

Railway Business Act

(Act No. 92 of December 4, 1986)

Chapter I General Provisions (Article 1 and Article 2)

Chapter II Railway Business (Article 3 to Article 31)

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Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to secure the safety of transportation and protect the benefit of users of railways, etc. as well as to ensure the sound advancement of railway business, etc. by making the operation of railway business, etc. appropriate and reasonable, and thus to advance the public welfare.

(Definitions)

Article 2 (1) In this Act, the term "railway business" as used in this Act means the Type I railway business, Type II railway business and Type III railway business.

(2) In this Act, the term "Type I railway business" as used in this Act means the business of transporting passengers or freight by railway (except the tramways defined in the Act on Rail Tracks (Act No. 76 of 1921) and those equivalent to the tramways to which the same Act applies *mutatis mutandis*; the same applies hereinafter.) other than Type II railway business, to meet demand.

(3) In this Act, the term "Type II railway business" as used in this Act means the business of transporting passengers or freight, using railway tracks other than those constructed by the relevant person (including the railway tracks constructed by others which were transferred to that person) to meet demand.

(4) In this Act, the term "Type III railway business" as used in this Act means the business of constructing railway tracks for the purpose of transferring them to a person operating a Type I railway business, and the business of constructing railway tracks to have a person operating a Type II railway business use them exclusively.

(5) In this Act, the term "cableway business" as used in this Act means the

business of transporting passengers and freight by cableway to meet demand.
(6) In this Act, the term "private siding" as used in this Act means railway which is constructed by a person for their exclusive use and connected to the railway used for railway business.

Chapter II Railway Business

(License)

Article 3 (1) A person that intends to operate a railway business must obtain a license of the Minister of Land, Infrastructure, Transport and Tourism.

(2) A railway business license is granted for a route and for a classification of railway business (meaning the classification of railway business set forth in paragraph (1) of the preceding Article; the same applies hereinafter.).

(3) The Type I railway business license and Type II railway business license may be granted with the range of business limited to transportation of passengers or transportation of freight.

(4) The railway business license to meet temporary demand may be granted for the limited period.

(Application for License)

Article 4 (1) A person that intends to obtain a railway business license must submit a written application which describes the followings to the Minister of Land, Infrastructure, Transport and Tourism:

(i) the name and address of the applicant, and, if the applicant is a juridical person, the name of the representative;

(ii) the route being planned;

(iii) the classification of railway business which the applicant intends to operate;

(iv) if the applicant intends to obtain a license with a range of its business limited to transportation of passengers or transportation of freight, the description to that effect;

(v) if the applicant intends to obtain a license with a limited period, that period;

(vi) a plan concerning the type of railways prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, the outline of facilities, planned transportation capability, and other matters that form the basis of business, as prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, for each type of railways (hereinafter referred to as "basic business plan");

(vii) whether or not the applicant needs to begin any construction before starting the relevant business;

- (viii) if the applicant intends to operate a Type I railway business, and is going to acquire any railway tracks or have anyone use any railway tracks, the description to that effect and the name and address of the counter party;
 - (ix) if the applicant intends to operate a Type II railway business, the name and address of a person that allows the applicant to use the railway track; and
 - (x) if the applicant intends to operate a Type III railway business, whether the applicant is going to transfer its railway tracks or have anyone use it, and the name and address of the counter party.
- (2) An estimate for business revenues and expenses and other documents prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism must be attached to the written application set forth in the preceding paragraph.
- (3) The Minister of Land, Infrastructure, Transport and Tourism may request the applicant to submit its certificate of registered information and the other necessary documents in addition to what is provided in the preceding two paragraphs.

(Standards of License)

- Article 5 (1) If the Minister of Land, Infrastructure, Transport and Tourism intends to grant a railway business license, the Minister must examine whether the application meets the following standards, before granting the license:
- (i) the business plan is appropriate from the viewpoint of its management;
 - (ii) the business plan is appropriate from the viewpoint of the safety of transportation;
 - (iii) the applicant has an appropriate plan from the viewpoint of conducting the business, beyond what is provided for in the preceding two items; and
 - (iv) the applicant has a capability to properly conduct the business on its own.
- (2) Notwithstanding the provisions of the preceding paragraph, if, upon application from a person seeking a railway business license, the Minister of Land, Infrastructure, Transport and Tourism is granting licenses for railway business which the Minister considers to meet the requirements prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, as that for passenger transportation with a specified purpose, the Minister may do so after examining whether or not the relevant business meets the standards set forth in item (ii) and item (iv) of the preceding paragraph.
- (3) If the Minister of Land, Infrastructure, Transport and Tourism intends to grant a Type III railway business license, the Minister is to do so at the same time as the Type I or II railway business license related to the railway track that is to be constructed in that Type III railway business.

(Causes for Disqualification)

Article 6 If a person that intends to obtain a railway business license falls under any of the following items, the Minister of Land, Infrastructure, Transport and Tourism must not grant the license:

- (i) a person who was sentenced to imprisonment with work or without work for less than a year, if two years have not elapsed from the date on which the sentence was completed or ceased to be applicable;
- (ii) a person whose license of railway business was rescinded, if two years have not elapsed from the date of rescission;
- (iii) an adult ward, a person under curatorship, or a bankrupt whose rights have not been restored;
- (iv) a minor who does not have the same legal capacity as an adult with regard to business and whose statutory representative falls under any of the preceding three items; or
- (v) a juridical person, any of whose officers (including those who have the authority or control equivalent to or greater than that of an officer irrespective of the name) falls under any of the preceding items (i) through (iii).

(Change of Basic Business Plan)

Article 7 (1) If a person that has been granted a railway business license (hereinafter referred to as "railway business operator") intends to change the basic business plan or the matters listed in Article 4, paragraph (1), item (viii) or item (x), the person must obtain approval of the Minister of Land, Infrastructure, Transport and Tourism; provided, however, that this does not apply to the minor changes prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

- (2) The provision of Article 5, paragraph (1) apply mutatis mutandis to the approval set forth in the preceding paragraph.
- (3) If the railway business operator has made any minor change prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in the proviso of paragraph (1), or made any change in the matters listed in Article 4, paragraph (1), item (ix), the operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect without delay.

(Approval for Construction)

Article 8 (1) Pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism, a railway business operator must establish a construction plan of railway tracks, stations, and other railway

facilities used for its railway business as prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism (hereinafter referred to as "railway facilities"), and apply for approval of their construction by the due date which the Minister of Land, Infrastructure, Transport and Tourism designated at the time of granting a license; provided, however, this does not apply to the railway facilities that the operator does not need to construct themselves.

- (2) The Minister of Land, Infrastructure, Transport and Tourism must give an approval set forth in the preceding paragraph, if the Minister finds that the construction plan conforms to the basic business plan and the regulations prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in Article 1 of the Railway Operation Act (Act No. 65 of 1900).
- (3) The Minister of Land, Infrastructure, Transport and Tourism may extend the due date set forth in paragraph (1), if an application has been made by a railway business operator and the Minister finds that there are reasonable grounds.

(Change of Construction Plan)

Article 9 (1) If a railway business operator intends to change the construction plan, the operator must obtain approval of the Minister of Land, Infrastructure, Transport and Tourism; provided, however, that this does not apply to the minor changes prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

- (2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to the approval set forth in the preceding paragraph.
- (3) If the railway business operator intends to make any of the minor changes prescribed by Order of the Minister of Land, Infrastructure, Transport and Tourism as provided for in the proviso of paragraph (1), the operator must notify the Ministry of Land, Infrastructure, Transport and Tourism to that effect.

(Inspection of Construction Which Has Been Completed)

Article 10 (1) A railway business operator must complete the construction of railway facilities by the due date of construction which the Minister of Land, Infrastructure, Transport and Tourism designated at the time of the approval of their construction, and must apply for an inspection by the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism.

- (2) If the Minister of Land, Infrastructure, Transport and Tourism finds, as a result of the inspection set forth in the preceding paragraph, that the relevant

railway facilities conform to the construction plan and the regulations prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in Article 1 of the Railway Operation Act, the Minister must admit that the railway facilities have passed the inspection.

- (3) The provisions of Article 8, paragraph (3) apply mutatis mutandis to the due date of completion of construction.

(Inspection of Railway Facilities)

Article 11 (1) Pursuant to the provisions of Order of the Minister of Land, Infrastructure, Transport and Tourism, a railway business operator must apply for an inspection by the Minister of Land, Infrastructure, Transport and Tourism on the railway facilities that the operator does not need to construct themselves, by the due date which the Minister designated at the time of granting license; provided, however, that this does not apply to the railway facilities that are being used for railway business at present.

- (2) If the Minister of Land, Infrastructure, Transport and Tourism finds, as a result of the inspection set forth in the preceding paragraph, that the relevant railway facilities conform to the construction plan and the regulations prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in Article 1 of the Railway Operation Act, the Minister must admit that the railway facilities have passed the inspection.

(Change of Railway Facilities)

Article 12 (1) If a railway business operator intends to change the railway facilities after passing the inspection set forth in Article 10, paragraph (1) or in paragraph (1) of the preceding Article, the operator must prepare a construction plan related to the change, and obtain approval of the Minister of Land, Infrastructure, Transport and Tourism, pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism; provided, however, that this does not apply to the minor changes prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

- (2) If the railway business operator intends to make any of the minor changes prescribed by Order of the Minister of Land, Infrastructure, Transport and Tourism as prescribed in the proviso of the preceding paragraph, the operator must notify the Ministry of Land, Infrastructure, Transport and Tourism to that effect.
- (3) If the railway business operator has completed the construction of railway facilities related to the change prescribed by Order of the Minister of Land, Infrastructure, Transport and Tourism for which the approval set forth in paragraph (1) was obtained, the operator must apply for an inspection by the Minister of Land, Infrastructure, Transport and Tourism without delay

pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism.

- (4) The provisions of Article 8, paragraph (2) apply to the approval set forth in paragraph (1) of this Article, the provisions of Article 9 apply to the change of the construction plan set forth in the same paragraph, and the provisions of Article 10, paragraph (2) apply to the inspection of the preceding paragraph, *mutatis mutandis*, respectively.

(Confirmation of Vehicles)

Article 13 (1) If a railway transportation business operator (meaning a person that has obtained a Type I railway business license (hereinafter referred to as "Type I railway business operator") or a person that has obtained a Type II railway business license (hereinafter referred to as "Type II railway business operator"); the same applies hereinafter) intends to use any of its vehicles for the railway business, the operator must obtain confirmation of the Minister of Land, Infrastructure, Transport and Tourism that those vehicles conform to the regulations prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in Article 1 of the Railway Operation Act, pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism.

- (2) If the railway business operator intends to change the structure or the equipment of the vehicle for which the operator has obtained the confirmation set forth in the preceding paragraph, and to use it for its railway business, the operator must obtain confirmation of the Minister of Land, Infrastructure, Transport and Tourism in accordance with the same rule as the provisions of the preceding paragraph; provided, however, that this does not apply if the railway transportation business operator intends to make any of the minor changes prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism and use the vehicles for its railway business.

- (3) In cases set forth in the proviso of the preceding paragraph, the railway transportation business Operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect in advance.

(Certified Railway Business Operator)

Article 14 (1) Upon application of a railway business operator, the Minister of Land, Infrastructure, Transport and Tourism certifies that the capability of the operator's office conforms to the standard prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, for each office that conducts the business related to the design of the railway facilities or vehicles in a systematic and organized manner.

- (2) If the office which the railway business operator has established and obtained

the certification set forth in the preceding paragraph for (referred to as "certified railway business operator" in the following paragraph) has designed the railway facilities or vehicles, and confirmed that those facilities or vehicles conform to the regulations prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provide for in Article 1 of the Railway Operation Act, pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism, the operator may follow the procedure dispensing with a part of the entries or required attachments related to the application for approval or confirmation or related to its notification under Article 8, paragraph (1), Article 9, paragraph (1) or (3) (including as applied mutatis mutandis pursuant to Article 12, paragraph (4)), Article 12, paragraph (1) or (2), or the preceding Article, or may follow other simplified procedure prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, at the time of the application or notification, notwithstanding these provisions.

- (3) A person that is a railway business operator and has obtained certification for a branch office must take the measures prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as those necessary for properly conducting the business concerning the design of the railway facilities or vehicles at branch offices.
- (4) If the Minister of Land, Infrastructure, Transport and Tourism finds that an office that has obtained the certification set forth in paragraph (1) has ceased to conform to the standards prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided fort in the same paragraph, the Minister may rescind that certification.
- (5) If the pertinent railway facilities are those subject to the design made by Japan Railway Construction, Transport and Technology Agency (limited to the designs within the extent that Japan Railway Construction, Transport and Technology Agency has sufficient capability as specified by Order of the Ministry of Land, Infrastructure, Transport and Tourism), the railway business operator may follow the procedure dispensing with a part of the entries or required attachments related to the application for or notification of approval under Article 8, paragraph (1), Article 9, paragraph (1) or (3) (including as applied mutatis mutandis in Article 12, paragraph (4)), or Article 12, paragraph (1) or (2), or may follow other simplified procedure prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, at the time of the application or notification, notwithstanding these provisions.
- (6) In addition to what is provided for in paragraphs (1) through (4), the matters required for certification are prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(Use of Railway Tracks)

Article 15 (1) A Type I railway business operator and a person that has obtained a Type III railway business license (hereinafter referred to as "Type III railway business operator") must obtain approval of the Minister of Land, Infrastructure, Transport and Tourism on the royalty and other conditions of use prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, if they intend to have a Type II railway business operator use the railway track related to the route for which the relevant Type I or III railway business operator has obtained the license. The same applies if they intend to change the arrangement.

(2) If a Type III railway business operator intends to transfer the railway track related to the route for which the license has been obtained to a Type I railway business operator, the Type III railway business operator must obtain an approval of the Minister of Land, Infrastructure, Transport and Tourism on the transfer price or other transfer conditions prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism. The same applies if that operator intends to change those conditions.

(3) The Minister of Land, Infrastructure, Transport and Tourism must give the approval set forth in the preceding two paragraphs unless the Minister finds that there is a risk that the conditions of use or transfer conditions prescribed in the preceding two paragraphs would hinder the securing of an appropriate operation of the railway business.

(Fares and Charges for Passengers)

Article 16 (1) A railway transportation business operator must set forth the upper limits of the fares for the passengers and the charges for the passengers prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism (hereinafter referred to as "passenger fares, etc.") and obtain an approval of the Minister of Land, Infrastructure, Transport and Tourism. The same applies if the operator intends to change them.

(2) If the Minister of Land, Infrastructure, Transport and Tourism intends to give the approval set forth in the preceding paragraph, the Minister must examine whether the upper limits of the passenger fares, etc. do not exceed the amount of the appropriate costs under efficient management plus the appropriate profit, before giving the approval.

(3) The railway transportation business operator must set forth the passenger fares, etc. within their upper limits for which the approval set forth in paragraph (1) has been obtained, and must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect in advance. The same applies if the operator intends to change them.

(4) If the railway transportation business operator sets forth the special vehicle

charge, the charge for other special facility of passenger cars, and other charges prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, the operator must notify the Minister of Land, Infrastructure, Transport and Tourism of the charges in advance. The same applies if the operator intends to change them.

- (5) If the Minister of Land, Infrastructure, Transport and Tourism finds that the passenger fares, etc. set forth in paragraph (3) or the charges for passengers in the preceding paragraph fall under any of the following items, the Minister may order the relevant railway transportation business operator to change its passenger fares, etc. or charge for passengers, by setting the due date:
- (i) if specific passengers are treated in an unjustifiably differential manner in terms of the fares, etc. or charges; or
 - (ii) if there is a risk that the fares, etc. or charges would cause unjust competition with other railway transportation business operators.

(Train Operation Plan)

Article 17 A railway transportation business operator must make a train operation plan pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism, and notify the Minister of Land, Infrastructure, Transport and Tourism of that plan in advance. The same applies if the operator intends to change it.

(Agreement concerning Transportation)

Article 18 If a railway transportation business operator intends to conclude an agreement on connecting transportation service, run-through service, or fares, or any other agreement concerning transportation, with another railway transportation business operator, the operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism. The same applies if the relevant operator intends to change that agreement.

(Improvement of Safety of Transportation)

Article 18-2 A railway business operator must recognize that securing the safety of transportation is the most critical and must always make efforts to improve the safety of transportation.

(Safety Management Regulation)

Article 18-3 (1) A railway business operator must set forth safety management regulations and notify the Minister of Land, Infrastructure, Transport and Tourism of them pursuant to the provisions of Order of the Ministry of Land,

Infrastructure, Transport and Tourism. The same applies if the operator intends to change them.

- (2) The safety management regulations must set forth the necessary matters with which the railway business operator must comply pursuant to the provisions of Order of Ministry of Land, Infrastructure, Transport and Tourism with respect to the following (except those relating to item (v), for a Type III railway business operator) to ensure the safety of transportation:
 - (i) the matters concerning the policy on conducting business in order to ensure the safety of transportation;
 - (ii) the matters concerning the system for carrying out business to ensure the safety of transportation and its management;
 - (iii) the matters concerning the method for carrying out business to ensure the safety of transportation and its management;
 - (iv) the matters concerning appointment of a chief safety management officer (a person whom the railway business operator appoints to that position from the persons who are in a management position to be involved in important decisions in conducting business and who meet the requirements prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, such as specified practical experience in engaging in a railway business, in order to have the relevant person oversee the management of the business activities concerning the matters listed in the preceding three items; the same applies hereinafter); and
 - (v) the matters concerning appointment of a train operations manager (a person whom the railway business operator appoints to that position from the persons who meet the requirements prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, such as specified practical experience in engaging in a railway business, in order to have the relevant person manage train operation, keep the drivers' and conductors' capabilities up, and perform other matters concerning train operation, among the duties listed in item (ii) and item (iii); the same applies hereinafter.)
- (3) If the Minister of Land, Infrastructure, Transport and Tourism finds that the safety management regulations does not conform to the provisions of the preceding paragraph, the Minister may order the relevant railway business operator to change the safety management regulations.
- (4) The railway business operator must appoint a chief safety management officer and a train operations manager (or only a chief management officer, in cases of a Type III railway business operator).
- (5) If the railway business operator has appointed or dismissed a chief safety management officer or train operations manager, the operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect without delay pursuant to the provisions of Order of the Ministry of Land,

Infrastructure, Transport and Tourism.

- (6) In relation to ensuring the safety of transportation, the railway business operator must pay due attention to the opinion of the chief safety management officer on performing their duties.
- (7) The Minister of Land, Infrastructure, Transport and Tourism may order the railway business operator to dismiss its chief safety management officer or train operations manager, if the Minister finds that the relevant chief safety management officer or train operations manager has neglected their duties and there is a risk that to have them stay in their job would extremely hinder the securing of the safety of transportation.

(Reports on Accidents)

Article 19 In the event of train collision, fire on a train, or other accident during the operation of a train or vehicle; a disturbance in the railway transportation; or an electrical accident or disaster related to railways as prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, the railway business operator must notify the Minister of Land, Infrastructure, Transport and Tourism of the type of the accident, its cause, and the matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, without delay.

Article 19-2 In addition of what is provided for in the preceding Article, if a railway business operator finds that there is the situation that Order of the Ministry of Land, Infrastructure, Transport and Tourism prescribes that is found to make it likely for an accident to occur during the operation of a train or vehicle, as prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in the preceding Article, the operator must notify the Minister of Land, Infrastructure, Transport and Tourism of the type of the accident, its cause, and the other matters prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism, without delay.

(Public Announcement of Information concerning Safety of Transportation by Minister of Land, Infrastructure, Transport and Tourism)

Article 19-3 The Minister of Land, Infrastructure, Transport and Tourism is to organize in order the matters related to the notification under the preceding two Articles, the matters related to the orders under Article 23, paragraph (1), the matters related to the recommendation under Article 6, paragraph (1) of the Act on Promotion of Railway Crossings (Act No. 195 of 1961), and other information concerning the safety of transportation prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism every fiscal year, and announce them to the public.

(Public Announcement of Safety Report by Railway Business Operators)

Article 19-4 A railway business operator must, every business year, prepare a safety report (the document or electronic record (the record made by an electronic method, a magnetic method or a method that human being cannot perceive and used for data processing by computers) which describes or records the measures taken or to be taken to ensure the safety of transportation and other information concerning the safety of transportation prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism), and announce it to the public.

(Accounting)

Article 20 (1) A railway business operator must keep accounts by establishing its business year and the classification of the titles of account as well as forms of balance sheet, profit and loss statement, and other financial statements pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(2) If the loss from a disaster related to the railway, the loss from the discontinuance of a part of railway business, or the cost for removal of the facilities used for railway business (including vehicles; hereinafter referred to as "facilities for railway business") is huge and it is difficult to bear the total amount in the business year in which these events occurred, the railway business operator may record the amount equivalent to that loss or cost in the asset section of the balance sheet as deferred assets at the relevant business year end, after obtaining a permission by the Minister of Land, Infrastructure, Transport and Tourism. In this case, the amortization of those deferred assets must be completed within five years from the relevant business year with their averaged amount or more consumed at every business year end.

(3) As for the application of Article 461, paragraph (2) of the Companies Act (Act No. 86 of 2005) in cases in which the railway business operator has recorded the amount equivalent to the loss or cost set forth in the preceding paragraph in the asset section of its balance sheet pursuant to the provisions of the preceding paragraph, the phrase "obtained by reducing the total amount of" in Article 461, paragraph (2) of the Companies Act is deemed to be replaced with "obtained by reducing the total amount that is recorded in the asset section of the balance sheet pursuant to the provisions of Article 20, paragraph (2) of the Railway Business Act".

(Special Measure for Use of Facilities for Railway Business as Collateral)

Article 21 If a railway business operator intends to use the facilities for railway business as collateral, the operator must do so pursuant to the provisions of

the Railway Mortgage Act (Act No. 53 of 1905).

(Entry to Estate and its Use)

- Article 22 (1) A railway business operator may enter the land of other person or use it as a temporary storage space of materials, if it is necessary for measurement, site survey, or construction concerning the railway facilities, with a permission of the Minister of Land, Infrastructure, Transport and Tourism.
- (2) If the railway business operator intends to enter the land of other person or use it pursuant to the provisions of the preceding paragraph, the operator must notify the possessor of the estate to that effect unless there is a compelling reason for not doing so.
- (3) If the railway business operator has caused any loss by the entry or use under paragraph (1), the operator must compensate the person that suffered the loss for it.
- (4) The loss to be compensated for pursuant to the provisions of the preceding paragraph is the loss which would ordinarily arise.
- (5) The compensation for the loss pursuant to the provisions of paragraph (3) is determined by negotiation between the parties. If an agreement is not made through the negotiation or the negotiation is not feasible, any of the parties may apply for a ruling by the prefectural governor.
- (6) If the prefectural governor received an application for a ruling by one party pursuant to the provisions of the preceding paragraph, the governor must notify the other party to that effect, and give that other party an opportunity to submit a written answer, by designating the period for its submission.
- (7) If the prefectural governor has made a ruling set forth in paragraph (5), the governor must notify the parties to that effect without delay.
- (8) In cases of a ruling ordering the compensation for loss, the ruling must set forth the amount of compensation and the time and method of the payment.
- (9) A person that is not satisfied with the amount of compensation in the ruling referred to in the paragraph (5) may request an increase or decrease of the amount by way of lawsuit, within six months from the date on which that person is notified of the ruling.
- (10) The lawsuit prescribed in the preceding paragraph is filed against the other party as a defendant.
- (11) Dissatisfaction with the amount of compensation may not be used as grounds for filing of an objection to the ruling set forth in paragraph (5).

(Measures to Ensure Smooth Passenger Connections)

- Article 22-2 (1) A railway business operator must make efforts to take measures prescribed by Order of the Ministry of Land, Infrastructure, Transport and

Tourism so that passengers can transfer or freight can be transshipped from one carrier to another in a smooth manner, such as connecting transportation service or run-through service, in cooperation with other carriers and other persons concerned, for the purpose of improving the convenience of users.

- (2) If a railway business operator has requested another railway business operator to hold a negotiation on the measures related to passenger connections as set forth in the preceding paragraph which involve the construction or improvement of the railways facilities (hereinafter referred to as "measures to ensure smooth passenger connections", that other railways business operator must answer the request unless there is a risk that the measures to ensure smooth passenger connections would extremely hinder the functions of the railway facilities, or for other reasonable grounds prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.
- (3) If a railway business operator requests another railway business operator to hold a negotiation on the measures to ensure smooth passenger connections, but that other operator refuses to hold the negotiation or the negotiation does not result in an agreement, and there is an application from the requesting railway business operator, the Minister of Land, Infrastructure, Transport and Tourism may order the other operator to start or resume the negotiation unless the Minister finds that the relevant case falls under those in which there are reasonable grounds prescribed in the preceding paragraph.
- (4) If there is an order under the preceding paragraph, and the parties cannot reach an agreement on the amount that the parties should receive or bear in relation to the measures to ensure smooth passenger connections between railways business operators, or on other conditions of the arrangement concerning the measures to ensure smooth passenger connections, any of the parties may apply for a ruling by the Minister of Land, Infrastructure, Transport and Tourism.
- (5) The provisions of paragraph (6), paragraph (7) and paragraphs (9) through (11) of the preceding Article apply mutatis mutandis to the ruling set forth in the preceding paragraph. In this case, the term "the prefectural governor" in paragraph (6) and paragraph (7) is deemed to be replaced with "the Minister of Land, Infrastructure, Transport and Tourism", and the term "the amount of compensation" in paragraph (9) and paragraph (11) is deemed to be replaced with "the amount that the parties should receive or bear" respectively.

Article 22-3 (1) If a railway business operator intends to construct or improve a railway track or station, and it is economical and reasonable to take measures to ensure smooth passenger connections in relation to that construction or improvement of the railway track or station, or if the Minister of Land, Infrastructure, Transport and Tourism finds that it is especially necessary to

do so, taking into consideration the extent of improvement of the convenience of users, the cost necessary for the construction or improvement, etc., the Minister may recommend the railway business operator to take the measures to ensure smooth passenger connections.

- (2) If the Minister of Land, Infrastructure, Transport and Tourism made the recommendation under the preceding paragraph, and the railway business operator that received the recommendation has not followed that recommendation without reasonable grounds, the Minister may make this public.

(Order to Improve Business Activities)

Article 23 (1) The Minister of Land, Infrastructure, Transport and Tourism may order the following matters to a railway business operator, if the Minister finds the fact that the operator's business activities are impairing the safety of transportation, the convenience of users or other public interests:

- (i) changing the upper limits of passenger fares, etc. or the charges for passengers (except those prescribed in of Article 16, paragraph (1) and paragraph (4)), or change of the fares or charges of freight;
 - (ii) changing the train operation plan;
 - (iii) taking improvement measures concerning the method for constructing railway facilities, or concerning the railway facilities, the vehicles, or the train operation;
 - (iv) entering into an agreement concerning use or transfer of the railway facilities, or changing the conditions for use or the transfer conditions;
 - (v) entering into an agreement on connecting transportation service or run-through service, an agreement on fares, or other agreement on transportation; or changing these agreements;
 - (vi) taking measures to ensure safe and smooth transportation of passengers or freight; or
 - (vii) entering into an insurance contract that covers the amount necessary for providing compensation for loss or damage arising in relation to the transportation of passengers or freight.
- (2) If there is an order under the preceding paragraph (limited to those related to item (iv) and item (v) of the same paragraph), and the parties cannot reach an agreement on the amount that the parties should receive or bear or on other details of contract or accord, or the negotiation is not feasible, any of the parties may apply for a ruling by the Minister of Land, Infrastructure, Transport and Tourism.
- (3) The provisions of Article 22, paragraph (6), paragraph (7), and paragraphs (9) through (11) apply mutatis mutandis to the ruling set forth in the preceding paragraph. In this case, the term "the prefectural governor" in paragraph (6)

and paragraph (7) of the same Article is deemed to be replaced with "the Minister of Land, Infrastructure, Transport and Tourism," and the term "the amount of compensation" in paragraph (9) and paragraph (11) of the same Article is deemed to be replaced with "the amount that the parties should receive or bear" respectively.

(Prohibition of Use of Name)

Article 24 (1) A railway business operator must not allow another person to use its name for a railway business.

(2) The railway business operator must not allow another person to operate the railway business in its name, irrespective of the methods such as lease or whatever.

(Entrusting and Being Entrusted with Management of Train Operation)

Article 25 (1) A person must obtain a permission of the Minister of Land, Infrastructure, Transport and Tourism in order to entrust or be entrusted with the management of train operation or any other management of the activities related to a railway business as prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(2) If the Minister of Land, Infrastructure, Transport and Tourism intends to grant the permission set forth in the preceding paragraph, the Minister must do so in accordance with the following standards:

(i) it is necessary for continuous operation of the business; and

(ii) the person to be entrusted with the relevant business activities is competent for managing them.

(3) If the Minister of Land, Infrastructure, Transport and Tourism finds that entrusting or being entrusted with the relevant business activities as prescribed in the preceding paragraph no more conforms to either of the standards set forth in respective item of the preceding paragraph, the Minister may order the relevant person entrusted with those business activities to take necessary measures for improvement of those activities' management, or may revoke the permission set forth in paragraph (1).

(Transfer and Acquisition of Business)

Article 26 (1) The transfer and acquisition of a railway business is not effective unless approved by the Minister of Land, Infrastructure, Transport and Tourism.

(2) The merger and split of a juridical person as a railway business operator is not effective unless approved by the Minister of Land, Infrastructure, Transport and Tourism; provided, however, that this does not apply if the merger between a juridical person as a railway business operator and a

juridical person that does not operate a railway business and the juridical person as a railway business operator survives, or if the split of a juridical person as a railway business operator and the split of a juridical person as a railway business operator does not allow anyone to succeed to the railway business.

- (3) The provisions of Article 5, paragraph (1) and Article 6 apply mutatis mutandis to the approval of the preceding two paragraphs.
- (4) If there was a merger or split of a juridical person as a railway business operator, the juridical person that survives after the merger, the juridical person that was incorporated by the merger, or the juridical person that succeeded to the railway business through the split (hereinafter referred to as "merged juridical person, etc.") succeeds to the rights and obligations based on the license.
- (5) If a person that has acquired the railway business or a merged juridical person, etc. obtained the Type I railway business license and the Type II railway business license for the same route, the Type II railway business license for that said route is deemed to have ceased to be effective.
- (6) If a person that has acquired the railway business or a merged juridical person, etc. obtained the Type I railway business license and the Type III railway business license for the same route, the Type III railway business license for that route is deemed to have ceased to be effective.
- (7) If a person that has acquired the railway business or a merged juridical person, etc. obtained the Type II railway business license and the Type III railway business license for the same route, it is deemed that these licenses for that route have ceased to be effective and the Type I railway business license for that route has been granted.

(Inheritance)

- Article 27 (1) If a railway business operator died, and the heir (if there are two or more heirs, and a heir is selected to succeed to the railway business by their agreement, that selected heir; the same applies hereinafter.) intends to continue operating the railway business that the decedent was operating, that heir must obtain approval of the Minister of Land, Infrastructure, Transport and Tourism within 60 days after the death of the decedent.
- (2) If the heir applied for the approval set forth in the preceding paragraph, the railway business license granted to the decedent is deemed to have been granted to the heir from the date of the death of the decedent until the date of receipt of the notice that the approval has been given or has not been given.
 - (3) The provisions of Article 5, paragraph (1) and Article 6 apply mutatis mutandis to the approval set forth paragraph (1).
 - (4) The person that has obtained the approval set forth in paragraph (1) succeeds

to the rights and obligations based on the license related to the decedent.

- (5) The provisions of paragraphs (5) through (7) of the preceding Article apply mutatis mutandis if the approval set forth in paragraph (1) was given.

(Suspension of Business)

Article 28 (1) If a railway business operator intends to suspend the whole or part of the railway business, the operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect in advance.

- (2) The period of the suspension set forth in the preceding paragraph must not exceed one year.

(Abolition of Business)

Article 28-2 (1) If a railway business operator intends to discontinue the whole or part of the railway business (except cases in which that discontinuance is related to the freight transportation), the operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect one year prior to the date of the discontinuance.

- (2) The Minister of Land, Infrastructure, Transport and Tourism is to hear the opinions of the local governments concerned and the persons interested pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism on the securing of the convenience of the public if the railway business operator performs the discontinuance related to the notification set forth in the preceding paragraph.
- (3) If, as a result of hearing of opinions under the preceding paragraph, the Minister of Land, Infrastructure, Transport and Tourism finds that there is no risk of impairment of the convenience of the public even if the discontinuance related to the notification of the preceding paragraph is made prior to the date of that discontinuance, the Minister is to notify that railway business operator to that effect.
- (4) If the railway business operator receives the notice set forth in the preceding paragraph, the operator may bring forward the date of the discontinuance related to the notification set forth in paragraph (1).
- (5) If the railway business operator brings forward the date of discontinuance pursuant to the provisions of the preceding paragraph, the operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect in advance.
- (6) If the railway business operator intends to discontinue the whole or part of the railway business (limited to cases in which that discontinuance is related to freight transportation) the operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect six months prior to the date of discontinuance (in cases prescribed by Order of the Ministry of Land,

Infrastructure, Transport and Tourism in which that discontinuance is found not to impair the convenience of the public, three months prior to the date of discontinuance).

(Dissolution of Juridical Person)

Article 29 (1) A resolution for dissolution of a juridical person as a railway business operator or consent thereto by all its members is not effective unless approved by the Minister of Land, Infrastructure, Transport and Tourism.

(2) The Minister of Land, Infrastructure, Transport and Tourism must give approval set forth in the preceding paragraph except cases in which the Minister finds that the resolution for dissolution of that juridical person or consent thereto by all its members is likely to extremely impair the convenience of the public.

(Suspension of Business and Rescission of License)

Article 30 The Minister of Land, Infrastructure, Transport and Tourism may order a railway business operator to suspend the business by setting the period or may rescind the license if the railway business operator falls under any of the following items:

- (i) if the railway business operator violates this Act, an order under this Act, any dispositions based on them, or the conditions attached to the license or the approval;
- (ii) if the railway business operator does not perform the matters for which the license or approval was granted, without reasonable grounds;
- (iii) if the railway business operator falls under any of the items (except item (ii)) of Article 6;
- (iv) if the application under Article 8, paragraph (1) was dismissed;
- (v) in cases of a Type I railway business operator, if a Type III railway business operator has transferred the railway track related to its railway business to that Type I railway business operator, and the Type III railway business operator's license for that railway track is rescinded or its business is discontinued;
- (vi) in cases of a Type II railway business operator, if a Type I railway business operator or Type III business operator has allowed the Type II railway business operator to use the railway track related to its railway business, and that Type I or III business operator's license for that railway track is rescinded or its business is discontinued; or
- (vii) in cases of a Type III railway business operator, if a Type I railway business operator to which the Type III railway business operator has transferred the railway track related to its railway business, or all Type II business operators using the Type III railway business operator's railway

track have had the license rescinded for the relevant railway track, or had their business discontinued.

Article 31 Deleted

Chapter III Cableway Business

(License)

Article 32 A person that intends to operate a cableway business must obtain a license of the Minister of Land, Infrastructure, Transport and Tourism for each cableway; provided, however, that this does not apply to the cableway designated by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(Application for License)

Article 33 (1) A person that intends to obtain a cableway business license must submit a written application describing the following matters to the Minister of Land, Infrastructure, Transport and Tourism:

(i) the section being planned;

(ii) the type of the cableway prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism; and

(iii) a construction plan concerning the cableway facilities prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism (if the relevant person does not need to construct those facilities themselves, the structure of cableway; the same applies to the following Article).

(2) The documents prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism such as the drawing describing the place of installation of cableway facilities must be attached to the written application set forth in the preceding paragraph.

(Standards of License)

Article 34 If the Minister of Land, Infrastructure, Transport and Tourism intends to grant a cableway business license, the Minister must examine whether the application meets the following standards before granting the license:

(i) the construction plan conforms to the technical standards prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in Article 35; and

(ii) the applicant has the capability to conduct the business on its own and properly.

(Inspection of Cableway Facilities)

Article 34-2 (1) A person that obtained a cableway business license (hereinafter referred to as "cableway business operator") must apply for an inspection by the Minister of Land, Infrastructure, Transport and Tourism pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism, before the commencement of transportation; provided, however, that this does not apply to the cableway facilities that the relevant person do not need to construct themselves and are being used for the cableway business at present.

(2) If the Minister of Land, Infrastructure, Transport and Tourism finds, as a result of the inspection set forth in the preceding paragraph, that the relevant cableway facilities conform to the construction plan and the technical standards prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in the following Article (or if the relevant person does not need to construct those facilities themselves, and the Minister finds that they conform to the technical standards prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in the same Article), the Minister must admit that the cable facilities have passed the inspection.

(Technical Standards concerning Cableway Facilities)

Article 35 A cableway business operator must maintain and operate the cableway facilities in accordance with the technical standards prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(Fares for Passengers)

Article 36 A cableway business operator must set forth the fares for passengers (except those related to the cableways of the types prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism) and notify the Ministry of Land, Infrastructure, Transport and Tourism to that effect in advance. The same applies if the operator intends to change them.

(Suspension and Discontinuation of Business)

Article 37 (1) If the cableway business operator suspends or discontinues the whole or part of the cableway business, the operator must notify the Minister of Land, Infrastructure, Transport and Tourism to that effect without delay.

(2) If the cableway business operator intends to resume the whole or part of the cableway business that has been suspended for six months or more, the operator must confirm that the relevant cableway facilities conform to the technical standards prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in Article 35, and notify the Minister of

Land, Infrastructure, Transport and Tourism to that effect.

(Application Mutatis Mutandis)

Article 38 The provisions of Article 6, Article 9, Article 12, Articles 18 through 19-4, Article 23 (except the parts related to the provisions of paragraph (1), item (ii) and (iv)), Article 24, Article 25, Article 26, paragraphs (1) through (4), Article 27, paragraphs (1) through (4), and Article 30 (except the parts related to the provisions of items (v) through (vii)) apply mutatis mutandis to the cableway business. In this case, the term "the basic business plan and the regulations prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in Article 1 of the Railway Operation Act (Act No. 65 of 1900)" in Article 8, paragraph (2) as applied mutatis mutandis pursuant to Article 9, paragraph (2) (including as applied pursuant to Article 12, paragraph (4)) and Article 12, paragraph (4), and the term "Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in Article 1" in Article 10, paragraph (2) as applied mutatis mutandis are deemed to be replaced with "the technical standards prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in Article 35"; the phrase "Article 10, paragraph (1), or paragraph (1) of the preceding Article" in paragraph (12) is deemed to be replaced with "Article 34-2, paragraph (1)"; the phrase "If... completed...without delay" in Article 12, paragraph (3) is deemed to be replaced with "if...completed" (the words "without delay" were removed); the term "train operations manager" in Article 18-3, paragraph (2), item (v), paragraph (4), paragraph (5) and paragraph (7) is deemed to be replaced with "cableway engineering manager"; the term "the upper limits of fares, etc. or the charges for passengers (except those prescribed in Article 16, paragraph (1) and paragraph (4)), or change of the fares or charges of freight" in Article 23, paragraph (1), item (i) is deemed to be replaced with "the fares of passengers (except those related to the cableways of the types prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism as provided for in Article 36)"; and the term "Article 5, paragraph (1)" in Articles 26, paragraph (3) and Article 27, paragraph (3) is deemed to be replaced with "Article 34."

Chapter IV Private Sidings

(Technical Standards concerning Private Siding)

Article 39 (1) A person who installs a private siding (hereinafter referred to as "private siding installer") must maintain and manage the private siding facilities (including vehicles) in accordance with the technical standards prescribed by Order of the Ministry of Land, Infrastructure, Transport and

Tourism.

(2) The provisions of Article 23, paragraph (1) (limited to the parts related to item (iii)) apply mutatis mutandis to the private siding installer.

Article 40 Deleted

Chapter V Deleted

Article 41 Deleted

Article 42 Deleted

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Chapter VI Miscellaneous Provisions

(Conditions for License)

Article 54 (1) The relevant person may give licenses or approvals with conditions, and may change those conditions.

(2) The conditions set forth in the preceding paragraph must be the minimum necessary to ensure the public interest, and must not impose undue obligations

on persons that obtain the relevant license or approval.

(Obtaining Report)

Article 55 (1) The Minister of Land, Infrastructure, Transport and Tourism may have a railway business operator or cableway business operator (including a person that has obtained a license under Article 25, paragraph (1) for being entrusted with the relevant business activities (including as applied mutatis mutandis pursuant to Article 38) (referred to as "a person permitted to be entrusted with the relevant business activities" in the following paragraph and the following Article)) report the status of the business activities or financial condition to the extent that is required for the enforcement of this Act, pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(2) If the Minister of Land, Infrastructure, Transport and Tourism finds it especially necessary to do so for the enforcement of this Act, the Minister may have a person that is entrusted with the business activities by a railway business operator or cableway business operator (except a person permitted to be entrusted with the relevant business activities) report the status of the entrusted business activities to that necessary extent.

(3) The Minister of Land, Infrastructure, Transport and Tourism may have a private siding installer report the status of the business activities to the extent necessary for the enforcement of this Act, pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(On-Site Inspection)

Article 56 (1) The Minister of Land, Infrastructure, Transport and Tourism may have their officials enter into the offices or other workplaces of a railway business operator or cableway business operator (including a person permitted to be entrusted with the relevant business activities) to inspect the status of business activities, financial conditions, its facilities, books, documents and other items, or ask questions to the persons concerned to the extent that is necessary for the enforcement of this Act.

(2) In cases of making entry, inspection or asking questions set forth in the preceding paragraph, if the Minister of Land, Infrastructure, Transport and Tourism finds it especially necessary to do so, the Minister may have their officials enter into the offices or other workplaces of a person that is entrusted with the business activities by a railway business operator or cableway business operator to inspect the status of entrusted business activities, the facilities used for the business related to those activities, books, documents and other items, or ask questions to the persons concerned to the extent that it is necessary.

- (3) The Minister of Land, Infrastructure, Transport and Tourism may have their officials enter into the offices and other workplaces of a private siding installer to inspect the private siding facilities, books, documents and other items, or ask questions to the persons concerned to the extent that it is necessary for the enforcement of this Act.
- (4) The officials who conduct on-site inspection pursuant to the provisions of the preceding three paragraphs must carry a personal status identification and present it if requested by any person concerned.
- (5) The authority under paragraphs (1) through (3) must not be construed as being granted for criminal investigation.

(Basic Policy Related to Obtaining Reports or Conducting On-Site Inspection Related to Safety Management Regulations)

Article 56-2 The Minister of Land, Infrastructure, Transport and Tourism is to set forth the basic policy to appropriately obtain reports pursuant to the provisions of Article 55, paragraph (1) or conduct the on-site inspection pursuant to the provisions of paragraph (1) of the preceding Article, in relation to the safety management regulations (limited to the parts related to Article 18, paragraph (2), item (i) (including as applied mutatis mutandis pursuant to Article 38)).

(Fees)

Article 57 A person that intends to receive any of the inspections provided in Article 10, paragraph (1), Article 11, paragraph (1), Article 12, paragraph (3) (including as applied mutatis mutandis pursuant to Article 38) or Article 34-2, paragraph (1) must pay the fee prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism which is determined with the actual cost taken into consideration.

Article 58 Deleted

(Exclusion from Application)

- Article 59 (1) The provisions of this Act do not apply to the business that fall under the Type III railway business conducted by Japan Railway Construction, Transport and Technology Agency or Japan Expressway Holding and Debt Repayment Agency.
- (2) In cases of the preceding paragraph, the business that transports passengers or freight by railway to meet demand by directly borrowing railway tracks from Japan Railway Construction, Transport and Technology Agency or directly using the railway tracks that are owned by Japan Expressway Holding and Debt Repayment Agency is deemed to be a Type I railway business, and the

provisions of this Act apply to the relevant business.

Article 60 The provisions of Article 26, paragraph (2) and Article 29, paragraph (1) do not apply to the passenger railway companies and Japan Freight Railway Company prescribed in Article 1, paragraph (1) of the Act on Passenger Railway Companies and Japan Freight Railway Company (Act No. 88 of 1986).

(Prohibition of Laying Railway Tracks on Roads)

Article 61 (1) Railway tracks must not be laid on roads under the Road Act (Act No. 180 of 1952); provided, however, that this does not apply if there is a compelling reason, and the permission of the Minister of Land, Infrastructure, Transport and Tourism is obtained.

(2) The necessary matters concerning the procedure for obtaining permission set forth in the preceding paragraph are prescribed by Cabinet Order.

(Change from Tram Way)

Article 62 (1) A person operating the tram way business under the Tram Way Act may alter its tram way business to the railway business by obtaining a license of the Minister of Land, Infrastructure, Transport and Tourism.

(2) The person that obtained the license set forth in the preceding paragraph is deemed to have obtained the Type I railway business license.

(3) In addition to what is provided in the preceding paragraph, the necessary matters concerning application of this Act to the person that obtained the license set forth in paragraph (1) are prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(Transitional Measures)

Article 63 If an order is established, amended or repealed pursuant to this Act, the order may set forth the transitional measures required (including the transitional measures on penal provisions) to the extent that is found reasonably necessary in connection with that establishment, amendment or repeal.

(Delegation of Authority)

Article 64 The authority of the Minister of Land, Infrastructure, Transport and Tourism prescribed in this Act may be delegated to a director of a district transport bureau pursuant to the provisions of Order of the Ministry of Land, Infrastructure, Transport and Tourism.

(Consultation with Council for Transportation)

Article 64-2 The Minister of Land, Infrastructure, Transport and Tourism must consult with the Transportation Council if the Minister intends to make the following dispositions:

- (i) approval of the upper limits of passenger fares, etc. under Article 16, paragraph (1);
- (ii) an order to change the passenger fares, etc. or the charges for passengers under Article 16, paragraph (5);
- (iii) an order to change the upper limits of the passenger fares, etc. or the charges for passengers, or the fares or charges for freight under Article 23, paragraph (1);
- (iv) an order to suspend business or rescission of a license under Article 30; or
- (v) formulation of a basic policy under Article 56-2.

(Hearing of Opinions)

Article 65 (1) A director of a district transport bureau may request appearance of the interested persons and witnesses to hear their opinions, if the matters related to the approval concerning the upper limits of passenger fares, etc. belong to the director's authority pursuant to the provisions of Article 64, and the director finds it is necessary to do so on those matters.

- (2) If there is an application by an interested person concerning the matters prescribed in the preceding paragraph that belong to the authority of a director of a district transport bureau, the director must request appearance of the interested persons and witnesses to hear their opinions.
- (3) For the hearing of opinions set forth in the preceding two paragraphs, the interested persons must be given an opportunity to produce their evidence.

(Special Measures on Hearing)

Article 65-2 (1) If an order to suspend the railway business belongs to the authority of a director of a district transport bureau pursuant to the provision of Article 64, and the director intends to give that order, the director must hold a hearing irrespective of the classification of the procedures for statement of opinion under Article 13, paragraph (1) of the Administrative Procedure Act (Act No. 88 of 1993).

- (2) If an order to suspend the railway business or rescission of a license falls under the authority of a director of a district transport bureau pursuant to the provisions of Article 64, and an interested person subject to that disposition requests permission to participate in the procedure of a hearing for the disposition pursuant to the provisions of Article 17, paragraph (1) of the Administrative Procedure Act, the person that presides that hearing must permit it.
- (3) If the person that presides the hearing as set forth in the preceding

paragraph finds it is necessary to do so on the date of hearing, that person may request appearance of witnesses to hear their opinions.

(Delegation to Order of the Ministry of Land, Infrastructure, Transport and Tourism)

Article 66 In addition to what is provided in this Act, the procedure and other matters that are necessary for enforcement of this Act are prescribed by Order of the Ministry of Land, Infrastructure, Transport and Tourism.

Chapter VII Penal Provisions

Article 67 Any person who falls under any of the following items are punished by imprisonment with work for not more than three years or a fine of not more than three million yen, or both:

- (i) a person who operates a railway business in violation of the provisions of Article 3, paragraph (1);
- (ii) a person who allows another person to use that person's name for a railway business in violation of the provisions of Article 24, paragraph (1); or
- (iii) a person who has another person operate that person's business in that person's name in violation of the provisions of Article 24, paragraph (2).

Article 68 Any person who falls under any of the following items is punished by imprisonment with work for not more than two years or a fine of not more than two million yen, or both:

- (i) a person who operate a cableway business in violation of the provisions of Article 32;
- (ii) a person who allows another person to use that person's name for a cableway business in violation of the provision of paragraph 1 of Article 24 that is applied mutatis mutandis in Article 38; or
- (iii) a person who has another person operate that person's business in that person's name in violation of the provisions of Article 24, paragraph (2) as applied mutatis mutandis pursuant to Article 38.

Article 69 Any person who falls under any of the following items is punished by imprisonment with work for not more than one year or a fine of not more than one million five hundred thousand yen, or both:

- (i) a person who has another person use railway facilities that have not passed the inspection under Article 10, paragraph (1), Article 11, paragraph (1), or Article 13, paragraph (3), transfers those railway facilities to another person, or uses them for the business of transporting passengers or freight;
- (ii) a person who violated the order under Article 23, paragraph (1) (limited to

- those issued concerning the safety of transportation);
- (iii) a person who entrusted or was entrusted with the management of business activities in violation of the provisions of Article 25, paragraph (1) (including as applied mutatis mutandis pursuant to Article 38);
- (iv) a person who violated the order to suspend their business under Article 30 (including as applied mutatis mutandis pursuant to Article 38); or
- (v) a person who used cableway facilities that have not passed the inspection under Article 12, paragraph (3) as applied mutatis mutandis pursuant to Article 34-2, paragraph (1) or Article 38, for a cableway business.

Article 70 Any person who falls under any of the following items is punished by a fine of not more than one million yen:

- (i) a person who, without approval, has done a thing which the person must have approval in order to do, pursuant to the provisions of Article 7, paragraph (1), Article 9, paragraph (1) (including as applied mutatis mutandis pursuant to Article 12, paragraph (4) (including as applied mutatis mutandis pursuant to Article 38) and pursuant to Article 38) or the provisions of Article 15, paragraph (1) or (2);
- (ii) a person who used any vehicle for business of transporting passengers or freight without receiving the confirmation under Article 13, paragraph (1) or (2);
- (iii) a person who received fares or charges without the notification under Article 16, paragraph (3) or (4), or Article 36, or did so not based on the fares or charges for which notification was made;
- (iv) a person who received fares or charges in violation of the order under Article 16, paragraph (5);
- (v) a person who conducted train operation without filing notification under Article 17;
- (vi) a person who concluded an agreement or change the particulars of the agreement without filing notification under Article 18 (including as applied mutatis mutandis pursuant to Article 38) or by filing false notification;
- (vii) a person who conducted business without filing notification under of Article 18-3, of paragraph (1) (including as applied mutatis mutandis pursuant to Article 38) or not in accordance with the safety management regulations of which the relevant person notified (limited to the parts related to Article 18-3, paragraph (2), item (ii) and (iii) (including as applied mutatis mutandis pursuant to Article 38));
- (viii) a person who violated the order under Article 18-3, paragraph (3) or (7) (including as applied mutatis mutandis pursuant to Article 38), Article 22-2, paragraph (3), Article 25, paragraph (3) (including as applied mutatis mutandis pursuant to Article 38) or Article 23, paragraph (1) as applied

- mutatis mutandis pursuant to Article 38 and Article 39, paragraph (2);
- (ix) a person who did not appoint a chief safety management officer, train operations manager, or cableway engineering manager in violation of the provisions of Article 18-3, paragraph (4) (including as applied mutatis mutandis pursuant to Article 38);
 - (x) a person who did not file notification under Article 18-3, paragraph (5) (including as applied mutatis mutandis pursuant to Article 38) or filed false notification;
 - (xi) a person who violated the order under Article 23, paragraph (1) (except a person who falls under item (ii) of the preceding Article);
 - (xii) a person who suspended the whole or part of the railway business without filing notification under Article 28, paragraph (1) or by filing false notification;
 - (xiii) a person who discontinued the whole or part of the railway business without filing notification under Article 28-2, paragraph (1) or (6) or by filing false notification;
 - (xiv) a person who resumed the whole or part of the cableway business without filing notification under Article 37, paragraph (2) or by filing false notification;
 - (xv) a person who failed to make a report under Article 55 or made false notification;
 - (xvi) a person who refused, interfered with, or evaded the inspection under Article 56, paragraph (1) or (3); or did not make a statement or made a false statement against to a question; or
 - (xvii) a person who laid a railway track in violation of the provisions of Article 61, paragraph (1).

Article 71 Any person who falls under any of the following items is punished by a fine of not more than five hundred thousand yen:

- (i) a person who changed the construction plan without filing notification under Article 9, paragraph (3) (including as applied mutatis mutandis pursuant to Article 12, paragraph (4) (including as applied mutatis mutandis pursuant to Article 38) and pursuant to Article 38);
- (ii) a person who changed railway facilities without filing notification under Article 12, paragraph (2) (including as applied mutatis mutandis pursuant to Article 38) or by filing false notification; or
- (iii) a person who used any vehicle for the business of transporting passengers or freight without filing notification under Article 13, paragraph (3) or by making false notification.

Article 72 If a representative of a juridical person, or an agent, an employee or

any other worker of a juridical person or individual conducted a violation of any of the provisions of the following items, in addition to the offender being subject to punishment, the juridical person is subject to the fine prescribed in the respective items, and the individual is subject to the fine prescribed in the relevant Article:

- (i) Article 69 (limited to the part related to item (ii)): the fine of not more than one hundred thousand million yen; and
- (ii) Article 67, Article 68, Article 69 (except the part related to item (ii)) and the preceding two Articles: fines set forth in the relevant Articles.

Article 73 A person who falls under any of the following items is punished by a civil fine of not more than one million yen:

- (i) a person who did not make a report under Article 19 (including as applied pursuant to Article 38) or made a false report; or
- (ii) a person who did not make a public announcement under Article 19-4 (including as applied pursuant to Article 38) or made a false public announcement.

Article 74 Any person who falls under any of the following items is punished by a civil fine of not more than five hundred thousand yen:

- (i) a person who did not file notification under Article 7, paragraph (3) or Article 37, paragraph (1); or filed a false notification; or
- (ii) a person who discontinued the whole or part of the railway business without filing a notification under Article 28-2, paragraph (5) or by filing false notification.