared and announced by the founders pursuant to the provisions of Article 27, paragraph (1) after the amendment.

(Security for Filing an Action)

- (3) Prior laws and regulations continue to govern an action or an request filed prior to the enforcement of this Act under the provisions of Article 274 of the Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 27, paragraph (6) or Article 54 prior to amendment by this Act, the provisions of Article 104 of the Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 66 prior to the amendment, or the provisions of Article 58 of the Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 110 prior to amendment by this Act, even after the enforcement of this Act.

(Penal Provisions)

- (5) Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act, even after the enforcement of this Act.

Supplementary Provisions [Act No. 127 of May 27, 1954] [Extract]

- (1) This Act comes into effect on June 1, 1954.
- (4) Prior laws and regulations continue to govern a case for which the oral argument of the second instance or the first instance at a high court is concluded, a case for which the oral argument of the second instance at a district court is concluded, or a case for which an agreement not to appeal to a

high court against a decision by a summary court or a decision of the first instance by a district court is reached, while reserving the right to appeal to the Supreme Court, prior to the enforcement of this Act, notwithstanding the provisions of Article 393, paragraph (3), Article 394, Articles 397 through 399-3 and Article 409-2, paragraph (2) of the New Act and the provisions revising Article 88 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and Article 108 of the Small and Medium-Sized Enterprise Cooperatives Act.

Supplementary Provisions [Act No. 121 of August 2, 1955] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day on which thirty days have elapsed from the day of its promulgation.

(Definitions)

Article 2 The term "New Act" as used in these Supplementary Provisions means the Small and Medium-Sized Enterprise Cooperatives Act amended by this Act, and the term "Former Act" means the former Small and Medium-Sized Enterprise Cooperatives Act.

(Validity of Dispositions)

Article 3 A disposition, procedure, or any other act carried out pursuant to the provisions the Former Act is deemed to have been carried out pursuant to the provisions of the New Act if the corresponding provisions exist in the New Act.

(Certification of the Articles of Incorporation)

Article 4 When the founders obtain the certification for the articles of incorporation under the provisions of Article 27-2, paragraph (1) of the Former Act at the time of the incorporation of the cooperative, prior to the enforcement of this Act, with regard to the application of the provisions of Article 150-2 of the Non-Contentious Case Procedures Act (Act No. 14 of 1898) as applied mutatis mutandis pursuant to the provisions of Article 103 of the New Act regarding registration of the incorporation of the cooperative, the provisions of Article 27-2, paragraph (1) of the Old Act remain in force.

(Certification of Changes to the Articles of Incorporation)

Article 5 When a cooperative obtains the certification under the provisions of Article 51, paragraph (2) of the Former Act for the changes made to the articles of incorporation regarding the particulars for which the certification under the provisions of Articles 84 through 86 of the New Act is required, with regard to

the application of the provisions of Article 150-2 of the Non-Contentious Case Procedures Act as applied mutatis mutandis pursuant to the provisions of Article 103 of the New Act to the registration under the provisions of Articles 84 through 86 of the New Act concerning these particulars pertaining to the changes made to the articles of incorporation, the provisions of Article 51, paragraph (2) of the Old Act remain in force.

(Approval of Mergers)

Article 6 With regard to the merger of a cooperative (excluding a credit cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i) of the New Act) carried out based on a resolution of the general assembly prior to the enforcement of this Act, the provisions of Article 63, paragraph (3) of the New Act do not apply.

(Order to Dissolve Issued by a Judicial Decision)

Article 10 Prior laws and regulations continue to govern a case specified in Article 58, paragraph (1), item (i) or item (iii) or paragraph (2) of the Commercial Code as applied mutatis mutandis pursuant to the provisions of Article 110 of the Former Act or a case relevant to the case specified in that paragraph, for which a court receives a request prior to the enforcement of this Act, even after the enforcement of this Act. The same applies to the liability of a person whose request for the case is dismissed.

(Penal Provisions)

Article 24 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act. The same applies to the application of penal provisions to conduct in which a person engages while the provisions of Article 2 of the Act on Financial Businesses by Cooperatives prior to amendment by this Act remain in force pursuant to the provisions of Article 17, paragraph (3) of the Supplementary Provisions.

Supplementary Provisions [Act No. 121 of June 1, 1956] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day on which six months have elapsed from the day of its promulgation.

Supplementary Provisions [Act No. 185 of November 25, 1957] [Extract]

(Effective Date)

Article 1 This Act (hereinafter referred to as the "New Act") comes into effect on the date specified by Cabinet Order within a period not exceeding six months from the day of its promulgation.

Supplementary Provisions [Act No. 186 of November 25, 1957] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of enforcement of the Act on the Organization of Small and Medium-Sized Enterprise Association (Act No. 185 of 1957).

(Special Provisions for Restrictions on the Amount of Mutual Aid Money)

Article 2 The provisions of Article 9-2, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (4) of that Act) amended by the provisions of this Act (hereinafter referred to as the "New Act") do not apply to a business cooperative or a federation of cooperatives which is already engaged in the fire mutual aid activities prescribed in Article 9-2, paragraph (1), item (iii) of the Small and Medium-Sized Enterprise Cooperatives Act or Article 9-9, paragraph (1), item (iv) of that Act on the day of its enforcement.

Supplementary Provisions [Act No. 140 of May 16, 1962] [Extract]

- (1) This Act comes into effect on October 1, 1962.
- (2) The provisions amended by this Act also apply to the matters occurred prior to the enforcement of this Act, unless otherwise provided for by these Supplementary Provisions; provided, however, that this does not preclude the validity of the provisions prior to amendment by this Act.
- (3) Prior laws and regulations continue to govern a lawsuit which is already pending on the day of the enforcement of this Act, notwithstanding the provisions amended by this Act providing that the relevant lawsuit may not be filed.
- (4) Prior laws and regulations continue to govern the jurisdiction of a lawsuit which is already pending on the day of the enforcement of this Act, notwithstanding the provisions amended by this Act providing that the relevant jurisdiction is the exclusive jurisdiction.
- (5) Prior laws and regulations continue to govern the filing period for an action concerning a disposition or an administrative determination for which the statute of limitations under the provisions prior to amendment by this Act already started to run on the day of the enforcement of this Act; provided, however, that this is limited to the case where the statute of limitations under

the provisions amended by this Act is shorter than the statute of limitations under the provisions amended by this Act.

- (6) With regard to a public law related action concerning a disposition or administrative determination made prior to the enforcement of this Act for which the statute of limitations is specified pursuant to the provisions amended by this Act, the statute of limitations starts to run on the day of enforcement of this Act.
- (7) Prior laws and regulations continue to govern an action to revoke a disposition or administrative determination which is already pending on the enforcement day of this Act, notwithstanding the provisions amended by this Act providing that either of the parties in the relevant legal relationship is the defendant; provided, however, that the court may permit the plaintiff to change the action to a public law related action by a ruling, at the request of the plaintiff.
- (8) In the case set forth in the proviso to the preceding paragraph, the provisions of the second sentence of Article 18 and Article 21, paragraphs (2) to (5) of the Administrative Case Litigation Act apply *mutatis mutandis*.

Supplementary Provisions [Act No. 141 of May 17, 1962] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding three months from the day of its promulgation.

Supplementary Provisions [Act No. 161 of September 15, 1962] [Extract]

- (1) This Act comes into effect on October 1, 1962.
- (2) The provisions amended by this Act also apply to a disposition by an administrative authority prior to the enforcement of this Act, an inaction by an administrative authority pertaining to a request filed prior to the enforcement of this Act, and any other matters occurred prior to the enforcement of this Act, unless otherwise provided for by these Supplementary Provisions; provided, however, that this does not preclude the validity of the provisions of the Former Act prior to amendment by this Act.
- (3) Prior laws and regulations continue to govern a petition, a request for an examination, an objection, or any other appeal (hereinafter referred to as "petition, etc.") filed prior to the enforcement of this Act, even after the enforcement of this Act. The same applies to a petition, etc. filed in the case where the party is dissatisfied with the administrative determination, ruling or any other disposition (hereinafter referred to as the "administrative determination, etc.") for a petition, etc. made prior to the enforcement of this

Act or with the administrative determination, etc. made after the enforcement of this Act for a petition, etc. filed prior to the enforcement of this Act.

- (4) A petition, etc. prescribed in the preceding paragraph, which pertains to a disposition for which an appeal under the Administrative Complaint Review Act is permitted after the enforcement of this Act, is deemed to be an appeal under the Administrative Complaint Review Act with regard to the application of the Acts other than this Act.
- (5) An appeal under the Administrative Complaint Review Act may not be filed against the administrative determination, etc. made, after the enforcement of this Act, for a request for examination, an objection or any other appeal pursuant to the provisions of paragraph (3).
- (6) With regard to a disposition by an administrative authority prior to the enforcement of this Act for which a petition, etc. may be filed pursuant to the provisions prior to amendment by this Act and for which the statute of limitations is not provided, the period in which an appeal under the Administrative Complaint Review Act may be filed starts to run on the date on which this Act comes into effect.
- (8) Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.
- (9) In addition to what is provided for in the preceding eight paragraphs, necessary transitional measures for the enforcement of this Act is specified by Cabinet Order.

Supplementary Provisions [Act No. 126 of July 9, 1963] [Extract]

This Act comes into effect on the day of enforcement of the Commercial Registration Act (April 1, 1964).

Supplementary Provisions [Act No. 155 of July 20, 1963] [Extract]

- (1) This Act comes into effect on the day of enforcement of the Small and Medium-Sized Enterprise Basic Act (Act No. 154 of 1963).

Supplementary Provisions [Act No. 36 of March 31, 1965] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 1965.

(Principles of the Transitional Provisions for Partial Amendment to Any Other Laws and Regulations)

Article 5 The provisions of laws and regulations amended by the provisions of Chapter II, unless otherwise provided, apply to the income tax in or after 1965 or corporate tax for a juridical person prescribed in any of the provisions of these laws and regulations for the business year ending on or after the enforcement date, and prior laws and regulations continue to govern the income tax before 1964 or corporate tax for the juridical person for a business year ending prior to that date.

(Delegation to a Cabinet Order)

Article 15 In addition to what is provided for in Article 1 through the preceeding Article of the Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 98 of July 29, 1967] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding three months from the day of its promulgation.

Supplementary Provisions [Act No. 85 of June 1, 1968] [Extract]

(Effective Date)

(1) This Act comes into effect on the day of its promulgation.

Supplementary Provisions [Act No. 42 of July 2, 1973]

(1) This Act comes into effect on the day of its promulgation.

(2) Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.

Supplementary Provisions [Act No. 115 of October 15, 1973] [Extract]

(Effective Date)

(1) This Act comes into effect on the day of its promulgation.

(Transitional Measures)

(4) Prior laws and regulations continue to govern the application of penal provisions of the Small and Medium-Sized Enterprise Cooperatives Act to conduct in which a person engages prior to the enforcement of this Act.

Supplementary Provisions [Act No. 23 of April 2, 1974] [Extract]

This Act comes into effect on the date specified by Cabinet Order within a period not exceeding six months from the day of its promulgation.

Supplementary Provisions [Act No. 63 of June 3, 1977] [Extract]

(Effective Date)

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

Supplementary Provisions [Act No. 74 of June 25, 1977] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding three months from the day of its promulgation.

Supplementary Provisions [Act No. 79 of June 9, 1980] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding three months from the day of its promulgation; provided, however, that the provisions revising Article 9-2, paragraph (2), Article 9-7-2, paragraph (1), item (i) and paragraph (2), Article 9-7-3, Article 9-7-4, paragraph (1), and Article 59, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act in Article 1; the provisions revising Article 13, paragraph (2) of the Shopping District Promotion Cooperatives Act, and the provisions of the following Article and Article 3 of the Supplementary Provisions in Article 6 come into effect on the date specified by Cabinet Order within a period not exceeding six months from the day of its promulgation.

(Exception to Restriction on the Amount of Mutual Aid Money)

Article 2 Prior laws and regulations continue to govern a business cooperative or a federation of cooperatives for which the provisions of Article 9-2, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (4) of that Act) amended by the Act to Amend the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 186 of 1957) are not applied pursuant to the provisions of Article 2 of the Supplementary Provisions of that Act, and which is already engaged in the fire mutual aid activities set forth in Article 9-7-2, paragraph (1), item (i) of the Small and Medium-Sized Enterprise

Cooperatives Act amended by the provisions of Article 1 (hereinafter referred to as the "New Cooperatives Act") on the date specified by the proviso to the preceding Article, notwithstanding the provisions of Article 9-2, paragraph (2) of the New Cooperatives Act (including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (4) of the New Cooperatives Act).

(Transitional Measures for Penal Provisions)

Article 4 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act (with regard to the revising provisions prescribed in the proviso to Article 1 of the Supplementary Provisions, the relevant revising provisions).

Supplementary Provisions [Act No. 60 of June 1, 1981] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of its promulgation.

(Transitional Measures for Loans to Non-Members Provided by a Federation of Cooperatives Accepting the Deposits)

Article 2 The provisions of Article 9-8, paragraph (4) of the Small and Medium-Sized Enterprise Cooperatives Act amended by the provisions of Article 2 (hereinafter referred to as the "Cooperatives Act amended by this Act" in this Article and the following Article) as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5) of the Cooperatives Act amended by this Act and the provisions of Article 3, item (ii) (limited to the parts pertaining to the activities set forth in Article 9-8, paragraph (2), item (x) of the Cooperatives Act amended by this Act as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5) of the Cooperatives Act after the revision) of the Act on Financial Businesses by Cooperatives amended by the provisions of Article 4 (referred to as the "Cooperative Financial Business Act amended by this Act" in the following Article) apply to a loan of funds (including discounting of bills; hereinafter the same applies in this Article) to non-partners provided, on or after the day of enforcement of this Act (hereinafter referred to as "enforcement date"), by a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i) of the Cooperatives Act amended by this Act, and prior laws and regulations continue to govern the loans prescribed in Article 4, item (i) of the Act on Financial Businesses by Cooperatives prior to amendment by the provisions of Article 4 (referred to as the "Cooperative Financial Business Act prior to amendment by this Act" in the following Article), a loan of funds secured on deposits from the State, local governments and other not-for-profit juridical persons, and a loan

of funds to partners of member credit cooperatives, provided by the federation of cooperatives prior to the enforcement date.

(Transitional Measures for Certification of Domestic Funds Transfer Transactions between a Credit Cooperatives)

Article 3 Certification granted prior to the enforcement date by an administrative authority pursuant to the provisions of Article 3 of the Cooperative Financial Business Act prior to amendment by this Act (limited to certification pertaining to the activities set forth in Article 9-8, paragraph (2), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act [including as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5) of that Act] prior to amendment by the provisions of Article 3) is deemed to be the certification granted on the enforcement date by the administrative authority pursuant to the provisions of Article 3, item (i) of the Cooperative Financial Business Act amended by this Act.

(Transitional Measures for Penal Provisions)

Article 5 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.

Supplementary Provisions [Act No. 75 of June 9, 1981] [Extract]

This Act comes into effect on the day of enforcement of the Act to Partially Amend the Commercial Code, etc. (October 1, 1982).

Supplementary Provisions [Act No. 31 of May 16, 1984] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding three months from the day of its promulgation.

(Transitional Measures)

Article 2 With regard to officers of member juridical persons of a fire mutual aid cooperative or employees of partners of a fire mutual aid cooperative who are already under a fire mutual aid contract based on the Small and Medium-Sized Enterprise Cooperatives Act on the day of the enforcement of this Act, they are deemed to be a partner during the period of the fire mutual aid contract, and the provisions of Article 9-7-2, paragraph (2) of that Act amended by this Act apply to those.

Article 3 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.

Supplementary Provisions [Act No. 77 of May 31, 1988] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding one year from the day of its promulgation.

Supplementary Provisions [Act No. 81 of June 11, 1988] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day on which twenty days have elapsed from the day of its promulgation; provided, however, that the provisions prescribed in the following items come into effect on the dates respectively specified in these items:

- (i) the provisions of Article 1 adding a new Chapter after Chapter IV of the Real Property Registration Act, the parts pertaining to the provisions of Article 1511-3, paragraphs (2) through (4), Article 151-5, and Article 151-7; the provisions of Article 2 amending the Table of Contents of the Commercial Registration Act and those adding a new Chapter after Chapter III of that Act, the parts pertaining to Article 113-2, Article 113-3, Article 113-4, paragraph (1), paragraph (4), and paragraph (5), and Article 113-5; and the provisions of Articles 8 through 9 of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding one year from the date of its promulgation

Supplementary Provisions [Act No. 91 of December 22, 1989] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding two years from the date of its promulgation.

Supplementary Provisions [Act No. 65 of June 29, 1990] [Extract]

(Transitional Measures for the Application of Penal Provisions)

Article 42 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and

regulations pursuant to the provisions of Article 3 (including as applied mutatis mutandis pursuant to the provisions of Article 10) and the provisions of Article 12 of the Supplementary Provisions of the Act to Partially Amend the Commercial Code.

Supplementary Provisions [Act No. 65 of June 29, 1990]

This Act comes into effect on the day of enforcement of the Act to Partially Amend the Commercial Code.

Supplementary Provisions [Act No. 87 of June 26, 1992] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding one year from the date of its promulgation.

Supplementary Provisions [Act No. 63 of June 14, 1993]

This Act comes into effect on the day of enforcement of the Act to Partially Amend the Commercial Code.

Supplementary Provisions [Act No. 89 of November 12, 1993] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of enforcement of the Administrative Procedure Act (Act No. 88 of 1993).

(Transitional Measures for Adverse Dispositions Following Consultation)

Article 2 In the case where a request for consultation or any other request is made based on a law or regulation prior to the enforcement of this Act to a council or any other consultative organ to carry out a procedure equivalent to the procedure for the hearing or the grant of an opportunity to explain or any other procedure for hearing statements of opinion prescribed in Article 13 of the Administrative Procedure Act, prior laws and regulations continue to govern the procedure for adverse disposition pertaining to the request for consultation or any other request, notwithstanding the provisions of the relevant Act amended by this Act.

(Transitional Measures for Penal Provisions)

Article 13 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of

this Act.

(Transitional Measures for Coordination of the Provisions on Hearing)

Article 14 Hearings (excluding those concerning adverse dispositions) carried out pursuant to the provisions of the relevant Act prior to the enforcement of this Act or procedures for the hearings are deemed to have been carried out pursuant to the corresponding provisions of the relevant Act amended by this Act.

(Provisions Governed by Cabinet Order)

Article 15 In addition to what is provided for in Article 2 of the Supplementary Provisions to the preceding Article, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 97 of November 11, 1994] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of its promulgation.

(Transitional Measures for Penal Provisions)

Article 20 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act (with regard to the provisions of the items of Article 1 of the Supplementary Provisions, the relevant provisions provisions) or conduct in which a person engages after the enforcement of the provisions of Article 1, Article 4, Article 8, Article 9, Article 13, Article 27, Article 28 and Article 30 in the case where the provisions of Article 2, Article 4, Article 7, paragraph (2), Article 8, Article 111, Article 12, paragraph (2), Article 13, and Article 15, paragraph (4) of the Supplementary Provisions are continued to be governed by prior laws and regulations.

(Provisions Governed by Cabinet Order)

Article 21 In addition to what is provided for in Article 2 of the Supplementary Provisions through the preceding Article, necessary transitional measures for the enforcement of this Act (including transitional measures for penal provisions) are specified by Cabinet Order.

Supplementary Provisions [Act No. 106 of June 7, 1995] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of enforcement of the Insurance

Business Act (Act No. 105 of 1995).

(Transitional Measures for Partial Amendment to the Small and Medium-Sized Enterprise Cooperatives Act)

- Article 3 (1) Any of the acts prescribed in the items of Article 20, paragraph (1) of the Insurance Solicitation Control Act (Act No. 171 of 1948; hereinafter referred to as the "Former Solicitation Control Act" in this Article) prior to the repeal under the provisions of Article 2 of the Supplementary Provisions of the Insurance Business Act as applied mutatis mutandis pursuant to the provisions of Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act prior to amendment by the provisions of Article 5 (hereinafter referred to as the "Former Cooperatives Act" in this Article), which has been committed prior to the enforcement date by a member soliciting fire mutual aid contracts is deemed to be conduct prescribed in Article 307, paragraph (1), item (iii) of the Insurance Business Act as applied mutatis mutandis pursuant to the provisions of Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act amended by the provisions of Article 5 (hereinafter referred to as the "New Cooperatives Act" in this Article), and the provisions of Article 307, paragraph (1) of the Insurance Business Act apply to the act.
- (2) The provisions of Article 283 of the Insurance Business Act as applied mutatis mutandis pursuant to the provisions of Article 9-7-5, paragraph (2) of the New Cooperatives Act apply to compensation for damages caused on or after its enforcement date to a mutual aid contractor with regard to the solicitation of a fire mutual aid contract by an officer or employee of a fire mutual aid cooperative, a member of the fire mutual aid cooperative, or an officer or employee of the member, and prior laws and regulations continue to govern compensation for damages caused prior to its enforcement date to a mutual aid contractor with regard to the solicitation of a fire mutual aid contract by an officer or employee of a fire mutual aid cooperative or a member of the fire mutual aid cooperative.
- (3) Conduct prescribed in Article 12, paragraph (1) of the Former Insurance Business Act as applied mutatis mutandis pursuant to the provisions of Article 106-3 of the Former Cooperatives Act, which is committed by a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) of the New Cooperatives Act prior to its enforcement date, is deemed to be conduct prescribed in Article 133, item (i) or item (iii) of the Insurance Business Act as applied mutatis mutandis pursuant to the provisions of Article 106-3 of the New Cooperatives Act, and the provisions of Article 133 of the Insurance Business Act apply to the act.
- (4) In the case where a notice or public notice under the provisions of Article 12,

paragraph (3) of the Former Insurance Business Act as applied mutatis mutandis pursuant to the provisions of Article 106-3 of the Former Cooperatives Act pertaining to a disposition under the provisions of Article 12, paragraph (1) of the Former Insurance Business Act as applied mutatis mutandis pursuant to the provisions of Article 106-3 of the Former Cooperatives Act has been given prior to its enforcement date, a disposition under the provisions of Article 133 of the Insurance Business Act as applied mutatis mutandis pursuant to the provisions of Article 106-3 of the New Cooperatives Act, which is equivalent to the disposition, may be issued by continuing the procedure pursuant to the provisions of Article 12, paragraph (2) and paragraph (4) of the Former Insurance Business Act as applied mutatis mutandis pursuant to the provisions of Article 106-3 of the Former Cooperatives Act on or after its enforcement date.

- (5) A disposition that has been issued, prior to the enforcement date, pursuant to the provisions of the Former Insurance Business Act or the Former Solicitation Control Act as applied mutatis mutandis pursuant to the provisions of the Former Cooperatives Act and for which corresponding provisions exist in the Insurance Business Act as applied mutatis mutandis pursuant to the provisions of the New Cooperatives Act is deemed to be a disposition that is issued pursuant to the corresponding provisions of the Insurance Business Act as applied mutatis mutandis pursuant to the the provisions of New Cooperatives Act, unless otherwise provided for by these Supplementary Provisions.

(Transitional Measures for the Application of Penal Provisions)

Article 6 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement date or conduct in which a person engages on or after the enforcement date pertaining to a matter that is continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions.

(Provisions Governed by Cabinet Order)

Article 7 In addition to what is provided for in Article 2 of the Supplementary Provisions through the preceding Article, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 137 of December 20, 1995] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding one year from the day of its promulgation.

Supplementary Provisions [Act No. 94 of June 21, 1996] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 1997.

(Transitional Measures for Partial Amendment to the Small and Medium-Sized Enterprise Cooperatives Act)

Article 5 (1) With regard to a small and medium-sized enterprise cooperative which already exists on the day of the enforcement of this Act, the provisions of Article 38-2, paragraph (3) of the Small and Medium-Sized Enterprise Cooperatives Act amended by Article 6 (hereinafter referred to as the "New Cooperatives Act" in this Article) (including as applied mutatis mutandis pursuant to the provisions of Article 42 and Article 69 of the New Cooperatives Act) apply to a description, registration, or public notice given on or after the enforcement date, and prior laws and regulations continue to govern the description, registration, or public notice made or given prior to the enforcement date.

(2) With regard to a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act (hereinafter referred to as a "credit cooperative, etc."), the provisions of Article 38-2, paragraph (4) of the New Cooperatives Act (including as applied mutatis mutandis pursuant to the provisions of Article 69 of the New Cooperatives Act) and Article 40, paragraph (4) of the New Cooperatives Act (including as applied mutatis mutandis pursuant to the provisions of Article 69 of the New Cooperatives Act) apply to documents pertaining to a business year ending on or after the effective date, prior laws and regulations continue to govern documents pertaining to a business year that ends prior to the effective date.

(3) Prior laws and regulations continue to govern the person to represent a credit cooperative, etc. in an action filed by a credit cooperative, etc., which already exists on the day of the enforcement of this Act, against its director or liquidator or an action filed by a director or liquidator against the credit cooperative, etc., even after the enforcement of this Act until the ordinary general assembly that is convened for the first time on or after the enforcement date finishes.

(4) The provisions of Article 57-3 of the New Cooperatives Act apply to the transfer or acquisition of business or activities decided on or after the enforcement date, and prior laws and regulations continue to govern a transfer or acquisition of activities decided or carried out prior to the enforcement date.

(5) The provisions of Article 63 and Article 66 of the New Cooperatives Act apply

to a merger decided on or after the enforcement date, and prior laws and regulations continue to govern a merger decided prior to the enforcement date.

(Transitional Measures for the Application of Penal Provisions)

Article 12 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of the respective revising provisions of this Act or conduct in which a person engages after the enforcement of the respective revising provisions of this Act pertaining to a matter that is continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions.

(Other Transitional Measures Governed by Cabinet Order)

Article 13 In addition to what is provided for in Article 2 of the Supplementary Provisions through the preceding Article, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 95 of June 21, 1996] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 1997.

Supplementary Provisions [Act No. 59 of May 23, 1997] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 1998.

Supplementary Provisions [Act No. 72 of June 6, 1997]

(Effective Date)

(1) This Act comes into effect on the day of enforcement of the Act to Amend the Commercial Code (Act No. 71 of 1997).

(Transitional Measures)

(2) Prior laws and regulations continue to govern a merger pertaining to a merger agreement concluded prior to the enforcement of this Act, even after the enforcement of this Act.

(Transitional Measures for the Application of Penal Provisions)

(3) Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act or to conduct in which a person engages after the enforcement of this

Act in the case where the penal provisions are continued to be governed by prior laws and regulations pursuant to the provisions of the preceding paragraph.

Supplementary Provisions [Act No. 102 of June 20, 1997] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of enforcement of the Act for Establishment of the Financial Supervisory Agency (Act No. 101 of 1997).

(Transitional Measures for Dispositions by the Minister of Finance)

Article 2 (1) A license, permission, approval, or authorization granted, designation or any other disposition by or notice issued by or any other act conducted by the Minister of Finance or any other national organ pursuant to the provisions of the Secured Corporate Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act to Simplify the Functions of Banks, the Act on Engagement in Trust Business Activities by Financial Institutions, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Agricultural Cooperative Act, the Securities and Exchange Act, the Act on Non-Life Insurance Rating Organization of Japan, the Fishery Cooperatives Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Businesses by Cooperatives, the Ship Owners' Mutual Insurance Union Act, the Securities Investment Trust Act, the Shinkin Bank Act, the Long Term Credit Bank Act, the Loan Trust Act, the Act on Loan Security for Small and Medium Sized Fishery Industry, the Credit Guarantee Association Act, the Worker's Credit Union Act, the Foreign Exchange Bank Act, the Act on Securing Compensation for Automobile Accidents, the Agricultural Credit Guarantee Insurance Act, the Act on Financial Institutions' Merger and Conversion, the Act on Foreign Securities Brokers, the Deposit Insurance Act, the Act on Promotion of Introduction of Industry into Agricultural Regions, the Agricultural and Fishery Cooperation Savings Insurance Act, the Banking Act, the Act on Controls on Money Lending, the Act on Regulations on Investment Advisory Business Pertaining to Securities, the Act on Regulations on Mortgage Instrument, the Financial Futures Trading Act, the Act on Regulations on Advanced Payment Certificates, the Act on Regulations on Commodity Investment, the Act Concerning Special Provisions for the Narcotics and Psychotropics Control Act and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulations on Business Pertaining to Specified Claims, the Act on Consolidation of Relevant

Acts for the Reform of the Financial System and the Securities and Exchange System, the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions, the Act on Specified Joint Real Estate Ventures, the Insurance Business Act, the Act on Special Measures for the Reorganization Proceedings of Financial Institutions, the Act on Mergers between the Norinchukin Bank and a Federation of Credit Agricultural Cooperatives, the Bank of Japan Act, or the Act on Special Provisions on the Merger Procedure for Banks for the Establishment of a Bank Holding Company prior to amendment by this Act (hereinafter referred to as "Former Secured Bonds Trust Act") is deemed to be a license, permission, approval, authorization granted, designation, or disposition by or notice issued or any other act conducted by the Prime Minister or any other corresponding national government organ under the corresponding provisions of the Secured Corporate Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act to Simplify the Functions of Banks, the Act on Engagement in Trust Business Activities by Financial Institutions, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Agricultural Cooperative Act, the Securities and Exchange Act, the Act on Non-life Insurance Rating Organization of Japan, the Fishery Cooperatives Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Businesses by Cooperatives, the Ship Owners' Mutual Insurance Union Act, the Securities Investment Trust Act, the Shinkin Bank Act, the Long Term Credit Bank Act, the Loan Trust Act, the Act on loan Security for Small and Medium Sized Fishery Industry, the Credit Guarantee Association Act, the Worker's Credit Union Act, the Foreign Exchange Bank Act, the Act on Securing Compensation for Automobile Accidents, the Agricultural Credit Guarantee Insurance Act, the Act on Financial Institutions' Merger and Conversion, the Act on Foreign Securities Brokers, the Deposit Insurance Act, the Act on Promotion of Introduction of Industry into Agricultural Regions, the Agricultural and Fishery Cooperation Savings Insurance Act, the Banking Act, the Act on Controls on Money Lending, the Act on Regulations of Investment Advisory Business Pertaining to Securities, the Act on Regulations for Mortgage Instrument, the Financial Futures Trading Act, the Act on Regulations on Advanced Payment Certificates, the Act on Regulations for Commodity Investment, the Act on Special Provisions for the Narcotics and Psychotropics Control Act and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulations on Business Pertaining to Specified Claims, the Act on Consolidation of Relevant Acts for the Reform of the Financial System and the Securities and Exchange System, the Act on Preferred Equity Investment by Cooperative Structured

Financial Institutions, the Act on Specified Joint Real Estate Ventures, the Insurance Business Act, the Act on Special Measures for the Reorganization Proceedings of Financial Institutions, the Act on Mergers between the Norinchukin Bank and a Federation of Credit Agricultural Cooperatives, the Bank of Japan Act, or the Act on Special Provisions on the Merger Procedure for Banks for the Establishment of a Bank Holding Company amended by this Act (hereinafter referred to as "New Secured Bonds Trust Act").

- (2) An application, a notification, or any other act which has been already filed with, given or directed to the Minister of Finance or any other national government organ pursuant to the provisions of the Former Secured Bonds Trust Act on the day of the enforcement of this Act is deemed to be an application, a notification, or any other act which is filed with or given or directed to the Prime Minister or any other corresponding national government organ under the corresponding provisions of the New Secured Bonds Trust Act.
- (3) With regard to a matter which requires reporting, notification or submission to or any other procedure with the Minister of Finance or any other national government organ pursuant to the provisions of the Former Secured Bonds Trust Act and for which the procedure is carried out prior to the day of enforcement of this Act, the provisions of the New Secured Bonds Trust Act apply by deeming that particulars which require reporting, notification or submission to or any other procedure with the Prime Minister or any other corresponding national government organ pursuant to the provisions of the New Secured Bonds Trust Act has yet to undergo the procedure.

(Transitional Measures Concerning Penal Provisions)

Article 5 Prior laws and regulations continue to govern the application of penal provisions to prior laws and regulations prior to the enforcement of this Act.

(Provisions Governed by Cabinet Order)

Article 6 In addition to what is provided for in Article 2 of the Supplementary Provisions through the preceding Article, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 106 of November 27, 1997]

(Effective Date)

- (1) This Act comes into effect on the date specified by Cabinet Order within a period not exceeding three months from the day of its promulgation.

(Transitional Measures for Penal Provisions)

- (2) Prior laws and regulations continue to govern the application of penal

provisions to prior laws and regulations prior to the enforcement of this Act.

Supplementary Provisions [Act No. 117 of December 10, 1997] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day on which twenty days have elapsed from the day of its promulgation.

Supplementary Provisions [Act No. 121 of December 12, 1997] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of enforcement of the Act on Consolidation of Finance-Related Acts for the Repeal of Prohibition on Incorporation of Holding Companies (Act No. 120 of 1997).

Supplementary Provisions [Act No. 106 of June 15, 1998]

This Act comes into effect on the day of its enforcement (September 1, 1998) of the Act on the Securitization of Assets by Special Purpose Companies (Act No. 105 of 1998); provided, however, that the provisions revising Article 5 of the Supplementary Provisions of the Local Tax Act in Article 17 come into effect on April 1, 1999.

Supplementary Provisions [Act No. 107 of June 15, 1998] [Extract]

(Effective Date)

Article 1 This Act comes into effect on December 1, 1998; provided, however, that the provisions prescribed in the following items come into effect on the dates respectively prescribed in those items:

- (i) the provisions adding a new Chapter after Chapter IV of the Securities and Exchange Act (limited to the parts pertaining to Article 79-29, paragraph (1)) and the provisions revising Article 189, paragraph (2) and paragraph (4) of that Act; the provisions of Article 21; the provisions of Article 22 revising Part II, Chapter X, Section 2, Subsection 1 of the Insurance Business Act (limited to the parts pertaining to Article 265-6); the provisions of Article 23; and the provisions of Article 25; and the provisions of Article 40, Article 42, Article 58, Article 136, Article 140, Article 143, Article 147, Article 149, Article 158, Article 164, Article 187 (excluding the provisions revising Article 4, item (lxxix [79]) of the Act for Establishment of the Ministry of Finance (Act No. 144 of 1949)), and Articles 188 to 190 of the Supplementary Provisions in Article 1: July 1, 1998

(Delegation of Authority)

Article 147 (1) The Prime Minister delegates the authority under this Act (excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of the preceding paragraph and the authority of the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare under the provisions of these Supplementary Provisions may be partially delegated to the head of a Local Finance Bureau or the head of a Local Finance Branch Bureau (the head of a Local Branch Office in the case of the authority of the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare), pursuant to the provisions of Cabinet Order.

(Validity of Dispositions)

Article 188 A disposition, procedure, or any other act carried out prior to the enforcement of this Act (with regard to the provisions prescribed in the items of Article 1 of the Supplementary Provisions; the relevant provisions) pursuant to the provisions of the relevant Act prior to amendment by this Act (including orders under this Act; hereinafter the same applies in this Article) for which corresponding provisions exist in the relevant Act amended by this Act is deemed to have carried out pursuant to the corresponding provisions of the relevant Act amended by this Act, unless otherwise provided for by these Supplementary Provisions.

(Transitional Measures for the Application of Penal Provisions)

Article 189 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act (with regard to the provisions prescribed in the items of Article 1 of the Supplementary Provisions; the relevant provisions) and conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions or in the case where the provisions remain in force pursuant to the provisions of these Supplementary Provisions.

(Other Transitional Measures Governed by Cabinet Order)

Article 190 In addition to what is provided for in Articles 2 through 146, Articles 153, 169, and the preceding Article of the Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet

Order.

(Review)

Article 191 (1) When the government finds it necessary, even after the enforcement of this Act, by taking into account the status of the implementation of systems pertaining to special measures, etc. to protect policyholders, etc. pursuant to the provisions of the Insurance Business Act, the status of the soundness of the management of insurance companies, etc., it must take measures necessary to maintain the reliability of the insurance business.

(2) In addition to what is provided for in the preceding paragraph, the government must conduct a review on the financial systems amended by this Act, within five years from the enforcement of this Act, by taking into account the implementation status of the provisions amended by this Act, changes in the social and economic conditions surrounding the financial systems and, when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 131 of October 16, 1998]

(Effective Date)

Article 1 This Act comes into effect on the day of enforcement of the Act for Establishment of the Financial Reconstruction Commission (Act No. 130 of 1998).

(Transitional Measures)

Article 2 (1) A license, permission, approval, or authorization granted, designation, or any other disposition by or notice issued or any other act conducted by the Prime Minister or any other national government organ pursuant to the provisions of the Secured Corporate Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act to Simplify the Functions of Banks, the Act on Engagement in Trust Business Activities by Financial Institutions, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Agricultural Cooperative Act, the Securities and Exchange Act, the Act on Non-life Insurance Rating Organization of Japan, the Fishery Cooperatives Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Businesses by Cooperatives, the Ship Owners' Mutual Insurance Union Act, the Local Tax Act, the Act on Investment Trusts and Investment Corporations, the Shinkin Bank Act, the Long Term Credit Bank Act, the Loan Trust Act, the Act on Loan Security for Small and Medium Sized Fishery Industry, the Credit Guarantee

Association Act, the Worker's Credit Union Act, the Act on Securing Compensation for Automobile Accidents, the Agricultural Credit Guarantee Insurance Act, the Act on Earthquake Insurance, the Registration and License Tax Act, the Act on Financial Institutions' Merger and Conversion, the Act on Foreign Securities Brokers, the Act on Promotion of Introduction of Industry into Agricultural Regions, the Agricultural and Fishery Cooperation Savings Insurance Act, the Banking Act, the Act on Controls on Money Lending, the Act on Regulations on Investment Advisory Business Pertaining to Securities, the Act on Regulations on Mortgage Instrument, the Financial Futures Trading Act, the Act on Regulations on Advanced Payment Certificates, the Act on Regulations on Commodity Investment, the Act Concerning Special Provisions for the Narcotics and Psychotropics Control Act and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulations on Business Pertaining to Specified Claims, the Act on Consolidation of Relevant Acts for the Reform of the Financial System and the Securities and Exchange System, the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions, the Act on Specified Joint Real Estate Ventures, the Insurance Business Act, the Act on Special Measures for the Reorganization Proceedings of Financial Institutions, the Act on Mergers between the Norinchukin Bank and a Federation of Credit Agricultural Cooperatives, the Bank of Japan Act, the Act on Special Provisions on the Merger Procedure for Banks for the Establishment of a Bank Holding Company, the Act on Securitization of Assets by Special Purpose Companies, or the Act for Aligning Acts Related to Financial System Reforms prior to amendment by this Act (hereinafter referred to as "Former Secured Corporate Bonds Trust Act) is deemed be a license, permission, approval, or authorization granted, designation, or any other disposition by or notice issued or any other act conducted by the Financial Reconstruction Commission or any other corresponding national government organ under the corresponding provisions of the Secured Corporate Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act to Simplify the Functions of Banks, the Act on Engagement in Trust Business Activities by Financial Institutions, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Agricultural Cooperative Act, the Securities and Exchange Act, the Act on Non-life Insurance Rating Organization of Japan, the Fishery Cooperatives Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Businesses by Cooperatives, the Ship Owners' Mutual Insurance Union Act, the Local Tax Act, the Act on Investment Trusts and Investment Corporations, the Shinkin Bank Act, the Long Term Credit Bank Act, the Loan Trust Act, the Act on Loan Security for

Small and Medium Sized Fishery Industry, the Credit Guarantee Associations Act, the Worker's Credit Union Act, the Act on Securing Compensation for Automobile Accidents, the Agricultural Credit Guarantee Insurance Act, the Act on Earthquake Insurance, the Registration and License Tax Act, the Act on Financial Institutions' Merger and Conversion, the Act on Foreign Securities Brokers, the Act on Promotion of Introduction of Industry into Agricultural Regions, the Agricultural and Fishery Cooperation Savings Insurance Act, the Banking Act, the Act on Controls on Money Lending, the Act on Regulations on Investment Advisory Business Pertaining to Securities, the Act on Regulations on Mortgage Instrument, the Financial Futures Trading Act, the Act on Regulations on Advanced Payment Certificates, the Act on Regulations on Commodity Investment, the Act Concerning Special Provisions for the Narcotics and Psychotropics Control Act and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulations on Business Pertaining to Specified Claims, the Act on Consolidation of Relevant Acts for the Reform of the Financial System and the Securities and Exchange System, the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions, the Act on Specified Joint Real Estate Ventures, the Insurance Business Act, the Act on Special Measures for the Reorganization Proceedings of Financial Institutions, the Act on Mergers between the Norinchukin Bank and a Federation of Credit Agricultural Cooperatives, the Bank of Japan Act, the Act on Special Provisions on the Merger Procedure for Banks for the Establishment of a Bank Holding Company, the Act on Securitization of Assets by Special Purpose Companies, or the Act for Aligning Acts Related to Financial System Reform amended by this Act (hereinafter referred to as "New Secured Corporate Bonds Trust Act").

- (2) An application, a notification, or any other act which has been already filed with or given or directed to the Prime Minister or any other national government organ pursuant to the provisions of the Former Secured Bonds Trust Act on the day of the enforcement of this Act is deemed to be an application, a notification, or any other act which is filed with or given or directed to the Financial Reconstruction Commission or any other corresponding national government organ under the corresponding provisions of the New Secured Bonds Trust Act.
- (3) With regard to particulars which require reporting, notification or submission to or any other procedure with the Prime Minister or any other national government organ pursuant to the provisions of the Former Secured Bonds Trust Act and for which the procedure is not carried out prior to the day of enforcement of this Act, the provisions of the New Secured Bonds Trust Act apply by deeming that the particulars which require reporting, notification or

submission to or any other procedure with the Financial Reconstruction Commission or any other corresponding national government organ pursuant to the provisions of the New Secured Bonds Trust Act has yet to undergo the procedure.

Article 3 An order under the provisions of the Former Secured Bonds Trust Act which is already in force on the day of the enforcement of this Act is deemed to have the validity as an order under the corresponding provisions of the New Secured Bonds Trust Act.

Article 4 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.

(Provisions Governed by Cabinet Order)

Article 5 In addition to what is provided for in the preceding three Articles, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 56 of May 28, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect on October 1, 1999.

Supplementary Provisions [Act No. 80 of June 23, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day on which one month has elapsed from the day of its promulgation.

(Transitional Measures for Penal Provisions)

Article 5 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of Article 3, paragraph (1) of the Supplementary Provisions.

Supplementary Provisions [Act No. 87 of July 16, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 2000; provided, however, that the provisions prescribed in the following items come into effect on the dates respectively specified in those items:

- (i) the provisions adding five Articles, a Section name, two Subsections and Subsection names after Article 250 of the Local Autonomy Act (limited to the parts pertaining to Article 250-9, paragraph (1) of that Act [limited to the parts pertaining to the acquisition of consent of both houses]) in Article 1; the provisions revising paragraph (9) and paragraph (10) of the Natural Parks Act (limited to the part pertaining to paragraph (10) of the Supplementary Provisions of that Act); the provisions of Article 244 (excluding the parts pertaining to the provisions revising Article 14-3 of the Agricultural Improvement Promotion Act); and the provisions of Article 472 (excluding the parts pertaining to the provisions revising Article 6, Article 8, and Article 17 of the Act on Special Measures for Mergers of Municipalities) in Article 40; and the provisions of Article 7, Article 10, Article 12, the proviso to Article 59, Article 60, paragraph (4) and paragraph (5), Article 73, Article 77, Article 157, paragraphs (4) to (6), Article 160, Article 163, Article 164, and Article 202: the date of promulgation

(Affairs of the State)

Article 159 In addition to those prescribed in the respective Acts prior to amendment by this Act, the affairs of the State, other local governments, or any other public entities (referred to as the "Affairs of the State, etc." in Article 161 of the Supplementary Provisions) which are managed or performed by an organ of a local government pursuant to the relevant Act or Cabinet Order based on these prior to the enforcement of this Act are to be handled by the local government as the affairs of the local government pursuant to the relevant Act or Cabinet Order based on these after the enforcement of this Act.

(Transitional Measures for Dispositions, Requests)

Article 160 (1) A disposition on permission, etc. or any other act (hereinafter referred to as an "act of disposition, etc." in this Article) prior to the enforcement of this Act (with regard to the provisions prescribed in the items of Article 1 of the Supplementary Provisions; the relevant provisions; hereinafter the same applies in this Article and Article 163 of the Supplementary Provisions) pursuant to the provisions of the relevant Act prior to amendment by this Act, or a request for permission, etc. or any other act (hereinafter referred to as an "act of request, etc." in this Article) already filed or conducted on the day of the enforcement of this Act pursuant to the provisions of the relevant Act prior to amendment by this Act, for which the person to carry out the administrative affairs pertaining to the act changes on

the day of enforcement of this Act, is deemed to be an act of disposition, etc. or an act of request, etc. conducted pursuant to the corresponding provisions of the relevant Act amended by this Act, with regard to the application of the relevant Act amended by this Act on or after the day of enforcement of this Act, except those specified by the provisions of Article 2 through the preceding Article of the Supplementary Provisions or by the provisions on transitional measures for the relevant Acts amended by these Acts (including orders under these Acts).

- (2) With regard to particulars which require reporting, notification or submission to or any other procedure with an organ of the State or of a local government prior to the enforcement of this Act pursuant to the provisions of the relevant Act prior to amendment and for which the procedure is not carried out prior to the day of enforcement of this Act, the provisions of the relevant Act amended by this Act apply by deeming that the particulars which require reporting, notification or submission to or any other procedure with a corresponding organ of the State or of a local government pursuant to the corresponding provisions of the relevant Act after amendment by this Act has yet to undergo the procedure, unless otherwise provided for by this Act or Cabinet Order under this Act.

(Transitional Measures Concerning Appeals)

Article 161 (1) With regard to an appeal under the Administrative Appeal Act against a disposition pertaining to affairs of the State, etc. prior to the enforcement date where the administrative authority which disposes of the affairs (hereinafter referred to as the "administrative agency reaching the disposition" in this Article) had a higher administrative authority prescribed in that Act (hereinafter referred to as a "higher administrative authority" in this Article) prior to the enforcement date, the provisions of the Administrative Appeal Act apply by deeming that the administrative agency still has a higher administrative authority on or after the enforcement date. In this case, the administrative authority which is deemed to be the higher administrative authority of the administrative agency reaching the disposition is the one which was the higher administrative authority of the administrative agency prior to the enforcement date.

- (2) In the case of the preceding paragraph, if the administrative agency reaching the disposition which is deemed as the higher administrative authority is an organ of a local government, the affairs to be handled by the organ pursuant to the provisions of the Administrative Appeal Act are the type (i) statutory entrusted affairs prescribed in Article 2, paragraph (9), item (i) of the New Local Autonomy Act.

(Transitional Measures for Fees)

Article 162 Prior laws and regulations continue to govern fees which should have been paid prior to the enforcement date pursuant to the provisions of the relevant Act prior to amendment by this Act (including orders under the relevant Act), unless otherwise provided for by this Act or Cabinet Order under this Act.

(Transitional Measures for Penal Provisions)

Article 163 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.

(Other Transitional Measures Governed by Cabinet Order)

Article 164 (1) In addition to what is provided for in these Supplementary Provisions, necessary transitional measures for the enforcement of this Act (including transitional measures for penal provisions) are specified by Cabinet Order.

(2) Necessary particulars for the application of the provisions of Article 18, Article 51 and Article 184 of the Supplementary Provisions are specified by Cabinet Order.

(Reviews)

Article 250 The type (i) statutory entrusted affairs provided in Article 2, paragraph (9), item (i) of the Local Autonomy Act should not be entrusted as much as possible, and those prescribed in appended table 1 of the New Local Autonomy Act and those prescribed in Cabinet Order under the New Local Autonomy Act are to be reviewed in order to promote decentralization and to be amended as needed.

Article 251 In order for local governments to handle their affairs and services autonomously and independently, the government must, by taking into account changes in the economic situation, review ways to increase and secure adequate sources of local tax revenue according to the division of roles between the State and local governments, and is to take necessary measures based on the results of the review.

Article 252 In order to reform the medical insurance system, the pension system, and other systems, the government must review the framework of administrative functions for social security, the requirements for officials engaged therein, in terms of securing the convenience of the insured, etc. and improving the efficiency of administrative functions.

Supplementary Provisions [Act No. 146 of December 3, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of its promulgation.

(Transitional Measures for Partial Amendment to the Small and Medium-Sized Enterprise Cooperatives Act)

Article 4 Prior laws and regulations continue to govern the application of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (hereinafter referred to as "Act on Prohibition of Private Monopolization") to conduct in which a person engages prior to the enforcement of the provisions of Article 4 by a business cooperative, fire mutual aid cooperative, or credit cooperative set forth in Article 7, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act amended by the provisions of Article 4 (hereinafter referred to as "New Act" in this Article) which is not a business cooperative, fire mutual aid cooperative, or credit cooperative set forth in Article 7, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act prior to amendment by the provisions of Article 4 (hereinafter referred to as the "Former Act" in this Article) or by a federation of cooperatives composed of cooperatives set forth in Article 7, paragraph (1), item (i) or item (ii) of the New Act which is not a federation of cooperatives composed of cooperatives set forth in Article 7, paragraph (1), item (i) or item (ii) of the Former Act.

(Transitional Measures Concerning Penal Provisions)

Article 14 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act (with regard to the provisions prescribed in the proviso to Article 1 of the Supplementary Provisions; the relevant provisions; hereinafter the same applies in this Article) or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions.

(Provisions Governed by Cabinet Order)

Article 15 In addition to what is provided for in Article 2 through the preceding Article of the Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 160 of December 22, 1999] [Extract]

(Effective Date)

Article 1 This Act (excluding Article 2 and Article 3) comes into effect on January 6, 2001; provided, however, that the provisions prescribed in the following items come into effect on the dates respectively specified in those items:

(ii) the provisions of Chapter III (excluding Article 3) and the following Article:
July 1, 2000

Supplementary Provisions [Act No. 76 of May 19, 2000] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding six months from January 6, 2001.

Supplementary Provisions [Act No. 91 of May 31, 2000]

(Effective Date)

(1) This Act comes into effect on the day of enforcement of the Act to Partially Amend the Commercial Code (Act No. 90 of 2000).

(Transitional Measures)

(2) In the case where the day of enforcement of this Act is prior to the day of enforcement of the provisions of Article 8 of the Supplementary Provisions of the Act on the Food and Agricultural Materials Inspection Center (Act No. 183 of 1999), the term "Article 27" in the provisions of Article 31 revising Article 19-5-2, Article 19-6, paragraph (1), item (iv) and Article 27 of the Act on Standardization and Proper Labeling of Agricultural and Forestry Products is deemed to be replaced with "Article 26."

Supplementary Provisions [Act No. 92 of May 31, 2000] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding three months from the day of its promulgation; provided, however, that the provisions adding a new Article after Article 265-42 of the Insurance Business Act and the provisions revising Article 275 and Article 317-2 and the provisions of Article 19 of the Supplementary Provisions in Article 1 come into effect on April 1, 2001.

(Transitional Measures for the Application of Penal Provisions)

Article 29 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act (with regard to the provisions prescribed in the proviso to Article 1 of the Supplementary Provisions; the relevant provisions; hereinafter the same applies in this Article) or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions.

(Other Transitional Measures Governed by Cabinet Order)

Article 30 In addition to what is provided for in Articles 2 through 17, and the preceding Article of the Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 31 The government is to conduct a review on the system to protect policyholders, etc. amended by this Act, within three years from the enforcement of this Act, by taking into account the implementation status of the system pertaining to special measures, etc. to protect policyholders, etc., the status of the soundness of the management of insurance companies, etc., and, when it finds it necessary, is to take measures necessary to maintain the reliability of the insurance business based on the results of the review.

Supplementary Provisions [Act No. 96 of May 31, 2000] [Extract]

(Effective Date)

Article 1 This Act comes into effect on December 1, 2000 (hereinafter referred to as "enforcement date").

(Validity of Dispositions)

Article 49 A disposition, procedure, or any other act carried out prior to the enforcement of this Act (with regard to the provisions prescribed in the items of Article 1 of the Supplementary Provisions; the relevant provisions) pursuant to the provisions of a relevant Act prior to amendment by this Act for which corresponding provisions exist in the relevant Act amended by this Act is deemed to have been carried out pursuant to the corresponding provisions of the relevant Act amended by this Act, unless otherwise provided for by these Supplementary Provisions.

(Transitional Measures for the Application of Penal Provisions)

Article 50 Prior laws and regulations continue to govern the application of penal

provisions to conduct in which a person engages prior to the enforcement of this Act.

(Other Transitional Measures Governed by Cabinet Order)

Article 51 In addition to what is provided for in Articles 2 to 11 of the Supplementary Provisions and the preceding Article, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 52 The government, when five years have elapsed from the enforcement of this Act, conducts a review on the systems pertaining to the securities exchanges prescribed in Article 2, paragraph (16) of the New Securities and Exchange Act and the financial futures exchanges prescribed in Article 2, paragraph (6) of the New Financial Futures Trading Act by taking into account the implementation status of the New Securities and Exchange Act and the New Financial Futures Trading Act, changes in the social and economic conditions, etc., and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 97 of May 31, 2000] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding six months from the day of its promulgation (hereinafter referred to as "enforcement date").

(Partial Amendment to the Small and Medium-Sized Enterprise Cooperatives Act)

Article 36 (1) Omitted

(2) With regard to the application of the provisions of Article 9-8, paragraph (6), item (ii)-2 of the Small and Medium-Sized Enterprise Cooperatives Act amended by the provisions of the preceding paragraph, a former special purpose company and the asset securitization plan and specified company bonds of a former special purpose company are respectively deemed to be a special purpose company incorporated pursuant to the provisions of the New Act on the Securitization of Assets and the asset securitization plan and specified company bonds of the relevant special purpose company.

(Validity of Dispositions)

Article 64 A disposition, procedure, or any other act carried out prior to the enforcement of this Act (with regard to the provisions set forth in the proviso to

Article 1 of the Supplementary Provisions; the relevant provisions) pursuant to the provisions of a relevant Act prior to amendment by this Act (including an order under this Act; hereinafter the same applies in this Article) for which corresponding provisions exist in the relevant Act amended by this Act is deemed to have been carried out pursuant to the corresponding provisions of the relevant Act amended by this Act, unless otherwise provided for by these Supplementary Provisions.

(Transitional Measures for the Application of Penal Provisions)

Article 65 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act (with regard to the provisions set forth in the proviso to Article 1 of the Supplementary Provisions; the relevant provisions) or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions.

Article 66 Prior laws and regulations continue to govern the application of the Act on Punishment of Organized Crimes and Control of Crime Proceeds amended by the provisions of Article 62 of the Supplementary Provisions (hereinafter referred to as the "New Act on Punishment of Organized Crimes") (excluding the penal provisions which are to be applied pursuant to the provisions of the preceding Article), the offenses set forth in Article 171, Article 172, Article 174, Article 179, paragraph (1) and Article 182, paragraph (2) and paragraph (4) of the Former Act on Securitization of Assets in the case where prior laws and regulations continue to govern the provisions pursuant to the provisions of the main clause of Article 2, paragraph (1) of the Supplementary Provisions are deemed to be the offenses set forth in item (xxiii) of the appended table of the New Act on Punishment of Organized Crimes.

(Other Transitional Measures Governed by Cabinet Order)

Article 67 In addition to what is provided for in the preceding eight paragraphs, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Reviews)

Article 68 The government conducts a review on the provisions of the New Act on Securitization of Assets and the New Investment Trust Act and the systems pertaining to approved real estate brokers prescribed in Article 50-2, paragraph (2) of the Building Lots and Buildings Transaction Business Act amended by the provisions of Article 8 (hereinafter referred to as the "New

Building Lots and Buildings Transaction Business Act" in this Article), within five years from the enforcement of this Act, by taking into account the implementation status of the New Act on Securitization of Assets, the New Investment Trust Act, and the New Building Lots and Buildings Transaction Business Act, changes in the social and economic conditions, etc., and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 126 of November 27, 2000] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding five months from the day of its promulgation; provided, however, that the provisions prescribed in the following items come into effect on the dates respectively specified in those items:

(Transitional Measures Concerning Penal Provisions)

Article 2 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.

Supplementary Provisions [Act No. 42 of June 8, 2001] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding one year from the day of its promulgation (hereinafter referred to as "enforcement date").

Supplementary Provisions [Act No. 75 of June 27, 2001] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 2002 (hereinafter referred to as "enforcement date"), and apply to short term company bonds, etc. issued on or after the enforcement date.

(Transitional Measures for the Application of Penal Provisions)

Article 7 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement date or conduct in which a person engages on or after the enforcement date in the case where prior laws and regulations continue to govern the provisions pursuant to the provisions of these Supplementary Provisions.

(Other Transitional Measures Governed by Cabinet Order)

Article 8 In addition to what is provided for in the preceding eight paragraphs, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Reviews)

Article 9 The government, when five years have elapsed from the enforcement of this Act, conduct a review on the systems pertaining to book-entry transfer institutions by taking into account the implementation status of this Act, changes in the social and economic conditions, etc., and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 80 of June 29, 2001]

This Act comes into effect on the day of enforcement of the Act to Partially Amend the Commercial Code.

Supplementary Provisions [Act No. 117 of November 9, 2001] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding six months from the day of its promulgation (hereinafter referred to as "enforcement date"); provided, however, that the provisions prescribed in the following items come into effect on the dates respectively specified in those items:

(i) the provisions deleting Article 17-2 of the Banking Act and the provisions revising Article 47, paragraph (2) (limited to the parts deleting ", Article 17-2") in Article 1; the provisions deleting Article 112-2 of the Insurance Business Act and the provisions revising Article 270-6, paragraph (2), item (i) in Article 3; the provisions deleting Article 55-3; the provisions of Article 8, Article 9, Article 13, and Article 14; and the provisions of the following Article, Article 9, and Articles 13 to 16 of the Supplementary Provisions in Article 4: the day on which one month has elapsed from the day of its promulgation

(Delegation of Authority)

Article 13 (1) The Prime Minister delegates the authority under the provisions of these Supplementary Provisions (excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The authority delegated to the Commissioner of the Financial Services

Agency pursuant to the provisions of the preceding paragraph may be partially delegated to the head of a Local Finance Bureau or the head of a Local Finance Branch Bureau, pursuant to the provisions of Cabinet Order.

(Validity of Dispositions)

Article 14 A disposition, procedure, or any other act carried out prior to the enforcement of the respective revising provisions of this Act pursuant to the provisions of a relevant Act prior to amendment by this Act (including an order under this Act; hereinafter the same applies in this Article) for which corresponding provisions exist in the relevant Act amended by this Act is deemed to have been carried out pursuant to the corresponding provisions of the relevant Act amended by this Act, unless otherwise provided for by these Supplementary Provisions.

(Transitional Measures for Penal Provisions)

Article 15 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of the respective revising provisions of this Act or conduct in which a person engages after the enforcement of the respective revising provisions of this Act pertaining to a matter which is continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions.

(Other Transitional Measures Governed by Cabinet Order)

Article 16 In addition to what is provided for in Articles 2 of the Supplementary Provisions to the preceding Article, necessary transitional measures for the enforcement of this Act (including transitional measures for penal provisions) are specified by Cabinet Order.

Supplementary Provisions [Act No. 129 of November 28, 2001] [Extract]

(Effective Date)

(1) This Act comes into effect on April 1, 2002.

(Transitional Measures for the Application of Penal Provisions)

(2) Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of the preceding paragraph.

Supplementary Provisions [Act No. 150 of December 12, 2001] [Extract]

This Act comes into effect on the day of enforcement of the Act to Partially Amend the Commercial Code and the Act on Special Provisions on the Commercial Code Concerning Audits of Stock Companies.

Supplementary Provisions [Act No. 45 of May 29, 2002]

(Effective Date)

- (1) This Act comes into effect on the day specified by Cabinet Order within a period not exceeding one year from the day of its promulgation.

(Transitional Measures)

- (2) In the case where the date on which this Act comes into effect is prior to the day of enforcement of the provisions of Article 2 of the Act to Partially Amend the Agricultural Cooperatives Act (Act No. 94 of 2001), the term "Article 30, paragraph (12)" in the provisions of Article 9 revising Article 30, paragraph (12) of the Agricultural Cooperatives Act is deemed to be replaced with "Article 30, paragraph (11)."

Supplementary Provisions [Act No. 47 of May 29, 2002] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding six months from the day of its promulgation; provided, however, that the provisions revising Article 7, paragraph (2), Article 8-2, paragraph (2), Article 48, paragraph (2), Article 48-2, paragraph (3) and paragraph (5), Article 50, paragraph (1) and paragraph (4), Article 54, paragraph (2), Article 58, paragraph (1), and Article 69-2, the provisions changing Article 69-2 to Article 69-3, the provisions adding a new Article after Article 69-3, the provisions adding a new Article after Article 69, the provisions revising Article 95, paragraph (1), item (i) and paragraph (2), item (i), the provisions of the following Article, the provisions of Article 9 of the Supplementary Provisions revising Article 95-4 of the Fishery Cooperatives Act (Act No. 242 of 1948), and the provisions of Article 10 and Article 14 of the Supplementary Provisions come into effect on the day on which one month has elapsed from the day of its promulgation.

Supplementary Provisions [Act No. 65 of June 12, 2002] [Extract]

(Effective Date)

Article 1 This Act comes into effect on January 6, 2003.

(Transitional Measures for the Application of Penal Provisions)

Article 84 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act (with regard to the provisions prescribed in the items of Article 1 of the Supplementary Provisions; the relevant provisions; hereinafter the same applies in this Article) or conduct in which person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions.

(Other Transitional Measures Governed by Cabinet Order)

Article 85 In addition to what is provided for in these Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 86 The government, when five years have elapsed from the enforcement of this Act, conducts a review on the systems pertaining to beneficiary protection trusts prescribed in Article 2, paragraph (11) of the New Act on Transfer of Corporate Bonds, clearing agencies for securities transactions prescribed in Article 2, paragraph (31) of the New Securities and Exchange Act, and clearing agencies for financial futures prescribed in Article 2, paragraph (15) of the New Financial Futures Trading Act by taking into account the implementation status of the New Act on Transfer of Corporate Bonds, the New Securities and Exchange Act, and the New Financial Futures Trading Act, changes in the social and economic conditions, etc., and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 79 of July 3, 2002] [Extract]

(Effective Date)

Article 1 This Act comes into effect on August 1, 2002.

Supplementary Provisions [Act No. 110 of November 22, 2002] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding three months from the day of its promulgation; provided, however, that the provisions of Article 3 of the Supplementary Provisions come into effect on the day of its promulgation.

(Transitional Measures for Penal Provisions)

Article 2 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.

(Transitional Measures Governed by Cabinet Order)

Article 3 In addition to what is provided for in the preceding Article, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 152 of December 13, 2002] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of enforcement of the Act on Use of Information and Communications Technology in Administrative Procedures (Act No. 151 of 2002).

Supplementary Provisions [Act No. 155 of December 13, 2002] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of enforcement of the Corporate Reorganization Act (Act No. 154 of 2002).

(Transitional Measures for the Application of Penal Provisions)

Article 3 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of the preceding paragraph.

Supplementary Provisions [Act No. 54 of May 30, 2003] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 2004; provided, however, that the provisions prescribed in the following items come into effect on the dates respectively specified in those items:

- (ii) the provisions revising Article 2, paragraph (8), Article 27-2, paragraph (4), Article 27-28, paragraph (3) and Article 32, paragraph (3) of the Securities and Exchange Act, the provisions revising paragraph (5) of that Article (limited to the part adding ", a bank" after ", a cooperative structured

financial institution"), the provisions revising paragraph (6) of that Article, Article 54, paragraph (1), item (iv) of that Act, and Article 45, paragraph (1) of that Act, the provisions revising paragraph (2) of that Article (excluding the provisions revising item (i) of that paragraph), and the provisions revising Article 65-2, paragraph (1) of that Act, paragraph (3) of that Article, paragraph (9) of that Article, Article 65-3, Article 166, paragraph (5), and Article 201, paragraph (2) in Article 1; the provisions revising Article 2, item (i) of the Act on Foreign Securities Brokers, the provisions revising Article 14, paragraph (1) of that Act (limited to the part adding ", a cooperative structured financial institution" after "a bank,"), the provisions revising Article 22, paragraph (1), item (iv) of that Act (limited to the part adding ", a cooperative structured financial institution" after "a bank,"), and the provisions revising item (v) of that paragraph in Article 2; the provisions revising Article 28, paragraph (1), item (vii) and item (xix) of the Shoko Chukin Bank Act, the provisions deleting paragraph (6) of that Article, and the provisions adding a new paragraph after paragraph (3) of that Article in Article 6; the provisions adding a new item after Article 10, paragraph (6), item (iii) of the Agricultural Cooperatives Act, the provisions revising item (vi)-2 of that paragraph, item (xv) of that paragraph, and paragraph (12) of that Article, the provisions deleting paragraph (13) and paragraph (16) of that Article, and the provisions adding two paragraphs after paragraph (9) of that Article in Article 7; the provisions adding a new item after Article 11, paragraph (3), item (iii) of the Fishery Cooperatives Act, the provisions revising item (vi) of that paragraph, the provisions adding a new item after Article 87, paragraph (4), item (iii) of that Act, the provisions adding a new item after Article 93, paragraph (2), item (iii) of that Act, and the provisions adding a new item after Article 97, paragraph (3), item (iii) in Article 8; the provisions revising Article 9-8, paragraph (2), item (vii) of the Small and Medium-Sized Enterprise Cooperatives Act in Article 9; the provisions revising Article 53, paragraph (3), item (ii) and Article 54, paragraph (4), item (ii) of the Shinkin Bank Act in Article 10; the provisions revising Article 58, paragraph (2), item (viii) and Article 58-2, paragraph (1), item (vi) of the Labor Bank Act in Article 11; the provisions revising Article 54, paragraph (4), item (ii) of the Norinchukin Bank Act; the provisions of Article 13 in Article 12; Article 37-11, paragraph (1), item (i), Article 37-14-2, paragraph (1), item (i), and Article 41-14, paragraph (3) in Article 16 of the Supplementary Provisions, item (ii) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957); and the provisions revising Article 224-3, paragraph (1) in Article 17 of the Supplementary Provisions, item (ii) of the Income Tax Act (Act No. 33 of 1965): the day on which one month has elapsed from the day of its promulgation

(Transitional Measures for the Application of Penal Provisions)

Article 38 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.

(Other Transitional Measures Governed by Cabinet Order)

Article 39 In addition to what is provided for in this Act, transitional measures necessary for the enforcement of this Act are specified by Cabinet Order.

(Reviews)

Article 40 The government, when five years have elapsed from the enforcement of this Act, conducts a review on the financial systems amended by this Act by taking into account the implementation status of the provisions amended by this Act, changes in the social and economic conditions, etc., and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 34 of April 21, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding three months from the day of its promulgation; provided, however, that the provisions of Article 12 of the Supplementary Provisions come into effect on the day of its promulgation.

(Effective Date)

Article 12 In addition to what is provided for in these Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 76 of June 2, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of enforcement of the Bankruptcy Act (Act No. 75 of 2004; referred to as the "New Bankruptcy Act" in paragraph (8) of the following Article and Article 3, paragraph (8), Article 5, paragraph (8), paragraph (16), and paragraph (21), Article 8, paragraph (3), and Article 13 of the Supplementary Provisions).

(Delegation to a Cabinet Order)

Article 14 In addition to what is provided for in Article 2 of the Supplementary

Provisions to the preceding Article, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 88 of June 9, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding five years from the day of its promulgation (hereinafter referred to as "enforcement date").

(Transitional Measures for the Application of Penal Provisions)

Article 135 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions.

(Other Transitional Measures Governed by Cabinet Order)

Article 136 In addition to what is provided for in these Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Reviews)

Article 137 The government, when five years have elapsed from the enforcement of this Act, conducts a review on the settlement system pertaining to share transactions, etc. amended by this Act by taking into account the implementation status of the provisions amended by this Act, changes in the social and economic conditions, etc., and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 97 of June 9, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 2005 (hereinafter referred to as "enforcement date"); provided, however, that the provisions prescribed in the following items come into effect on the dates respectively specified in those items:

(i) the provisions revising Article 33-3, Article 64-2, paragraph (1), item (ii) and Article 64-7, paragraph (5) of the Securities and Exchange Act, the provisions revising Article 65-2, paragraph (5) of that Act (limited to the parts changing "and item (vii)" to ", item (vii) and item (xii)"), and the provisions revising

Article 144, Article 163, paragraph (2) and Article 207, paragraph (1), item (i) and paragraph (2) of that Act in Article 1; the provisions revising Article 36, paragraph (2) of the Act on Foreign Securities Brokers (hereinafter referred to as the "Act on Foreign Securities Brokers" in this Article) in Article 2; the provisions revising Article 10-5 of the Act on Investment Trusts and Investment Corporations (hereinafter referred to as the "Investment Trusts Act" in this Article) in Article 4; the provisions revising Article 29-3 of the Act on Regulations on Investment Advisory Business Pertaining to Securities (hereinafter referred to as the "Act on Investment Advisory Business" in this Article) in Article 6; the provisions of Article 11 and Article 12; the provisions adding the following to Article 9-8, paragraph (6), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act in Article 13; and the provisions of Articles 14 through 19: the date of promulgation of this Act

(iii) the provisions revising the Table of Contents of the Securities and Exchange Act (limited to the parts changing "company which is the issuer" to "issuer"), the provisions revising Article 2, paragraph (2), item (iii) of that Article, the provisions changing item (iii) to item (v) of that paragraph and adding two items after item (ii) of that paragraph, the provisions revising paragraph (10) of that Article and Article 13, paragraphs (1) through (5) of that Act, the provisions deleting paragraph (6) of that Article, the provisions revising Article 15, paragraph (1) and paragraph (2) (excluding the parts changing "or a registered financial institution" to ", a registered financial institution, or an introducing brokerage service provider"), the provisions revising paragraph (3) of that Article, the provisions adding three paragraphs after paragraph (2) of that Article, the provisions revising Article 17, Article 18, paragraph (2), Article 20, and Article 21, paragraph (3) of that Act, the provisions adding two Articles after that Article, the provisions revising Article 22, Article 23-2, and Article 23-12, paragraphs (2) through (5) and paragraph (9) of that Act, the provisions deleting paragraphs (6) through (8) of that Article, the provisions revising Article 24-4, Article 24-5, paragraph (5), and Article 24-6, paragraph (1) and paragraph (3) of that Act, the provisions revising the Section title of Chapter II-2, Section 1 of that Act, the provisions revising Article 27-2, paragraph (1), paragraph (7), item (ii), and paragraph (8), Article 27-3, paragraph (4), Article 27-5, Article 27-10, paragraphs (1) through (3), Article 27-11, paragraph (1) and paragraph (4), Article 27-12, Article 27-13, paragraph (3) and paragraph (5), and Article 27-15, paragraph (2) of that Act, the provisions revising the Section title of Chapter II-2, Section 2 of that Act, the provisions revising Article 27-22-2, paragraphs (1) through (3), paragraph (11), and paragraph (12), and Article 27-30-9, paragraph (1) and paragraph (3) of that Act, the provisions deleting

paragraph (2) of that Article, the provisions revising Article 27-30-11, paragraph (1) and paragraph (3), Article 28-2, paragraph (3), Article 28-4, paragraph (1), item (vii), and Article 65, paragraph (2) of that Act, the provisions deleting item (vi) and item (vii) of that paragraph, the provisions changing item (viii) of that paragraph to item (vi) of that paragraph, the provisions revising Article 65-2, paragraph (3) of that Act, the provisions revising paragraph (5) of that Act (limited to the parts changing "and Article 44, item (i)" to ", Article 44 [excluding item (ii)], and Article 45" and the parts adding a second sentence), the provisions revising Article 65-2, paragraphs (7) through (9) and paragraph (11) and Article 79-5 of that Act, the provisions adding a new item to Article 79-57, paragraph (1) of that Act, and the provisions revising Article 107-2, paragraph (1), item (ii), Article 107-3, paragraph (1), item (ii), Article 155, paragraph (1), item (ii), Article 194-6, paragraph (2), item (ii), Article 200, item (iii), and Article 205, item (i) of that Act in Article 1; the provisions revising Article 2, item (iii) of the Foreign Securities Brokers Act in Article 2; the provisions revising Article 2, paragraph (5) and Article 33, paragraph (1) of the Investment Trust Act in Article 4; the provisions revising Article 2, paragraph (5) of the Investment Advisory Business Act in Article 6; the provisions revising Article 8, paragraph (6), item (iii) of the Small and Medium-Sized Enterprise Cooperatives Act in Article 13; and the provisions of the following Article through Article 7 of the Supplementary Provisions, and Article 13, Article 14, and Articles 17 through 19 of the Supplementary Provisions: December 1, 2004

(Transitional Measures for the Application of Penal Provisions)

Article 22 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act (with regard to the provisions prescribed in the items of Article 1 of the Supplementary Provisions; the relevant provisions; hereinafter the same applies in this Article) or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of Article 3 of the Supplementary Provisions.

(Other Transitional Measures Governed by Cabinet Order)

Article 23 In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 24 The government, when five years have elapsed from the enforcement of this Act, conducts a review on the financial systems amended by this Act by taking into account the implementation status of the provisions amended by this Act, changes in the social and economic conditions, etc., and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 124 of June 18, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date of enforcement of the New Real Estate Registration Act.

(Transitional Measures)

Article 2 In the case where the day of enforcement of this Act is after the day of enforcement of the Act on the Protection of Personal Information Held by Administrative Organs, the term "Article 114-3" in the provisions of Article 52 revising Article 114-3 and Articles 117 through 119 of the Commercial Registration Act is deemed to be replaced with "Article 114-4."

Supplementary Provisions [Act No. 147 of December 1, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding six months from the day of its promulgation.

Supplementary Provisions [Act No. 150 of December 1, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 2005.

(Transitional Measures Concerning Penal Provisions)

Article 4 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.

Supplementary Provisions [Act No. 154 of December 3, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding six months from the day of its promulgation.

(Validity of Dispositions)

Article 121 A disposition, procedure, or any other act carried out prior to the enforcement of this Act pursuant to the provisions of a relevant Act prior to amendment by this Act (including an order under this Act; hereinafter the same applies in this Article) for which corresponding provisions exist in the relevant Act amended by this Act is deemed to have been carried out pursuant to the corresponding provisions of the relevant Act amended by this Act, unless otherwise provided for by these Supplementary Provisions.

(Transitional Measures for Penal Provisions)

Article 122 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions or in the case where the provisions remain in force pursuant to the provisions of these Supplementary Provisions.

(Other Transitional Measures Governed by Cabinet Order)

Article 123 In addition to what is provided for in these Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Reviews)

Article 124 The government conducts a review on the enforcement status of this Act within three years from the enforcement of this Act, and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 159 of December 8, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect on July 1, 2005.

Supplementary Provisions [Act No. 35 of April 27, 2005] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding one year from the day of its promulgation.

(Transitional Measures for the Partial Amendment to the Small and Medium-Sized Enterprise Cooperatives Act)

Article 17 Prior laws and regulations continue to govern the procedures for ceases and desist orders (excluding those pertaining to the attendance of a stenographer and any other particulars specified by the Rules of the Fair Trade Commission) in the case where a recommendation under the provisions of Article 48, paragraph (1) of the Former Act as applied mutatis mutandis pursuant to the provisions of Article 108 of the Small and Medium-Sized Enterprise Cooperatives Act prior to amendment by the provisions of the preceding Article or a transcript of the written decision on commencement of the hearing under the provisions of Article 50, paragraph (2) of the Former is served prior to the enforcement date.

Supplementary Provisions [Act No. 38 of May 2, 2005] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding one year from the day of its promulgation (hereinafter referred to as "enforcement date").

(Provisions Governed by Cabinet Order)

Article 34 In addition to what is provided for in these Supplementary Provisions, the procedures for requesting permission or approval under the provisions of these Supplementary Provisions, submission of documents, and other necessary particulars for the enforcement of this Act are specified by Cabinet Order.

(Transitional Measures for Penal Provisions)

Article 35 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions.

(Delegation of Authority)

Article 36 (1) The Prime Minister delegates the authority under these Supplementary Provisions (excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of the preceding paragraph may be partially delegated to the head of a Local Finance Bureau or the head of a Local Finance Branch Bureau, pursuant to the provisions of Cabinet Order.

(Provisions Governed by Cabinet Order)

Article 37 In addition to what is provided for in these Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 38 (1) The government conducts a review on how the cost required for fund assistance, etc. by the Life Insurance Policyholders Protection Corporation of Japan should be burdened, the need for the continuance of the provisions on government assistance, etc., within three years from the enforcement of this Act, by taking into account the implementation status of the systems, etc. pertaining to the special measures, etc. to protect policyholders, etc. including government assistance to the Life Insurance Policyholders Protection Corporation of Japan and fund assistance, etc. by the Life Insurance Policyholders Protection Corporation of Japan, the financial status of the Life Insurance Policyholders Protection Corporation of Japan, the soundness of the management of insurance companies, etc., and is to reconsider those.

(2) The government conducts a review on the systems pertaining to the insurance business prescribed in this Act, within five years from the enforcement of this Act, by taking into account the status of reinsurance operations entrusted to an insurance company, and any other operations of small-sum, short term insurance business operators, the status of the diversity of insurance underwritten by insurance companies, changes in social and economic conditions, etc., and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 87 of July 26, 2005] [Extract]

This Act comes into effect on the day of enforcement of the Companies Act.

Supplementary Provisions [Act No. 102 of October 21, 2005] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of enforcement of the Postal Service Privatization Act.

(Transitional Measures for Penal Provisions)

Article 117 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act, conduct in which a person engages after the enforcement of this Act

in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions, conduct in which a person engages prior to the expiration of the provisions of Article 38-8 (limited to the parts pertaining to item (ii) and item (iii)) of the Former Postal Money Exchange Act which remain in force pursuant to the provisions of Article 9, paragraph (1) of the Supplementary Provisions after the enforcement of this Act, conduct in which a person engages prior to the expiration of the provisions of Article 70 (limited to the parts pertaining to item (ii) and item (iii)) of the Former Postal Transfer Act which remain in force pursuant to the provisions of Article 13, paragraph (1) of the Supplementary Provisions after the enforcement of this Act, conduct in which a person engages prior to the expiration of the provisions of Article 8 (limited to the parts pertaining to item (ii)) of the Former Postal Transfer Deposit Contribution Entrustment Act which remain in force pursuant to the provisions of Article 27, paragraph (1) of the Supplementary Provisions after the enforcement of this Act, conduct in which a person engages prior to the lapse of the provisions of Article 70 (limited to the parts pertaining to item (ii)) of the Former Japan Post Public Corporation Act which remain in force pursuant to the provisions of Article 39, paragraph (2) of the Supplementary Provisions after the enforcement of this Act, conduct in which a person engages prior to the expiration of the provisions of Article 71 and Article 72 (limited to the part pertaining to item (xv)) of the Former Japan Post Public Corporation Act which remain in force pursuant to the provisions of Article 42, paragraph (1) of the Supplementary Provisions after the enforcement of this Act, or conduct in which a person engages prior to a specified date pertaining to a postal savings bank prescribed in Article 104 of the Postal Service Privatization Act in the case where the provisions of Article 2, paragraph (2) of the Supplementary Provisions apply.

Supplementary Provisions [Act No. 106 of November 2, 2005] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding one year from the day of its promulgation (hereinafter referred to as "enforcement date").

(Validity of Dispositions)

Article 38 A disposition, procedure, or any other act carried out prior to the enforcement of this Act pursuant to the provisions of a relevant Act prior to amendment by this Act (including an order under this Act; hereinafter the same applies in this Article) for which corresponding provisions exist in the

relevant Act amended by this Act is deemed to have been carried out pursuant to the corresponding provisions of the relevant Act amended by this Act, unless otherwise provided for by these Supplementary Provisions.

(Transitional Measures for the Application of Penal Provisions)

Article 39 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions.

(Delegation of Authority)

Article 40 (1) The Prime Minister delegates the authority under these Supplementary Provisions (excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of the preceding paragraph and the authority of the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare under the provisions of these Supplementary Provisions may be partially delegated to the head of a Local Finance Bureau or the head of a Local Finance Branch Bureau (the head of a Local Branch Office in the case of the authority of the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare), pursuant to the provisions of Cabinet Order.

(Other Transitional Measures Governed by Cabinet Order)

Article 41 In addition to what is provided for in these Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Reviews)

Article 42 The government, when five years have elapsed from the enforcement of this Act, conducts a review on the financial systems amended by this Act, by taking into account the implementation status of the provisions amended by this Act, changes in social and economic conditions, etc., and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 50 of June 2, 2006] [Extract]

(Effective Date)

(1) This Act comes into effect on the day of enforcement of the Act on General

Associations and Foundations.

(Adjustment Provisions)

- (2) In the case where the enforcement date of the Act to Partially Amend the Penal Code, to Respond to an Increase in International and Organized Crimes and Advancement of Data Processing (Act No. of 2006) comes after the enforcement date, with regard to the application of the provisions of item (lxii [62]) of the appended table of the Act on Punishment of Organized Crimes, Control of Crime Proceeds (Act No. 136 of 1999; hereinafter referred to as the "Act on Punishment of Organized Crimes" in the following paragraph) during the period from the effective date to the day before the enforcement date of the Act to Partially Amend the Penal Code to Respond to an Increase in International and Organized Crimes and Advancement of Data Processing, the phrase "offense under Article 157 (Special Breach of Trust by Directors, etc.) of the Intermediate Juridical Person Act (Act No. 49 of 2001)" in item (lxii [62]) is deemed to be replaced with "offense under Article 334 (Special Breach of Trust by Directors, etc.) of the Act on General Associations and Foundations (Act No. 48 of 2006)."
- (3) In addition to what is provided for in the preceding paragraph, in the case referred to in that paragraph, with regard to the application of the provisions of the Act on Punishment of Organized Crimes during the period from the effective date to the day before the enforcement date of the Act to Partially Amend the Penal Code to Respond to an Increase in International and Organized Crimes and Advancement of Data Processing, the offense under Article 157 (Special Breach of Trust by Directors, etc.) of the Former Intermediate Juridical Person Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of Article 457 is deemed to be the offense set forth in item (lxii [62]) of the appended table of the Act on Punishment of Organized Crimes.

Supplementary Provisions [Act No. 65 of June 14, 2006] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding one year and six months from the day of its promulgation; provided, however, that the provisions prescribed in the following items come into effect on the dates respectively specified in those items:

- (i) the provisions of Article 1; the provisions revising Article 30-4, paragraph (2), item (ii) of the Agricultural Cooperatives Act (limited to the part changing "Article 197, paragraph (1), items (i) through (iv) or item (vii) or

paragraph (2), Article 198, items (i) through (x), item (xviii) or item (xix)" to "Article 197, Article 197-2, items (i) through (x) or item (xiii), Article 198, item (viii)" in Article 8; the provisions revising Article 34-4, paragraph (2), item (ii) of the Fishery Cooperatives Act (limited to the part changing "Article 197, paragraph (1), items (i) through (iv) or item (vii) or paragraph (2), Article 198, items (i) through (x), item (xviii) or item (xix)" to "Article 197, Article 197-2, items (i) through (x) or item (xiii), Article 198, item (viii)" in Article 9; the provisions revising Article 5-4, item (iv) of the Act on Financial Businesses by Cooperative (limited to the part changing "Article 197, paragraph (1), items (i) through (iv) or item (vii) or paragraph (2)" to "Article 197," "Article 198, items (i) through (x), item (xviii) or item (xix) (Crime of Offering Securities Without Notification, etc.)" to "Article 197-2, items (i) through (x) or item (xiii) (Crime of Offering Securities Without Notification, etc.), Article 198, item (viii) (Crime of Violating Prohibition Order or Suspension Order by a Court)" in Article 11; the provisions revising Article 34, item (iv) of the Shinkin Bank Act (limited to the part changing "Article 197, paragraph (1), items (i) through (iv) or item (vii) or paragraph (2)" to "Article 197," "Article 198, items (i) through (x), item (xviii) or item (xix) (Crime of Offering Securities Without Notification, etc.)" to "Article 197-2, items (i) through (x) or item (xiii) (Crime of Offering Securities Without Notification, etc.), Article 198, item (viii) (Crime of Violating Prohibition Order or Suspension Order by a Court)" in Article 13; the provisions revising Article 34, item (iv) of the Labor Bank Act (limited to the part changing "Article 197, paragraph (1), items (i) through (iv) or item (vii) or paragraph (2)" to "Article 197," "Article 198, items (i) through (x), item (xviii) or item (xix) (Crime of Offering Securities Without Notification, etc.)" to "Article 197-2, items (i) through (x) or item (xiii) (Crime of Offering Securities Without Notification, etc.), Article 198, item (viii) (Crime of Violating Prohibition Order or Suspension Order by a Court)" in Article 15; the provisions revising Article 53-2, paragraph (1), item (iii) of the Insurance Business Act (limited to the part changing "Article 197, paragraph (1), items (i) through (iv) or item (vii) or paragraph (2)" to "Article 197," "Article 198, items (i) through (x), item (xviii) or item (xix) (Crime of Offering Securities Without Notification, etc.)" to "Article 197-2, items (i) through (x) or item (xiii) (Crime of Offering Securities Without Notification, etc.), Article 198, item (viii) (Crime of Violating Prohibition Order or Suspension Order by a Court)" in Article 18; the provisions revising Article 24-4, item (iv) of the Norinchukin Bank Act (limited to the part changing "Article 197, paragraph (1), items (i) through (iv) or item (vii) or paragraph (2), Article 198, items (i) through (x), item (xviii) or item (xix)" to "Article 197, Article 197-2, items (i) through (x) or item (xiii), Article 198, item (viii)" in Article 19; and the provisions of Article

- 2, Article 4, Article 182, paragraph (1), Article 184, paragraph (1), Article 187, paragraph (1), Article 190, paragraph (1), Article 193, paragraph (1), Article 196, paragraph (1), and Article 198, paragraph (1) of the Supplementary Provisions; the day on which twenty days have elapsed from the day of its promulgation
- (ii) the provisions of Article 3 of the Supplementary Provisions; the date on which the Act to Partially Amend the Penal Code to Respond to an Increase in International and Organized Crimes and Advancement of Data Processing comes into effect (Act No. of 2006) or the date on which the provisions set forth in the preceding item, whichever is later, comes into effect
- (iii) the provisions of Article 2 (excluding the provisions revising Article 27-23 of the Securities and Exchange Act [excluding the part adding "and Article 27-26" after "Article 27-25, paragraph (1)"], the provisions revising Article 27-24 of that Act, the provisions revising Article 27-25 of that Act, the provisions revising Article 27-26 of that Act [excluding the part changing "to control the business activities of a company which is an issuer of the share certificates, etc." to "engages in conduct specified by Cabinet Order as those that make serious changes in or have a serious impact on the business activities of the issuer of the share certificates, etc. (referred to as "conduct in offering important proposals, etc." in paragraph (4) and paragraph (5))," and the part adding three paragraphs to that Article], the provisions revising Article 27-27 of that Act, and the provisions revising Article 27-30-2 of that Act [excluding the part changing "Article 27-10, paragraph (2)" to "Article 27-10, paragraph (8) and paragraph (12)" and the part adding "or paragraph (11)" after "Article 27-10, paragraph (1)"]; and the provisions of Article 7, Article 8, and Article 12 of the Supplementary Provisions; the day specified by Cabinet Order within a period not exceeding six months from the day of its promulgation
- (iv) From Article 2, the provisions revising Article 27-23 of the Securities and Exchange Act (excluding the part adding "and Article 27-26" after "Article 27-25, paragraph (1)"), the provisions revising Article 27-24 of that Act, the provisions revising Article 27-25 of that Act, the provisions revising Article 27-26 of that Act (excluding the part changing "to control the business activities of a company which is an issuer of the share certificates, etc." to "conduct specified by Cabinet Order as those that make significant changes in or have a serious impact on the business activities of the issuer of the share certificates, etc. (referred to as "conduct in offering important proposals, etc." in paragraph (4) and paragraph (5))," and the part adding three paragraphs to that Article), the provisions revising Article of that Act, and the provisions revising Article 27-30-2 (excluding the part changing "Article 27-10, paragraph (2)" to "Article 27-10, paragraph (8) and paragraph

(12)" and the part adding "or paragraph (11)" after "Article 27-10, paragraph (1)"; and the provisions of Articles 9 through 11 and Article 13 of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding one year from the day of its promulgation
(v) the provisions of Article 4; the date on which the Act on General Associations and Foundations comes in to effect (Act No. 48 of 2006)

(Transitional Measures for Partial Amendment to the Small and Medium-Sized Enterprise Cooperatives Act)

Article 186 In the case where a cooperative engaged in mutual aid activities (meaning a cooperative prescribed in Article 3 of the Small and Medium-Sized Enterprise Cooperatives Act amended by this Act under the provisions of Article 10 [hereinafter referred to as the "New Small and Medium-Sized Enterprise Cooperatives Act" in this Article] engaged in mutual aid activities prescribed in Article 9-2, paragraph (7) of the New Small and Medium-Sized Enterprise Cooperatives Act) receives an offer for a specified mutual aid contract (meaning a specific mutual aid contract prescribed in Article 9-7-5, paragraph (3) of the New Small and Medium-Sized Enterprise Cooperatives Act) from a user (limited to a person set forth in Article 2, paragraph (31), item (iv) of the New Small and Medium-Sized Enterprise Cooperatives Act) for the first time since the enforcement of this Act, if it notifies the user, prior to the enforcement of this Act, according to Article 34 of the New Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the provisions of Article 9-7-5, paragraph (3) of the New Small and Medium-Sized Enterprise Cooperatives Act that the cooperative may make an offer under the provisions of Article 34-2, paragraph (1) of the New Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the provisions of Article 9-7-5, paragraph (3) of the New Small and Medium-Sized Enterprise Cooperatives Act (including the case as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5) or paragraph (8) of the New Small and Medium-Sized Enterprise Cooperatives Act; hereinafter the same applies in this Article) after the enforcement of this Act, the cooperative is deemed to have given the notice prescribed in Article 34 of the New Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the provisions of Article 9-7-5, paragraph (3) of the New Small and Medium-Sized Enterprise Cooperatives Act to the user.

(Delegation of Authority)

Article 216 (1) The Prime Minister delegates the authority under these Supplementary Provisions (excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The Commissioner of the Financial Services Agency may partially delegate the authority that is delegated to the commissioner pursuant to the provisions of the preceding paragraph, to the head of a Local Finance Bureau or the head of a Local Finance Branch Bureau pursuant to the provisions of a Cabinet Order.

(Validity of Dispositions)

Article 217 A disposition, procedure, or any other conduct in which a person engages prior to the enforcement of this Act pursuant to the provisions of the Former Securities and Exchange Act, the Former Investment Trust Act, or the Former Trust Business Act, or an order under any of these Acts for which corresponding provisions exist in the New Financial Instruments and Exchange Act is deemed to have been carried out pursuant to the corresponding provisions of the New Financial Instruments and Exchange Act, unless otherwise provided for by these Supplementary Provisions.

(Transitional Measures Concerning Application of Penal Provisions)

Article 218 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act (with regard to the provisions prescribed in the items of Article 1 of the Supplementary Provisions; the relevant provisions; hereinafter the same applies in this Article) or conduct in which a person engages after the enforcement of this Act in the case where the provisions are to be governed by prior laws and regulations or in the case where the provisions remain in force pursuant to the provisions of these Supplementary Provisions.

(Other Transitional Measures Governed by Cabinet Order)

Article 219 (1) In addition to what is provided for in these Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(2) Transitional measures necessary for the registration procedures for the partial amendment to the Securities and Exchange Act under the provisions of Article 3 are specified by the Ministry of Justice Order.

(Review)

Article 220 The government conducts a review on the enforcement status of this Act within five years from the enforcement of this Act, and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 75 of June 15, 2006] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 2007.

(Transitional Measures for Partial Amendment to the Small and Medium-Sized Enterprise Cooperatives Act)

Article 2 With regard to a business cooperative or a small business cooperative which already exists on the date on which this Act comes into effect and which is a specified mutual aid association prescribed in Article 9-2, paragraph (7) of the Small and Medium-Sized Enterprise Cooperatives Act amended by the provisions of Article 1 (hereinafter referred to as "New Cooperatives Act") or a federation of cooperatives which already exists on the date on which this Act comes into effect and which is a specified federation of mutual aid associations prescribed in Article 9-9, paragraph (4) of the New Cooperatives Act, the provisions of Article 6, paragraph (1) of the New Cooperatives Act apply on the day or after the ordinary general assembly convened for the first time on or after the enforcement date of this Act ends (hereinafter referred to as "enforcement date"), and prior laws and regulations continue to govern the business cooperatives or small business cooperatives until the ordinary general assembly ends.

Article 3 A business cooperative or a small business cooperative which already engages in activities other than mutual aid activities, activities incidental thereto, or activities prescribed in Article 9-2, paragraph (6) of the New Cooperatives Act on the day on which this Act comes into force and which is a specified mutual aid association prescribed in paragraph (7) of that Article may continue to engage in the activities until the day on which five years have elapsed from the enforcement date, notwithstanding the provisions of the main clause of that paragraph.

Article 4 (1) A business cooperative or a small business cooperative which is already engaged in mutual aid activities on the enforcement date of this Act may continue to engage in the mutual aid activities until the day on which six months have elapsed from the enforcement date, notwithstanding the provisions of Article 9-6-2, paragraph (1) of the New Cooperatives Act.

(2) In the case where a business cooperative or a small business cooperative may continue to engage in mutual aid activities pursuant to the provisions of the preceding paragraph, the provisions of the New Cooperatives Act apply by deeming the business cooperative or small business cooperative to be a business cooperative or a small business cooperative which has obtained the approval of the administrative authority specified by Article 9-6-2, paragraph (1) of the New Cooperatives Act.

- (3) A federation of cooperatives which is already engaged in mutual aid activities on the enforcement day of this Act may continue to engage in the mutual aid activities until the day on which six months have elapsed from the enforcement date, notwithstanding the provisions of Article 9-6-2, paragraph (1) of the New Cooperatives Act as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5) of the New Cooperatives Act.
- (4) In the case where a federation of cooperatives may continue to engage in mutual aid activities pursuant to the provisions of the preceding paragraph, the provisions of the New Cooperatives Act apply by deeming the federation of cooperatives to be a federation of cooperatives which has obtained the approval of the administrative authority specified by Article 9-6-2, paragraph (1) of the New Cooperatives Act as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5) of the New Cooperatives Act.

Article 5 A federation of cooperatives which is already engaged in activities other than mutual aid activities, activities set forth in Article 9-9, paragraph (1), item (ii) of the New Cooperatives Act, or activities incidental thereto, or those other than activities prescribed in Article 9-2, paragraph (6) of the New Cooperatives Act as applied mutatis mutandis pursuant to the provisions of Article 9-9, paragraph (5) on the enforcement date of this Act and which is a specified federation of mutual aid associations prescribed in Article 9-9, paragraph (4) of the New Cooperatives Act may continue to engage in the activities until the day on which five years have elapsed from the enforcement date, notwithstanding the provisions of the main clause of that paragraph.

Article 6 With regard to a cooperative (meaning a small and medium-sized enterprise cooperative prescribed in Article 3 of the New Cooperatives Act; the same applies hereinafter) (excluding a fire mutual aid cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) of the New Cooperatives Act) which is engaged in mutual aid activities on the enforcement date of this Act, the provisions of Article 12, paragraph (2) of the New Cooperatives Act do not apply until the ordinary general assembly convened for the first time on or after the enforcement date ends.

Article 7 (1) With regard to any of the following cooperatives which exist on the enforcement date of this Act and whose total amount of contribution is less than ten million yen, the provisions of Article 25, paragraph (1) of the New Cooperatives Act do not apply until the day on which five years have elapsed from the enforcement date. In this case, prior laws and regulations continue to govern the total amount of contribution of a fire mutual aid cooperative:

- (i) a business cooperative or a small business cooperative which is a specified mutual aid association (excluding those engaged in the activities of reinsurance or retrocession) prescribed in Article 9-2, paragraph (7) of the New Cooperatives Act
 - (ii) a fire mutual aid cooperative
 - (iii) a federation of cooperatives which is a specified federation of mutual aid associations (excluding those engaged in the activities of reinsurance or retrocession) prescribed in Article 9-9, paragraph (4) of the New Cooperatives Act
- (2) With regard to a business cooperative or a small business cooperative which is already a specified mutual aid association (limited to those engaged in the activities of reinsurance or retrocession) prescribed in Article 9-2, paragraph (7) of the New Cooperatives Act or a federation of cooperatives which is already a specified federation of mutual aid associations (limited to those engaged in the activities of reinsurance or retrocession) prescribed in Article 9-2, paragraph (4) of the New Cooperatives Act on the enforcement date of this Act whose total amount of contribution is less than thirty million yen, the provisions of Article 25, paragraph (2) of the New Cooperatives Act do not apply until the day on which five years have elapsed from the enforcement date.
- (3) With regard to a federation of cooperatives which is already engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) of the New Cooperatives Act on the enforcement date of this Act and whose total amount of contribution is less than fifty million yen, the provisions of Article 25, paragraph (3) of the New Cooperatives Act do not apply until the day on which five years have elapsed from the enforcement date. In this case, prior laws and regulations continue to govern the total amount of contribution of the federation of cooperatives.

Article 8 With regard to a cooperative (excluding a fire mutual aid cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) of the New Cooperatives Act) which is already engaged in mutual activities on the enforcement date of this Act, the provisions of Article 33, paragraph (2) of the New Cooperatives Act do not apply until the ordinary general assembly convened for the first time on or after the enforcement date ends.

Article 9 With regard to a cooperative which already exists on the enforcement date of this Act and which is a cooperative prescribed in Article 35, paragraph (6) of the New Cooperatives Act, the provisions of that paragraph do not apply until the ordinary general assembly concerning the settlement of accounts for the first business year ending on or after the enforcement date ends.

Article 10 Prior laws and regulations continue to govern the term of office of an officer of a cooperative or a federation of small business associations prescribed in Article 70 of the New Cooperatives Act which already exists on the enforcement date of this Act, who is in office before the ordinary general assembly concerning the settlement of accounts for the first business year ending on or after the enforcement date ends, even after the enforcement of this Act.

Article 11 With regard to a cooperative which already exists on the enforcement date of this Act, the provisions of Article 36-3 of the New Cooperatives Act apply on or after the day on which the ordinary general assembly concerning the settlement of accounts for the first business year ending on or after the enforcement date ends, and prior laws and regulations continue to govern the cooperative until the ordinary general assembly ends.

Article 12 With regard to a cooperative which already exists on the enforcement date of this Act, the provisions of Article 36-7 of the New Cooperatives Act apply on or after the day on which the ordinary general assembly concerning the settlement of accounts for the first business year ending on or after the enforcement date ends, and prior laws and regulations continue to govern the cooperative until the the ordinary general assembly ends.

Article 13 Prior laws and regulations continue to govern the compensation for damages based on conduct in which an officer engages in prior to the enforcement date under the provisions of the Small and Medium-Sized Enterprise Cooperatives Act prior to amendment by the provisions of Article 1 (hereinafter referred to as "Former Cooperatives Act").

Article 14 With regard to a cooperative which already exists on the enforcement date of this Act and which is a cooperative prescribed in Article 40-2, paragraph (1) of the New Cooperatives Act, the provisions of Article 40-3 of the New Cooperatives Act do not apply until the ordinary general assembly concerning the settlement of accounts for the first business year ending on or after the enforcement date ends.

Article 15 A cooperative engaged in mutual aid activities or a cooperative other than those engaged in mutual aid activities (excluding a credit cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i) of the New Cooperatives Act) which operates the surplus funds that were accrued during the course of business by a method other than

the methods prescribed in Article 57-5 of the New Cooperatives Act on the enforcement date of this Act and whose total number of partners (partners of the member cooperatives in the case of a federation of cooperatives) exceeds the standards specified by Cabinet Order set forth in Article 35, paragraph (6) of the New Cooperatives Act must dispose of its assets pertaining to the operation by the day on which three years have elapsed from the enforcement date.

Article 16 (1) The provisions of Article 58, paragraph (1) and paragraph (5) of the New Cooperatives Act apply to the accumulation of reserve funds for the business year starting on or after the enforcement date, and prior laws and regulations continue to govern the accumulation of reserve funds for the business year starting prior to the enforcement date.

(2) With regard to a cooperative which already exists on the enforcement date of this Act, the provisions of Article 58, paragraph (2) of the New Cooperatives Act apply on or after the ordinary general assembly convened for the first time on or after the enforcement date ends, and prior laws and regulations continue to govern the cooperative until the ordinary general assembly ends.

Article 17 The provisions of Article 58-2 of the New Cooperatives Act apply to the division of accounting for the business year starting on or after the enforcement date, and prior laws and regulations continue to govern the division of accounting for the business year starting prior to the enforcement date.

Article 18 The provisions of Article 58 of the New Cooperatives Act apply to the operation of funds for the business year starting on or after the enforcement date.

Article 19 The provisions of Article 58-6 of the New Cooperatives Act do not apply to a cooperative which already exists on the enforcement date of this Act, and which is not a cooperative prescribed in paragraph (1) of that Article, until the day on which six months have elapsed from the enforcement date.

Article 20 The provisions of Article 58-7 of the New Cooperatives Act apply to the duties of a mutual aid actuary concerning the matters pertaining to the business year starting on or after the day on which the mutual aid actuary is appointed.

Article 21 The provisions of Article 61-2, paragraph (1) and paragraph (2) of the New Cooperatives Act apply to explanatory documents for the business year

starting on or after the enforcement date.

Article 22 With regard to a cooperative which already exists on the enforcement date of this Act, the provisions of Article 105-2, paragraph (2) of the New Cooperatives Act apply to the business year following the first business year ending on or after the enforcement date.

Article 23 With regard to a cooperative which already exists on the enforcement date of this Act, the provisions of Article 106-3 of the New Cooperatives Act do not apply until the day on which six months have elapsed from the enforcement date.

(Validity of Dispositions)

Article 53 A disposition, procedure, or any other conduct in which a person engages pursuant to the provisions of the Former Cooperatives Act, the Former Import and Export Act, the Former Fishery Export Act, the Former Associations Act, the Former Mining and Manufacturing Cooperatives Act, or the Former Shopping District Cooperatives Act is deemed to have been done pursuant to the corresponding provisions of the New Cooperatives Act, the New Import and Export Act, the New Fishery Export Act, the New Associations Act, the New Mining and Manufacturing Cooperatives Act, or the New Shopping District Cooperatives Act.

(Transitional Measures Concerning Penal Provisions)

Article 54 With regard to the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act or conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions.

(Provisions Governed by Cabinet Order)

Article 55 In addition to what is provided for in Articles 2 to 52 of the Supplementary Provisions and the preceding Article, transitional measures necessary for the enforcement of this Act are specified by Cabinet Order.

(Reviews)

Article 56 The government, when five years have elapsed from the enforcement of this Act, conducts a review on the implementation status of this Act, and when it finds it necessary, is to take necessary measures based on the results of the review.

Supplementary Provisions [Act No. 109 of December 15, 2006] [Extract]

This Act comes into effect on the day of enforcement of the New Trust Act.

Supplementary Provisions [Act No. 58 of May 25, 2007] [Extract]

(Effective Date)

Article 1 This Act comes into effect on October 1, 2008.

(Transitional Measures for Penal Provisions)

Article 8 Prior laws and regulations continue to govern the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act.

(Provisions Governed by Cabinet Order)

Article 9 In addition to what is provided for in Article 2 of the Supplementary Provisions to the preceding Article, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Adjustment Provisions)

Article 10 In the case where this Act and the Shoko Chukin Bank Limited Act (Act No. of 2007), the Act on Development Bank of Japan (Act No. of 2007), or the Act on the Japan Finance Organization for Municipal Enterprises (Act No. of 2007) have provisions revising the provisions of that Act, if the relevant revising provisions come into effect on the same day, the provisions of the relevant Act is to be amended by the Company Shoko Chukin Bank Limited Act, the Act on Development Bank of Japan, or the Act on the Japan Finance Organization for Municipal Enterprises first, and then amended by this Act.

Supplementary Provisions [Act No. 74 of June 1, 2007] [Extract]

(Effective Date)

Article 1 This Act come into effect on October 1, 2008; provided, however, that the provisions prescribed in the following items come into effect on the dates respectively specified in those items:

- (i) the provisions of Articles 3 through 22, Articles 25 through 30, Article 101, and Article 102 of the Supplementary Provisions; the day specified by Cabinet Order within a period not exceeding six months from the day of its promulgation

(Transitional Measures for Partial Amendment to the Small and Medium-Sized

Enterprise Cooperatives Act)

Article 52 With regard to the application of the provisions of the Small and Medium-Sized Enterprise Cooperatives Act to short term commercial and industrial bonds issued prior to the enforcement date by a juridical person prior to the conversion, the short term commercial and industrial bonds are deemed to be the short term company bonds, etc. prescribed in Article 9-8, paragraph (6), item (i) of that Act.

(Transitional Measures for Dispositions)

Article 100 A disposition, procedure, or any other conduct in which a person engages prior to the enforcement of this Act pursuant to a relevant Act prior to amendment by this Act (including an order under the relevant Act; hereinafter the same applies in this Article) for which corresponding provisions exist in the relevant Act amended by this Act is deemed to have been done pursuant to the corresponding provisions of the relevant Act amended by this Act, unless otherwise provided for by these Supplementary Provisions.

(Transitional Measures Concerning Application of Penal Provisions)

Article 101 With regard to the application of penal provisions to conduct in which a person engages prior to the enforcement of this Act (with regard to the provisions prescribed in the items of Article 1 of the Supplementary Provisions; the relevant provisions; hereinafter the applies in this Article) and conduct in which a person engages after the enforcement of this Act in the case where the provisions are continued to be governed by prior laws and regulations pursuant to the provisions of these Supplementary Provisions or in the case where the provisions remain in force pursuant to the provisions of these Supplementary Provisions.

(Other Transitional Measures Governed by Cabinet Order)

Article 102 In addition to what is provided for in these Supplementary Provisions, necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.