

Cabinet Office Order on Funds Transfer Service Providers

(Cabinet Office Order No. 4 of March 1, 2010)

The Cabinet Office Order on Funds Transfer Service Providers based on the provisions of and for the purpose of enforcing the Payment Services Act (Act No. 59 of 2009) and the Order for Enforcement of the Payment Services Act (Cabinet Order No. 19 of 2010) is prescribed as follows.

Chapter I General Provisions (Article 1 - Article 10)

Chapter II Business (Article 11 - Article 32-4)

Chapter III Supervision (Article 33 - Article 36)

Chapter IV Miscellaneous Provisions (Article 36-2 - Article 42)

Supplementary Provisions

Chapter I General Provisions

(Definition)

Article 1 (1) The terms "funds transfer services", "funds transfer service provider", "foreign funds transfer service provider", "certified association for payment service providers", "trust company, etc." and "deposit-taking institutions" as used in this Cabinet Office Order mean, respectively, the "funds transfer services", "funds transfer service provider", "foreign funds transfer service provider", "certified association for payment service providers", "trust company, etc.", and "deposit-taking institutions" that are provided for in Article 2 of the Payment Services Act (hereinafter referred to as the "Act").

(2) The terms "type I funds transfer services", "type II funds transfer services" and "type III funds transfer services" as used in this Cabinet Office Order mean, respectively, the "type I funds transfer services", "type II funds transfer services", and "type III funds transfer services" that are provided for in Article 36-2 of the Act.

Article 1-2 The requirements specified by Cabinet Office Order that is provided for in Article 2-2 of the Act are that the beneficiary (meaning the beneficiary prescribed in that Article; hereinafter the same applies in this Article) is an individual (excluding an individual who becomes a beneficiary as a business or for the purpose of business), and that the relevant act satisfies any of the following requirements:

(i) that the debt of the debtor against which the beneficiary holds the monetary

claim will not be extinguished until the time that the beneficiary receives funds as performance (or, if applicable, until the time that the other person that the beneficiary is having receive those funds receives them) from that debtor or from a person making a payment on entrustment by that debtor (including under multi-tier entrustment arrangements) or through another method similar to this (referred to as the "debtor or entrusted person" in item (iii));

(ii) that it is an act through which funds will be made to be transferred in order to collect on a monetary claim that the beneficiary holds, in a case in which that monetary claim has arisen as a result of the beneficiary having granted credit to the debtor against which the beneficiary holds the monetary claim by lending the debtor funds, by performing an obligation as one of multiple joint and several obligors, or by other similar means;

(iii) that the act satisfies both of the following requirements:

(a) that, if it is a case in which the beneficiary has a duty to provide counter-performance to the debtor against which the beneficiary holds the monetary claim, the act is not one through which the person in question receives funds or has another person receive funds as performance from the debtor or entrusted person connected with the monetary claim before or at the same time as providing counter-performance, nor is it an act through which funds are transferred to the beneficiary after the beneficiary provides counter-performance; and

(b) that the act is not one through which the person in question prescribes the method of entering into the contract giving rise to the monetary claim that the beneficiary holds or becomes otherwise indispensably involved in the formation of the contract; receives funds or has another person receive funds as performance from the debtor or entrusted person connected with the monetary claim; and transfers funds to the beneficiary according to the terms and conditions of the contract and with the agreement of the beneficiary.

(Attachment of a Translation)

Article 2 If there is a document to be submitted to the Commissioner of the Financial Services Agency (or, if applicable, to the Directors-General of Local Finance Bureaus or the Director-General of the Fukuoka Local Finance Branch Bureau (hereinafter referred to as the "Director-General") to whom the authority of the Commissioner of the Financial Services Agency has been delegated pursuant to the provisions of Article 30, paragraph (1) of the Order for Enforcement of the Payment Services Act (hereinafter referred to as the "Order")); hereinafter the same applies except in Article 12, Article 19, item (v), Article 20, Article 21-5, Article 40, and Article 41) pursuant to the provisions of

the Act (limited to Chapter III; the same applies in the following Article), the Order (limited to Chapter III; the same applies in the following Article), or this Cabinet Office Order which, due to special circumstances, cannot be prepared in Japanese, a Japanese translation must be attached to it; provided, however, that if the document in question is the articles of incorporation prepared in English, it is to be sufficient to attach a Japanese translation of a summary of it.

(Foreign Currency Translation)

Article 3 If a document to be submitted to the Commissioner of the Financial Services Agency pursuant to the provisions of the Act, the Order, or this Cabinet Office Order contains items indicated in a foreign currency, the equivalent amounts translated into Japanese currency and the standard used for the translation must be included in the document's supplementary notes.

(Application for Registration)

Article 4 A person seeking the registration referred to in Article 37 of the Act must submit to the Commissioner of the Financial Services Agency a written application for registration set forth in Article 38, paragraph (1) of the Act prepared based on Appended Form No. 1 (or, in the case of a foreign funds transfer service provider, Appended Form No. 2), attaching the documents set forth in paragraph (2) of that Article.

(Other Particulars to Be Stated in Written Application for Registration)

Article 5 The particulars specified by Cabinet Office Order that are provided for in Article 38, paragraph (1), item (xi) of the Act are:

- (i) the location and contact address of the business office that will respond to complaints or requests for consultation from the users of the funds transfer services;
- (ii) the name, trade name, or other appellation of the major shareholders (meaning a shareholder holding at least 10 percent of the total shareholder voting rights (excluding the voting rights associated with shares that do not allow the holder to exercise their voting right regarding all of the matters that are subject to a resolution at a general meeting of shareholders, but including the voting rights associated with shares whose holders are deemed to have voting rights pursuant to the provisions of Article 879, paragraph (3) of the Companies Act (Act No. 86 of 2005); the same applies in Article 10, paragraph (2), item (vii)); and
- (iii) name of the certified association for payment service providers of which the person who submits the written application for registration is a member.

(Documents to Be Attached to Written Applications for Registration)

Article 6 The documents specified by Cabinet Office Order that are provided for in Article 38, paragraph (2) of the Act are the following documents (limited to one issued within three months prior to the date of application, if the document is certified by a public agency):

- (i) a document prepared based on Appended Form No. 3 in which the applicant pledges that it does not fall under any of the items of Article 40, paragraph (1) of the Act;
- (ii) an extract of the resident record of the applicants directors, etc. (meaning directors, etc. prescribed in Article 40, paragraph (1), item (x) of the Act; hereinafter the same applies) (or, if a director, etc. is a foreign national, a copy of a residence card prescribed in Article 19-3 of the Immigration Control and Refugee Recognition Act (Cabinet Order No. 319 of 1951), a copy of a special permanent resident certificate prescribed in Article 7, paragraph (1) of the Special Act on the Immigration Control of, Inter Alia, Those Who Have Lost Japanese Nationality Pursuant to the Treaty of Peace with Japan (Act No. 71 of 1991), or extract of the resident record) or a document that substitutes for this;
- (iii) a document certifying the former surname (meaning the former surname prescribed in Article 30-13 of the Order for Enforcement of the Act for Basic Register of Residents (Cabinet Order No. 292 of 1967; the same applies hereinafter) and given name of a director, etc., if these are stated together with the current surname and given name of that director, etc. in a written application for registration under Article 4 but the document set forth in the preceding item does not certify the former surname and given name;
- (iv) a certificate from a public agency indicating that the directors, etc. of the applicant do not fall under Article 40, paragraph (1), item (x), (b) of the Act (or, if a director, etc. is a foreign national, a written pledge prepared based on Appended Form 4) or a document that substitutes for this;
- (v) a curriculum vitae or history of the directors, etc. prepared using Appended Form No. 5 or No. 6;
- (vi) a register of shareholders prepared based on Appended Form No. 7, the articles of incorporation, and a certificate of registered information or a document that substitutes for this;
- (vii) if the applicant is a foreign funds transfer service provider, a document certifying that it is a person that carries out exchange transactions in the course of trade in a foreign state pursuant to the provisions of laws and regulations of that foreign state (including permission or other administrative dispositions similar to the relevant registration), under a registration of the same kind as the registration under Article 37 of the Act;
- (viii) the latest balance sheet (including the related notes) and profit and loss

- statement (including the related notes) or a document that substitutes for these (if the applicant is a corporation that was incorporated in the business year that includes the date of the application for registration, this means the balance sheet as of the date of incorporation prepared pursuant to the provisions of Article 435, paragraph (1) of the Companies Act or a document that substitutes for this);
- (ix) if the applicant is a company with accounting auditors, a document containing the details of the accounting audit report under Article 396, paragraph (1) of the Companies Act for the business year immediately preceding the business year that includes the date of the application for registration;
 - (x) a document stating the expected income and expenditures for each of the categories of funds transfer services (meaning the categories of funds transfer services prescribed in Article 38, paragraph (1), item (vii) of the Act; the same applies hereinafter) for the three business years after the commencement of the business;
 - (xi) an organizational chart concerning the funds transfer services (including organs that perform operations related to internal controls);
 - (xii) a curriculum vitae of the person responsible for the management of the funds transfer services;
 - (xiii) internal rules concerning the funds transfer services (meaning internal rules and other documents equivalent thereto; the same applies in Article 32);
 - (xiv) contract documents used when carrying out exchange transactions with the users of the funds transfer services;
 - (xv) if part of the funds transfer services are entrusted to a third party, the contract document associated with the entrustment contract;
 - (xvi) a document stating the particulars specified as follows for the categories of cases respectively prescribed therein:
 - (a) if there is a designated dispute resolution organization for funds transfer business (meaning the designated dispute resolution organization for funds transfer business prescribed in Article 51-4, paragraph (1), item (i) of the Act; hereinafter the same applies in this item and Article 29, paragraph (1), item (i), (e)): The trade name or other name of the designated dispute resolution organization for funds transfer business that would be the other party to the basic contract for the implementation of dispute resolution procedures prescribed in Article 51-4, paragraph (1), item (i) of the Act that the funds transfer service provider is taking measures to conclude;
 - (b) if there are no designated dispute resolution organizations for funds transfer services: The details of the complaint processing measures and dispute resolution measures prescribed in Article 51-4, paragraph (1), item

(ii) of the Act carried out by the funds transfer service provider; and
(xvii) other documents containing other relevant particulars.

(Notifying Registration Applicants)

Article 7 If the Commissioner of the Financial Services Agency gives the notice of registration provided for in Article 39, paragraph (2) of the Act, the Commissioner is to use a written notice of registration that has been prepared based on Appended Form No. 8 to give it.

(Public Inspection of the Funds Transfer Service Provider Register)

Article 8 The Commissioner of the Financial Services Agency is to keep a register of funds transfer service providers that concerns the funds transfer service providers which the Commissioner has registered, at the local finance bureau or the Fukuoka Local Finance Branch Bureau having jurisdiction over the location of the head office of the relevant funds transfer service provider (or, for a foreign funds transfer service provider, its principal business office in Japan; hereinafter the same applies) and make it available for public inspection.

(Denial of Registration)

Article 9 (1) The person specified by Cabinet Office Order that is provided for in Article 40, paragraph (1), item (x), (a) of the Act is a person who is unable to adequately make use of the cognitive functioning, decision making, and communication skills needed to properly perform the duties involved in funds transfer services, due to a mental impairment.

(2) If the Commissioner of the Financial Services Agency gives the notice under Article 40, paragraph (2) of the Act, the Commissioner is to use a written notice of registration denial that has been prepared based on Appended Form No. 9 to give it.

(Application for Authorization of Business Implementation Plan)

Article 9-2 A funds transfer service provider seeking to obtain the authorization referred to in Article 40-2, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency a written application for authorization prepared based on Appended Form No. 9-2, attaching the business implementation plan referred to in that paragraph that has been prepared based on Appended Form No. 9-3 and documents stating the particulars that are relevant to the business implementation plan.

(Other Particulars to Be Stated in Business Implementation Plans)

Article 9-3 The particulars specified by Cabinet Office Order that are provided

for in Article 40-2, paragraph (1), item (iii) of the Act are:

- (i) the method of carrying out business involved in the exchange transactions;
- (ii) the countries and regions where the transfer of funds through exchange transactions takes place;
- (iii) particulars of the systems that are necessary for ensuring things such as the prevention of the transfer of criminal proceeds (meaning the prevention of the transfer of criminal proceeds prescribed in Article 1 of the Act on Prevention of Transfer of Criminal Proceeds (Act No. 22 of 2007)) and the prevention of financing of terrorism;
- (iv) particulars of the systems that are necessary for ensuring compliance with the provisions of Article 51-2 of the Act;
- (v) a policy for response to the occurrence of an accident involving exchange transactions or any other event that could hinder the proper and steady operation of funds transfer services; and
- (vi) other important particulars meant to ensure the proper and steady operation of type I funds transfer services.

(Application for Authorization of Changes to Business Implementation Plans)

Article 9-4 (1) A funds transfer service provider seeking to obtain authorization for changes to a business implementation plan must submit to the Commissioner of the Financial Services Agency a written application for authorization of changes prepared based on Appended Form No. 9-4, attaching documents stating the particulars that are relevant to the particulars it seeks to change.

- (2) The minor changes specified by Cabinet Office Order that are provided for in the second sentence of Article 40-2, paragraph (1) of the Act are:
 - (i) a change that lowers the upper limit provided for in Article 40-2, paragraph (1), item (i) of the Act; and
 - (ii) a change that reduces the countries and regions provided for in item (ii) of the preceding Article.
- (3) A funds transfer service provider seeking to make a notification under Article 40-2, paragraph (2) of the Act must submit to the Commissioner of the Financial Services Agency a written change notification prepared based on Appended Form No. 9-5.

(Application for Registration of Changes)

Article 9-5 A funds transfer service provider seeking to have a change registered as referred to in Article 41, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency a written application for registration of changes prepared based on Appended Form No. 9-6, attaching the documents referred to in Article 38, paragraph (2) of the Act as applied

mutatis mutandis pursuant to Article 41, paragraph (2) of the Act following a deemed replacement of terms.

(Documents to Be Attached to Written Applications for Registration of Changes)

Article 9-6 The documents specified by Cabinet Office Order that are provided for in Article 38, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 41, paragraph (2) of the Act following a deemed replacement of terms, are:

- (i) a document prepared based on Appended Form No. 9-7 in which the applicant pledges that it does not fall under Article 40, paragraph (1), items (iii) through (v) of the Act;
- (ii) the latest balance sheet (including the related notes) and profit and loss statement (including the related notes) or documents that substitute for these (or, if the applicant is a corporation established in a business year that includes the date of the application for registration, the balance sheet as of the date of establishment prepared pursuant to the provisions of Article 435, paragraph (1) of the Companies Act or a document that substitutes for this);
- (iii) if the applicant is a company with accounting auditors, a document containing the details of the accounting audit report under Article 396, paragraph (1) of the Companies Act for the business year immediately preceding the business year that includes the date of the application for registration;
- (iv) a document stating the expected income and expenditure for the new category of funds transfer services that the applicant seeks to provide, for the three business years after the commencement of the business in that relevant category of funds transfer services;
- (v) the documents set forth in Article 6, items (xi) through (xv) in relation to the new category of funds transfer services that the applicant seeks to provide; and
- (vi) other documents containing other relevant particulars.

(Notifying the Change Registration Applicant)

Article 9-7 If the Commissioner of the Financial Services Agency gives the notice under Article 39, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 41, paragraph (2) of the Act, the Commissioner is to use a written notice of the registration of changes that has been prepared based on Appended Form No. 9-8 to give it.

(Notice of Denial of Registration of Changes)

Article 9-8 If the Commissioner of the Financial Services Agency gives the notice

under Article 40, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 41, paragraph (2) of the Act, the Commissioner is to use a written notice of denial of a registration of changes that has been prepared based on Appended Form No. 9-9 to give it.

(Changes Requiring Advance Notification)

Article 9-9 The changes specified by Cabinet Office Order that are provided for in Article 41, paragraph (3) of the Act are the following changes (excluding those accompanying the change set forth in Article 38, paragraph (1), item (vii) of the Act):

- (i) a change to the timing at which the amount of outstanding obligations in the process of being transferred (meaning the amount of outstanding obligations in the process of being transferred prescribed in Article 43, paragraph (2) of the Act) is calculated each business day (referred to as the "timing for calculating the amount of outstanding obligations in the process of being transferred" in Article 11, paragraph (3) and paragraph (4), item (ii), and Article 33, paragraph (1), item (vi)) or in the method for calculating that amount;
- (ii) a change to the calculation period (meaning the calculation period prescribed in Article 58-2, paragraph (5), item (i) of the Act; the same applies in Article 29-2, item (iii) and Article 36-2, paragraph (2), item (iii)) for the type II funds transfer services or type III funds transfer services (excluding a change to shorten the calculation period);
- (iii) a change in the due date for deposit (meaning the due date for deposit prescribed in Article 58-2, paragraph (5), item (iii) of the Act; the same applies hereinafter) (excluding a change that moves up the due date for deposit); and
- (iv) a change of the timing for calculating the amount of fully performed obligations (meaning the timing for calculating the amount of fully performed obligations prescribed in Article 11, paragraph (4), item (ii)).

(Notification of Changes)

Article 10 (1) A funds transfer service provider seeking to make a notification under Article 41, paragraph (3) of the Act must submit to the Commissioner of the Financial Services Agency a written notice of changes prepared based on Appended Form No. 10, attaching the documents set forth in Article 6, items (xiii) and (xiv) relating to the changes sets forth in the items of the preceding Article.

(2) If a funds transfer service provider seeks to file a notification under Article 41, paragraph (4) of the Act, it must submit to the Commissioner of the Financial Services Agency a written notification of changes prepared based on Appended

Form 10, attaching documents specified in the following items for the categories of cases respectively prescribed therein (limited to one issued within three months prior to the date of notification, if the document is certified by a public agency):

- (i) if it has changed its trade name: A certificate of registered information that contains the particulars of the change or a document that substitutes for this, and a document prepared based on Appended Form No. 3 in which the funds transfer service provider pledges that it does not fall under any of the items of Article 40, paragraph (1) of the Act;
- (ii) if it has changed its amount of capital: A certificate of registered information that contains the particulars of the change or a document that substitutes for this;
- (iii) if it has established, changed the location of, or closed a business office (excluding cases as listed in item (ix)): A certificate of registered information that contains the particulars of the change;
- (iv) if its directors, etc. have changed: The following documents:
 - (a) documents listed in Article 6, item (ii), (iv), and (v) concerning the new person who has become a director, etc. and documents listed in item (vi) of that Article concerning the change;
 - (b) a document certifying the former surname and given name of the new person who has become a director, etc., if these are stated together with the person's current surname and given name in a written notice of changes but a document as set forth in (a) above (limited to one that is also set forth in Article 6, item (ii)) does not certify the former surname and given name; and
 - (c) a document prepared based on Appended Form No. 3 in which the funds transfer service provider pledges that it does not fall under any of the items of Article 40, paragraph (1) of the Act;
- (v) if the content or means of the funds transfer services have changed: The documents listed in Article 6, item (xi) through (xiv) concerning the particulars that have changed;
- (vi) if the content of business with which it has entrusted another person or the person with which it has entrusted that business has changed: The documents listed in Article 6, item (xv) concerning the particulars that have changed;
- (vii) if there has been a change in the major shareholders: A register of shareholders prepared based on Appended Form 7;
- (viii) if there has been a change in other business it conducts: A certificate of registered information that contains the particulars of the change, or a document that substitutes for this;
- (ix) if a funds transfer service provider that has obtained the registration

- under Article 37 of the Act from the Director-General of a Local Finance Bureau, etc. has changed the location of its head office to an area over which the Director-General of another Local Finance Bureau, etc. has jurisdiction: The document prescribed in item (iii) and a written notice of registration under Article 7 that was delivered prior to the relevant change; and
- (x) if the funds transfer service provider has become a member of a certified association for payment service providers or has withdrawn from one: a document that makes it possible to confirm the fact that the funds transfer service provider has become a member of a certified association for payment service providers or has withdrawn from one.
- (3) If a notification under the provisions of the preceding paragraph has been filed in a case set forth in item (ix) of that paragraph, the Director-General in question must notify the other Directors-General referred to in that item to the effect that the notification has been filed.
- (4) A Director-General who is notified as referred to in the preceding paragraph is to register the particulars of which the Director-General has been notified in the register of funds transfer service providers and notify the person that made the notification using a written notice of registration provided for in Article 7.

Chapter II Business

(Making Security Deposits for Providing Funds Transfer Services to the Official Depository)

- Article 11 (1) The period specified by Cabinet Office Order that is provided for in Article 43, paragraph (1), item (i) of the Act is two business days (Sundays, Saturdays, holidays prescribed in the Act on National Holidays (No. 178 of 1948), January 2, January 3, and December 29 to 31 are not to be counted as part of that period, but if this would cause the period in question to exceed one week, that period is to be one week).
- (2) The period specified by Cabinet Office Order that is provided for in Article 43, paragraph (1), item (ii) of the Act is three business days (Sundays, Saturdays, holidays prescribed in the Act on National Holidays, January 2, January 3, and December 29 to 31 are not to be counted as part of that period, but if this would cause the period in question to exceed one week, that period is to be one week).
- (3) The amount of outstanding obligations in the process of being transferred is the amount specified in each of the following items for the categories of cases prescribed in those items (or the amount arrived at when the amount of obligations owed in relation to exchange transactions involved in any funds transfer services in connection with which the enforcement of the right referred to in Article 59, paragraph (1) of the Act has already been completed,

or the amount of obligations owed in relation to the exchange transactions involved in any funds transfer services that have come to fall under the case specified in Article 17, paragraph (2) of the Order as one in which the performance of obligations owed in relation to exchange transactions has been completed, is deducted from the amount specified in the relevant item):

(i) if the amount of obligations owed to users in Japan cannot be distinguished from the amount of obligations owed to overseas users: The amount of obligations that the funds transfer service provider owes to all users in connection with exchange transactions at the timing for calculating the amount of outstanding obligations in the process of being transferred as of each business day; or

(ii) in cases other than those prescribed in the preceding item: The amount of obligations that the funds transfer service provider owes to users in Japan in connection with exchange transactions at the timing for calculating the amount of outstanding obligations in the process of being transferred as of each business day.

(4) Notwithstanding the provisions of the preceding paragraph, in the cases set forth in the following items, a funds transfer service provider may treat the amount arrived at when the amount specified in each of the following items is deducted from the amount specified in each of the items of the preceding paragraph as the amount of outstanding obligations in the process of being transferred:

(i) if the funds transfer service provider holds claims against users who are creditors of obligations owed by the funds transfer service provider in relation to exchange transactions that it carries out: the total of the amounts of the claims calculated for each of these users (or the obligations owed to a user if the amount of the claims exceeds the amount of the obligations); or

(ii) if the funds transfer service provider provides type I funds transfer services, and the amount calculated pursuant to the provisions of the preceding paragraph (limited to the amount associated with type I funds transfer services) exceeds the amount calculated as governed by the same rules as the preceding paragraph when the timing for calculating the amount of fully performed obligations (meaning the point in time specified by the funds transfer service provider during the period between the timing for calculating the amount of outstanding obligations in the process of being transferred and the due date for deposit; the same applies in Article 33, paragraph (1), item (vi)) is deemed to be the timing for calculating the amount of outstanding obligations in the process of being transferred: the amount in excess.

(5) If an exchange transaction is carried out in an amount indicated in foreign currency, the amount of outstanding obligations in the process of being

transferred is to be calculated by translating the amount indicated in foreign currency to an amount indicated in Japanese currency using the foreign exchange rate as of each business day.

- (6) The amount of costs associated with the procedures for the enforcement of the right which are provided for in Article 43, paragraph (2) of the Act is to be the amount calculated in accordance with the methods prescribed in the following items for the categories respectively prescribed in those items:
- (i) if the amount of outstanding obligations in the process of being transferred (or, for type III funds transfer services provided by a funds transfer service provider to which the provisions of Article 45-2, paragraph (1) of the Act apply, the amount arrived at when the amount of outstanding obligations in the process of being transferred multiplied by the rate of management by bank deposits or savings (meaning the rate of management by bank deposits or savings prescribed in paragraph (1) of that Article; the same applies in Article 21-4, paragraph (5), items (iv) and (v), and Article 29-2, item (iv)) is deducted from the amount of outstanding obligations in the process of being transferred; the same applies in the following item) is not more than 100 million yen: The amount arrived at when that amount of outstanding obligations in the process of being transferred is multiplied by 5 percent; and
 - (ii) if the amount of outstanding obligations in the process of being transferred is more than 100 million yen: The amount arrived at when 5 million yen is added to the product arrived at when the difference remaining after 1 hundred million yen is deducted from the amount of outstanding obligations in the process of being transferred is multiplied by 1 percent.
- (7) If business involved in exchange transactions has been succeeded to, until the person succeeding to the relevant business makes security deposits for providing funds transfer services with the official depository in an amount not less than the amount required to be deposited (meaning the amount required to be deposited prescribed in Article 47, item (i) of the Act; hereinafter the same applies except in Article 21-4, paragraph (5), item (iv) and paragraph (7), item (iii), and Article 36-2, paragraph (5)) pursuant to the provisions of Article 43, paragraph (1) of the Act (or until that person makes a notification to the effect that the person has concluded a guarantee contract for security deposits for providing funds transfer services (meaning the guarantee contract for security deposits for providing funds transfer services prescribed in Article 44 of the Act; hereinafter the same applies) under Article 44 of the Act, or places trust property in the trust with a notification being made to the effect that the person has concluded a trust agreement for security deposits for providing funds transfer services (meaning the trust agreement for security deposits for providing funds transfer services prescribed in Article 45, paragraph (1) of the Act; hereinafter the same applies) under Article 45, paragraph (1) of the Act),

the security deposits for providing funds transfer services, guarantee contract for security deposits for providing funds transfer services, or trust agreement for security deposits for providing funds transfer services that has been made or concluded by the person from which the business has been succeeded is deemed to be made or concluded on behalf of the person that has succeeded to the business.

(Types of Bond Certificates That Can Be Used for Security Deposits for Providing Funds Transfer Services)

Article 12 The bond certificates specified by Cabinet Office Order that are provided for in Article 43, paragraph (3) of the Act are the following bond certificates:

- (i) national government bond certificates (including those for which ownership of associated rights is determined based on entries or records in the book-entry account register under the Act on Book-Entry Transfer of Corporate Bonds and Shares (Act No. 75 of 2001); the same applies in Article 19, item (v));
- (ii) local government bond certificates;
- (iii) government guaranteed bond certificates (meaning those securities listed in Article 2, paragraph (1), item (iii) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) for which the government guarantees payment of the principal and interest; the same applies in Article 20, paragraph (2), item (iii)), and
- (iv) corporate bond certificates or any other bond certificates specified by the Commissioner of the Financial Services Agency.

(Estimated Value of Bond Certificates That Can Be Used for Security Deposits for Providing Funds Transfer Services)

Article 13 (1) The estimated value of bond certificates that are deposited to cover the security deposits for providing funds transfer services pursuant to the provisions of Article 43, paragraph (3) of the Act is the amount specified in the following items for the categories of bond certificates respectively prescribed in those items:

- (i) bond certificates specified in item (i) of the preceding Article: The face value (for those for which ownership of associated rights of is determined based on entries or records in the book-entry account register under the Act on Book-Entry Transfer of Corporate Bonds and Shares, the amount stated or recorded in the book-entry account register; hereinafter the same applies in this Article);
- (ii) bond certificates specified in item (ii) of the preceding Article: The amount arrived at when every 100 yen of face value is calculated as being 90 yen;

- (iii) bond certificates specified in item (iii) of the preceding Article: The amount arrived at when every 100 yen of the face value is calculated as being 95 yen; and
- (iv) bond certificates specified in item (iv) of the preceding Article: The amount arrived at when every 100 yen of the face value is calculated as being 80 yen.
- (2) The amount arrived at when the amount calculated by the following formula is added to the issue price is deemed to be the face value of bond certificates that have been issued on a discount basis, and the provisions of the preceding paragraph apply:
- $((\text{face value} - \text{issue price}) / \text{number of years from the issue date to the redemption date}) \times (\text{number of years from the issue date to the deposit date})$
- (3) In the calculation by the formula set forth in the preceding paragraph, the number of years from the issue date to the redemption date and the number of years from the issue date to the deposit date are rounded down to the nearest full year, and the amount arrived at when the difference between the face value and the issue price is divided by the number of years from the issue date to the redemption date is rounded down to the nearest whole yen.

(Notification Concerning Guarantee Contracts for Security Deposits for Providing Funds Transfer Services)

Article 14 A funds transfer service provider seeking to make a notification under Article 44 of the Act must submit to the Commissioner of the Financial Services Agency a written notification concerning a guarantee contract for security deposits for providing funds transfer services prepared based on Appended Form No. 11, attaching a copy of the written guarantee contract for security deposits for providing funds transfer services.

(Terms and Conditions of Guarantee Contracts for Security Deposits for Providing Funds Transfer Services)

Article 14-2 The provisions specified by Cabinet Office Order that are provided for in Article 15 of the Order are provisions to the effect that except in the following cases, all or part of the guarantee contract for security deposits for providing funds transfer services may not be canceled:

- (i) if the amount required to be deposited as of the immediately preceding calculation date (meaning the calculation date prescribed in Article 17, paragraph (1), item (i) of the Order; the same applies hereinafter) for the category of funds transfer services covered by the guarantee contract for security deposits for providing funds transfer services falls below the total of the amount of security deposits for providing funds transfer services (meaning the total of the amount of the security deposits for providing funds transfer services, etc. prescribed in that item; hereinafter the same applies

- in this Article and Article 19, item (viii)) for that category of funds transfer services on the calculation date, and all or part of the guarantee contract for security deposits for providing funds transfer services for the relevant category of funds transfer services is canceled, up to the amount by which the amount required to be deposited falls below the amount of security deposits, within the scope of the secured amount (meaning the secured amount prescribed in Article 44 of the Act; the same applies hereinafter);
- (ii) if the procedures for the enforcement of the right referred to in Article 59, paragraph (1) of the Act have been completed for all of the category of funds transfer services that is covered by the guarantee contract for security deposits for providing funds transfer services, and all of the guarantee contract that is connected with that category of funds transfer services is canceled;
 - (iii) if the procedures for the enforcement of the right referred to in Article 59, paragraph (1) of the Act have been completed for part of the category of funds transfer services that is covered by the guarantee contract for security deposits for providing funds transfer services, and all or part of the guarantee contract for security deposits for providing funds transfer services that is connected with the relevant category of funds transfer services is canceled, up to the amount remaining after the amount required for security deposits for providing funds transfer services prescribed in Article 43, paragraph (2) of the Act which is associated with the relevant category of funds transfer services as of the day on which the procedures for the enforcement of the right have been completed (if that day is not a business day, the amount required for security deposits for providing funds transfer services as of the immediately preceding business day) is deducted from the total of the amount of security deposits for providing funds transfer services, etc. that is associated with the relevant category of funds transfer services as of that day, within the scope of the secured amount for that category of funds transfer services as of that day;
 - (iv) if a funds transfer service provider seeks to discontinue all of the category of funds transfer services covered by the guarantee contract for security deposits for providing funds transfer services, and falls under the case prescribed in Article 17, paragraph (2) of the Order as one in which it has finished performing the obligations it owes in connection with exchange transactions, and all of the guarantee contract for security deposits for providing funds transfer services associated with the relevant categories of funds transfer services is canceled; and
 - (v) if a funds transfer service provider seeks to discontinue part of the category of funds transfer services covered by the guarantee contract for security deposits for providing funds transfer services, and falls under the case

prescribed in Article 17, paragraph (2) of the Order as one in which it has finished performing the obligations it owes in connection with exchange transactions, and all or part of the guarantee contract associated with the relevant category of funds transfer services is canceled, up to the amount remaining after the amount required for security deposits for providing funds transfer services prescribed in Article 43, paragraph (2) of the Act which is associated with the relevant category of funds transfer services as of the day on which it came to fall under the case specified in that paragraph (if that day is not a business day, the amount required for security deposits for providing funds transfer services as of the immediately preceding business day) is deducted from the total of the amount of security deposits for providing funds transfer services, etc. which is associated with the relevant category of funds transfer services as of that day, within the scope of the secured amount for the category of funds transfer services as of that day.

(Requirements to Be Satisfied by Deposit-taking Institutions for Conclusion of a Guarantee Contract for Security Deposits for Providing Funds Transfer Services)

Article 15 (1) The categories for those that are determined to have sound equity capital as specified by Cabinet Office Order that are provided for in Article 16, paragraph (1) of the Order are the categories set forth in the following items for the types of deposit-taking institutions set forth in each of those items:

(i) banks (excluding branch offices of foreign banks (meaning the branch offices of foreign banks prescribed in Article 47, paragraph (2) of the Banking Act (Act No. 59 of 1981); the same applies in item (vi)); the same applies in item (ii)) that have overseas business locations: the non-consolidated capital adequacy ratio under the International Uniform Standard included in the latest explanatory document on the status of business and property (or in the explanatory document concerning the interim business year that is associated with the business year immediately following the business year that the relevant explanatory document concerns, if applicable) satisfies all requirements specified in (a) to (c) below for the categories of ratios prescribed in those clauses:

(a) non-consolidated common equity tier 1 ratio: Not less than 4.5 percent;

(b) non-consolidated tier 1 ratio: Not less than 6 percent;

(c) non-consolidated total capital adequacy ratio: Not less than 8 percent;

(i)-2 long term credit banks that have overseas business locations: the non-consolidated capital adequacy ratio under the International Uniform Standard included in the latest explanatory document on the status of business and property (or in the explanatory document concerning the interim business year that is associated with the business year immediately

- following the business year that the relevant explanatory document concerns, if applicable) is not less than 8 percent;
- (i)-3 federations of shinkin banks that have overseas locations: the non-consolidated capital adequacy ratio under the International Uniform Standard included in the latest explanatory document on the status of business and property (or in the explanatory document concerning the interim business year that is associated with the business year immediately following the business year that the relevant explanatory document concerns, if applicable) satisfies all requirements specified in (a) to (c) below for the categories of ratios prescribed in each of those clauses:
 - (a) non-consolidated common capital contribution tier 1 ratio: Not less than 4.5 percent;
 - (b) non-consolidated tier 1 ratio: Not less than 6 percent;
 - (c) non-consolidated total capital adequacy ratio: Not less than 8 percent;
 - (ii) banks or long term credit banks that do not have overseas business locations, or federations of shinkin banks or shinkin banks that do not have overseas locations: the non-consolidated capital adequacy ratio under the domestic standard included in the latest explanatory document on the status of business and property (or in the explanatory document concerning the interim business year that is associated with the business year immediately following the business year that the relevant explanatory document concerns, if applicable) is not less than 4 percent;
 - (iii) labor banks, federations of labor banks, credit cooperatives, federations of credit cooperatives engaging in the business prescribed in Article 9-9, paragraph (1), item (i) of the Small and Medium Sized Enterprise Cooperatives Act (Act No. 181 of 1949), agricultural cooperative or federations of agricultural cooperatives engaging in the business prescribed in Article 10, paragraph (1), item (iii) of the Agricultural Cooperatives Act (Act No. 132 of 1947), fisheries cooperatives engaging in the business prescribed in Article 11, paragraph (1), item (iv) of the Fisheries Cooperatives Act (Act No. 242 of 1948), federations of fisheries cooperatives engaging in the business prescribed in Article 87, paragraph (1), item (iv) of that Act, fishery processing cooperatives engaging in the business prescribed in Article 93, paragraph (1), item (ii) of that Act, or federations of fishery processing cooperatives engaging in the business prescribed in Article 97, paragraph (1), item (ii) of that Act: The non-consolidated capital adequacy ratio included in the latest explanatory document on the status of business and property is not less than 4 percent;
 - (iv) The Norinchukin Bank: The non-consolidated capital adequacy ratio included in the latest explanatory document on the status of business and property satisfies all requirements specified in (a) to (c) below for the

- categories of ratios prescribed in each of those clauses;
- (a) non-consolidated common capital contribution tier 1 ratio: Not less than 4.5 percent;
 - (b) non-consolidated tier 1 ratio: Not less than 6 percent;
 - (c) non-consolidated total capital adequacy ratio: Not less than 8 percent;
- (v) The Shoko Chukin Bank Limited: The non-consolidated capital adequacy ratio included in the latest explanatory document on the status of business and property (or in the explanatory document concerning the interim business year that is associated with the business year immediately following the business year that the relevant explanatory document concerns, if applicable) satisfies all requirements specified in (a) to (c) below for the categories of ratios prescribed in each of those clauses:
- (a) non-consolidated common equity tier 1 ratio: Not less than 4.5 percent;
 - (b) non-consolidated tier 1 ratio: Not less than 6 percent;
 - (c) non-consolidated total capital adequacy ratio: Not less than 8 percent; and
- (vi) branch offices of foreign banks: The foreign bank (meaning a foreign bank as prescribed in Article 10, paragraph (2), item (viii) of the Banking Act) to which the relevant branch office is connected satisfies criteria that are equivalent to the criteria prescribed in Article 14-2 of that Act and that apply in the relevant foreign state.
- (2) The term "overseas business locations" as used in items (i), (i)-2, and (ii) of the preceding paragraph means the overseas business locations prescribed in Article 1, paragraph (3) of the Order to Define the Categories Prescribed in Article 26, Paragraph (2) of the Banking Act (Order of the Prime Minister's Office and the Ministry of Finance No. 39 of 2000) or in Article 1, paragraph (3) of the Order Providing for the Categories Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 17 of the Long Term Credit Bank Act (Order of the Prime Minister's Office and the Ministry of Finance No. 40 of 2000).
- (3) The term "overseas locations" as used in paragraph (1), items (i)-3 and (ii) means the overseas locations prescribed in Article 3, paragraph (3) of the Order Providing for the Categories Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act (Order of the Prime Minister's Office and the Ministry of Finance No. 41 of 2000).
- (4) The term "International Uniform Standard" as used in paragraph (1), items (i) through (i)-3 means the International Uniform Standard prescribed in Article 1, paragraph (4) or Article 3, paragraph (3) of the Order Providing for the Categories, Prescribed in Article 26, Paragraph (2) of the Banking Act, in Article 1, paragraph (4) of the Order Providing for the Categories Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis

Pursuant to Article 17 of the Long Term Credit Bank Act, or in Article 3, paragraph (5) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act.

- (5) The term "non-consolidated capital adequacy ratio" as used in paragraph (1), items (i) through (ii) means the non-consolidated capital adequacy ratio prescribed in Article 1, paragraph (7) of the Order Providing for the Categories Prescribed in Article 26, Paragraph (2) of the Banking Act, in Article 1, paragraph (6) of Order Providing for the Categories Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 17 of the Long Term Credit Bank Act, or in Article 3, paragraph (6) of the Order Providing for the Categories Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act; the terms "non-consolidated common equity tier 1 ratio", "non-consolidated tier 1 ratio", and "non-consolidated total capital adequacy ratio" as used in paragraph (1), item (i) mean the non-consolidated common equity tier 1 ratio, non-consolidated tier 1 ratio, and non-consolidated total capital adequacy ratio prescribed in Article 1, paragraph (7) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act; and the terms "non-consolidated common capital contribution tier 1 ratio", "non-consolidated tier 1 ratio", and "non-consolidated total capital adequacy ratio" as used in paragraph (1), item (i)-3 mean the non-consolidated common capital contribution tier 1 ratio, non-consolidated tier 1 ratio, and non-consolidated total capital adequacy ratio prescribed in Article 3, paragraph (6) of the Order Providing for the Categories Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act.
- (6) The term "domestic standard" as used in paragraph (1), item (ii) means the domestic standard prescribed in Article 1, paragraph (5) or Article 3, paragraph (4) of the Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act, in Article 1, paragraph (5) of the Order Providing for the Categories. Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 17 of the Long Term Credit Bank Act, or in Article 3, paragraph (4) of the Order Providing for the Categories Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act.
- (7) The term "non-consolidated capital adequacy ratio" as used in paragraph (1), item (iii) means: for labor banks or federations of labor banks, the non-consolidated capital adequacy ratio prescribed in Article 2, paragraph (3) of the Order Providing for the Categories Prescribed in Article 26, Paragraph (2) of

the Banking Act as Applied Mutatis Mutandis Pursuant to Article 94, Paragraph (1) of the Labor Bank Act (Order of the Prime Minister's Office, the Ministry of Finance and the Ministry of Labour No. 8 of 2000); for credit cooperatives or federations of cooperatives engaging in the business prescribed in Article 9-9, paragraph (1), item (i) of the Small and Medium Sized Enterprise Cooperatives Act, the non-consolidated capital adequacy ratio prescribed in Article 1, paragraph (3) of the Order Providing for the Categories Prescribed in Article 26, Paragraph (2) of the Banking Act as Applied Mutatis Mutandis Pursuant to Article 6, Paragraph (1) of the Act on Financial Businesses by Cooperatives (Order of the Prime Minister's Office and the Minister of Finance No. 42 of 2000); for agricultural cooperatives or federations of agricultural cooperatives engaging in the business prescribed in Article 10, paragraph (1), item (iii) of the Agricultural Cooperatives Act, the non-consolidated capital adequacy ratio prescribed in Article 1, paragraph (3) of the Order Providing for the Categories Prescribed in Article 94-2, Paragraph (3) of the Agricultural Cooperatives Act (Order of the Prime Minister's Office, the Ministry of Finance and the Ministry of Agriculture, Forestry and Fisheries No. 13 of 2000); for fisheries cooperatives engaging in the business prescribed in Article 11, paragraph (1), item (iv) of the Fisheries Cooperatives Act or fishery processing cooperatives engaging in the business prescribed in Article 93, paragraph (1), item (ii) of that Act, the non-consolidated capital adequacy ratio prescribed in Article 1, paragraph (3) of the Order Providing for the Categories Prescribed in Article 123-2, Paragraph (3) of the Fisheries Cooperatives Act (Order of the Prime Minister's Office, the Ministry of Finance and the Ministry of Agriculture, Forestry and Fisheries No. 15 of 2000); and for federations of fisheries cooperatives engaging in the business prescribed in Article 87, paragraph (1), item (iv) of that Act or federations of fishery processing cooperatives engaging in the business prescribed in Article 97, paragraph (1), item (ii) of that Act, the non-consolidated capital adequacy ratio prescribed in Article 3, paragraph (3) of the relevant Order.

- (8) The terms "non-consolidated capital adequacy ratio", "non-consolidated common capital contribution tier 1 ratio", "non-consolidated tier 1 ratio", and "non-consolidated total capital adequacy ratio" as used in paragraph (1), item (iv) mean the non-consolidated capital adequacy ratio, non-consolidated common capital contribution tier 1 ratio, non-consolidated tier 1 ratio, and non-consolidated total capital adequacy ratio prescribed in Article 1, paragraph (3) of the Order Providing for the Categories Prescribed in Article 85, Paragraph (2) of the Norinchukin Bank Act (Order of the Cabinet Office, the Ministry of Finance and the Ministry of Agriculture, Forestry and Fisheries No. 3 of 2001).
- (9) The term "non-consolidated capital adequacy ratio" as used in paragraph (1), item (v) means the ratio arrived at using the formula for the standard

prescribed in Article 23, paragraph (1), item (i) of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007), and the terms "non-consolidated common equity tier 1 ratio", "non-consolidated tier 1 ratio", and "non-consolidated total capital adequacy ratio" as used in paragraph (1), item (v) mean the ratios arrived at using the relevant formula out of the non-consolidated capital adequacy ratio.

(Requirements to Be Satisfied by Persons Other Than Deposit-taking

Institutions for Conclusion of Guarantee Contracts for Security Deposits for Providing Funds Transfer Services)

Article 16 (1) The category for those that are determined to be at the level of solvency in terms of the ability to pay out insurance proceeds, etc. as specified by Cabinet Office Order which is provided for in Article 16, paragraph (2), item (i) of the Order is one in which the ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc. that is included in the latest explanatory documents on the status of business and property is at least 200 percent.

(2) The term "ratio indicating the level of solvency in terms of ability to pay out insurance proceeds, etc." as prescribed in the preceding paragraph means a rate arrived at using the formula associated with the standard prescribed in the relevant of the following items for the category prescribed in that item:

(i) insurance companies (meaning the insurance companies prescribed in Article 2, paragraph (2) of the Insurance Business Act (Act No. 105 of 1995); hereinafter the same applies in this item and the following paragraph): the standard provided for in Article 130 of that Act that is established using the amounts set forth in the items of that Article as they relate to insurance companies;

(ii) foreign insurance companies, etc. (meaning the foreign insurance companies, etc. prescribed in Article 2, paragraph (7) of the Insurance Business Act; the same applies in the following paragraph): The standard provided for in Article 202 of that Act; and

(iii) underwriting members (meaning the underwriting members prescribed in Article 219, paragraph (1) of the Insurance Business Act; the same applies in the following paragraph): The standard provided for in Article 228 of that Act.

(3) The persons specified by Cabinet Office Order that are provided for in Article 16, paragraph (2), item (i) of the Order are insurance companies, foreign insurance companies, etc., or underwriting members.

(Cancellation of All of a Guarantee Contract for Security Deposits for Providing Funds Transfer Services)

Article 17 If a funds transfer service provider seeks to cancel all of a guarantee

contract for security deposits for providing funds transfer services, it is to submit to the Commissioner of the Financial Services Agency a written notification of the cancellation of a guarantee contract for security deposits for providing funds transfer services prepared based on Appended Form No. 12.

(Notification of a Trust Agreement for Security Deposits for Providing Funds Transfer Services)

Article 18 A funds transfer service provider seeking to file a notification under Article 45, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency a written notification of a trust agreement for security deposits for providing funds transfer services prepared based on Appended Form No. 13, attaching a copy of the written trust agreement for security deposits for providing funds transfer services.

(Terms and Conditions of the Trust Agreement for Security Deposits for Providing Funds Transfer Services)

Article 19 The particulars specified by Cabinet Office Order that are provided for in Article 45, paragraph (2), item (iv) of the Act are the following:

- (i) that the funds transfer service provider that is the party to the trust agreement for security deposits for providing funds transfer services (hereinafter referred to as a "trust agreement funds transfer service provider" in this Article, Article 33, paragraph (1), item (ix), and Article 35-2, paragraph (1), item (ii), (e)) is the settlor, a trust company, etc. is the trustee, and all users of exchange transactions (limited to those in relation to the category of funds transfer services covered by the trust agreement for security deposits for providing funds transfer services; hereinafter the same applies in this item) carried out by the relevant trust agreement funds transfer service provider (if the amount of obligations owed by the relevant trust agreement funds transfer service provider to the users in Japan can be distinguished from those owed to overseas users, the users in Japan among the users of the exchange transactions carried out by the relevant trust agreement funds transfer service provider) are the beneficiaries of the principal of the trust property;
- (ii) that, if more than one trust agreement for security deposits for providing funds transfer services is concluded, the same person is appointed as the beneficiary's agent for all of the relevant contracts;
- (iii) that, if the trust agreement funds transfer service provider comes to fall under any of the following conditions, it will not give instructions to the trust company, etc. regarding investment of trust property:
 - (a) if it has the registration referred to in Article 37 of the Act rescinded pursuant to the provisions of Article 56, paragraph (1) or (2) of the Act;

- (b) if a petition to commence bankruptcy proceedings, etc. (meaning the petition to commence bankruptcy proceedings, etc. prescribed in Article 2, paragraph (18) of the Act) is filed concerning the trust agreement funds transfer service provider;
- (c) if it discontinues all of the category of funds transfer services covered by the trust agreement for security deposits for providing funds transfer services (in the case of a foreign funds transfer service provider, discontinuation of the relevant category of funds transfer services at all business offices in Japan; the same applies in (c)) or has given a public notice of the discontinuation of all of the relevant category of funds transfer services under Article 61, paragraph (3) of the Act;
- (d) if it is ordered to suspend all or part of the category of funds transfer services covered by the trust agreement for security deposits for providing funds transfer services pursuant to the provisions of Article 56, paragraph (1) of the Act (limited to a case falling under item (iv) of that paragraph);
or
- (e) if the Commissioner of the Financial Services Agency issues it a deposit order;
- (iv) that if the trust agreement funds transfer service provider comes to fall under any of the conditions listed in the preceding item, the beneficiary and the beneficiary's agent may not exercise beneficial claims against the trust company, etc.;
- (v) that if it invests the trust property under the trust agreement for security deposits for providing funds transfer services (excluding those under which money is placed in the trust with a financial institution engaging in the trust business (meaning a financial institution that has obtained the authorization under Article 1, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions (Act No. 43 of 1943); hereinafter the same applies in this Article, Article 21-3, item (ii), and Article 35-2, paragraph (2), item (ii), (c)) and compensation for the principal is provided; the same applies in the following item), the investment will be made in the following ways:
 - (a) through the holding of government bond certificates and other bond certificates specified by the Commissioner of the Financial Services Agency;
 - (b) through bank deposits and savings with a deposit-taking institution; or
 - (c) in any of the following ways:
 1. through the lending of call money;
 2. through dues from bank accounts of the financial institution engaging in trust business that is the trustee; or
 3. through a money trust for which compensation for the principal is provided under the terms and conditions of the contract pursuant to

the provisions of Article 6 of the Act on Engagement in Trust Business by Financial Institutions;

- (vi) that if the trust agreement funds transfer service provider maintains the trust property in the form of bond certificates or invests the trust property under the trust agreement for security deposits for providing funds transfer services in the way set forth in (a) of the preceding item, the trust company, etc. or the trust agreement funds transfer service provider will determine the estimated value of this in accordance with the method prescribed in Article 21;
- (vii) that if the trust agreement for security deposits for providing funds transfer services is a money trust agreement with a financial institution engaging in the trust business under which compensation for the principal is provided, the estimated value of the principal of the trust property is the principal amount of the relevant money trust agreement;
- (viii) that except in the following cases, all or part of the trust agreement for security deposits for providing funds transfer services may not be canceled:
 - (a) if the amount required to be deposited as of the immediately preceding calculation date in connection with the category of funds transfer services covered by the trust agreement for security deposits for providing funds transfer services falls below the total amount of security deposits for providing funds transfer services, etc. for that category of funds transfer services on the calculation date, and all or part of the trust agreement for security deposits for providing funds transfer services for the relevant category of funds transfer services is canceled, up to the amount by which the amount required to be deposited falls below the amount of security deposits, within the scope of the amount of the trust property (meaning the amount of the trust property prescribed in Article 45, paragraph (1) of the Act; the same applies hereinafter);
 - (b) if the intention is to place the trust property that is being held in trust under a first trust agreement for security deposits for providing funds transfer services into trust under a second trust agreement for security deposits for providing funds transfer services that is connected with the category of funds transfer services covered by the first trust agreement, and all or part of the first trust agreement is canceled;
 - (c) if the procedures for the enforcement of the right referred to in Article 59, paragraph (1) of the Act have been completed for all of the category of funds transfer services that is covered by the trust agreement for security deposits for providing funds transfer services, and all of the trust agreement for security deposits for providing funds transfer services that is connected with the relevant category of funds transfer services is canceled;

- (d) if the procedures for the enforcement of the right referred to in Article 59, paragraph (1) of the Act have been completed for part of the category of funds transfer services covered by the trust agreement for security deposits for providing funds transfer services, and all or part of the trust agreement for security deposits for providing funds transfer services that is connected with the relevant category of funds transfer services is canceled, up to the amount remaining after the amount required for security deposits for providing funds transfer services prescribed in Article 43, paragraph (2) of the Act which is associated with the relevant category of funds transfer services as of the day on which those procedures have been completed (or, if that day is not a business day, the amount required for security deposits for providing funds transfer services as of the immediately preceding business day) is deducted from the total amount of security deposits for providing funds transfer services, etc. that is associated with the relevant category of funds transfer services as of that day, within the scope of the amount of the trust property connected with those categories of funds transfer services as of that day;
- (e) if a funds transfer service provider seeks to discontinue all of the category of funds transfer services that is covered by the trust agreement for security deposits for providing funds transfer services, and falls under the case prescribed in Article 17, paragraph (2) of the Order as one in which it has finished performing the obligations it owes in connection with exchange transactions, and all of the trust agreement for security deposits for providing funds transfer services that is connected with the relevant category of funds transfer services is canceled; and
- (f) if a funds transfer service provider seeks to discontinue part of the category of funds transfer services that is covered by the trust agreement for security deposits for providing funds transfer services, and falls under the case prescribed in Article 17, paragraph (2) of the Order as one in which it has finished performing the obligations it owes in connection with exchange transactions, and all or part of the trust agreement for security deposits for providing funds transfer services which is associated with the relevant category of funds transfer services is canceled, up to the amount remaining after the amount required for security deposits for providing funds transfer services prescribed in Article 43, paragraph (2) of the Act that is associated with the relevant category of funds transfer services as of the day on which it came to fall under the case specified in Article 17, paragraph (2) of the Order (or, if that day is not a business day, the amount required for security deposits for providing funds transfer services as of the immediately preceding business day) is deducted from the total of the amount of security deposits for providing funds transfer services, etc.

- in relation to the relevant category of funds transfer services as of that day, within the scope of the amount of the trust property that is associated with the relevant category of funds transfer services as of that day;
- (ix) that the trust property connected with the full or partial cancellation of a trust agreement for security deposits for providing funds transfer services which is effected in a case set forth in the preceding item will belong to the trust agreement funds transfer service provider;
 - (x) that the trust company, etc., without delay in response to the order under Article 46 of the Act will realize the trust property and deposit the proceeds to the official depository specified by the Commissioner of the Financial Services Agency;
 - (xi) that once the trust company, etc. has made a deposit in response to the order under Article 46 of the Act, it may end the trust agreement for security deposits for providing funds transfer services;
 - (xii) that in the case referred to in the preceding item, any residual property remaining after the trust company, etc. ends the trust agreement for security deposits for providing funds transfer services may be decided to belong to the trust agreement funds transfer service provider; and
 - (xiii) that remuneration and any other costs to be paid by the trust agreement funds transfer service provider to the trust company, etc. or the beneficiary's agent and the costs required for the realization of the trust property by the relevant trust company, etc. are paid out of property other than the principal of the trust property.

(Types of Bank Deposits and Savings Qualified to Be Trust Property)

- Article 20 (1) The bank deposits and savings specified by Cabinet Office Order that are provided for in Article 45, paragraph (3) of the Act are bank deposits and savings with a deposit-taking institution.
- (2) The bond certificates specified by Cabinet Office Order that are provided for in Article 45, paragraph (3) of the Act are the following bond certificates (including those for which ownership of associated rights is determined based on entries or records in the book-entry account register under the provisions of the Act on Book-Entry Transfer of Corporate Bonds and Shares; hereinafter the same applies):
- (i) national government bond certificates;
 - (ii) local government bond certificates;
 - (iii) government guaranteed bond certificates;
 - (iv) bond certificates prescribed in Article 2-11 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965);
 - (v) bond certificates issued by a foreign state (limited to those falling under

Article 13, item (iii) of the Cabinet Office Order on the Provision and Publication of Information on Securities (Cabinet Office Order No. 78 of 2008)); and

(vi) corporate bond certificates or any other bond certificates specified by the Commissioner of the Financial Services Agency.

(Estimated Value of Bond Certificates Qualified to Be Trust Property)

Article 21 If the bond certificates are used as trust property pursuant to the provisions of Article 45, paragraph (3) of the Act or if the bond certificates are held as the investment of trust property pursuant to the provisions of Article 19, item (v), (a), the estimated value of the relevant bond certificates is an amount not exceeding the amount arrived at when the market value of the relevant bond certificates as of each business day of the funds transfer service provider is multiplied by the percentage specified in the following items for the categories of bond certificates prescribed in those items:

- (i) bond certificates specified in paragraph (2), item (i) of the preceding Article: 100 percent;
- (ii) bond certificates specified in paragraph (2), item (ii) of the preceding Article: 90 percent;
- (iii) bond certificates specified in paragraph (2), item (iii) of the preceding Article: 95 percent;
- (iv) bond certificates specified in paragraph (2), item (iv) of the preceding Article: 90 percent;
- (v) bond certificates specified in paragraph (2), item (v) of the preceding Article: 85 percent; and
- (vi) bond certificates specified in paragraph (2), item (vi) of the preceding Article: 80 percent.

(Cancellation of All of a Trust Agreement for Security Deposits for Providing Funds Transfer Services)

Article 21-2 If a funds transfer service provider seeks to cancel all of a trust agreement for security deposits for providing funds transfer services, the provider is to submit to the Commissioner of the Financial Services Agency a written notification of the cancellation of the trust agreement for security deposits for providing funds transfer services prepared based on Appended Form No. 14.

(Method of Management by Bank Deposits or Savings)

Article 21-3 The methods specified by Cabinet Office Order that are provided for in Article 45-2, paragraph (1), item (i) of the Act are the following methods:

- (i) the method of managing the money through bank deposits or savings

- (limited to bank deposits or savings for which it is obvious from the name of the account holder that the money must be managed pursuant to the provisions of Article 45-2, paragraph (1) of the Act); or
- (ii) the method of managing the money by means of a money trust created with a financial institution engaging in the trust business with a contractual agreement on principal protection (limited to a money trust for which it is obvious from the holder's name that the money must be managed pursuant to the provisions of Article 45-2, paragraph (1) of the Act).

(Notification of Management Through Bank Deposits or Savings)

Article 21-4 (1) A funds transfer service provider seeking to make a notification under Article 45-2, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency a written notification prepared based on Appended Form No. 15.

- (2) The particulars specified by Cabinet Office Order that are provided for in Article 45-2, paragraph (1), item (iii) of the Act are the following particulars:
- (i) the trade name;
- (ii) date of registration and registration number;
- (iii) the particulars specified in (a) and (b) below for the categories of methods of managing money set forth in those clauses:
- (a) the method set forth in item (i) of the preceding Article: the following particulars:
1. the trade name or any other name of the deposit-taking institution with which the deposit or savings account is held;
 2. the name and location of the business office or any other office related to the deposit or savings account;
 3. the name of the holder of the deposits or savings; and
 4. the account number of the deposits or savings and other necessary particulars to identify the deposits or savings; and
- (b) the method set forth in item (ii) of the preceding Article: the following particulars:
1. the trade name or any other name of the trustee of the money trust;
 2. the name and location of the business office or any other office related to the money trust;
 3. the name of the holder of the money trust; and
 4. the account number of the money trust and other necessary particulars to specify the money trust;
- (iv) the name of the certified public accountant (including a foreign certified public accountant prescribed in Article 16-2, paragraph (5) of the Certified Public Accountants Act (Act No. 103 of 1948); the same applies hereinafter) or audit corporation that conducts an audit based on the provisions of Article

- 45-2, paragraph (2) of the Act; and
- (v) other relevant particulars.
- (3) The rate of management by bank deposits or savings and other particulars specified by Cabinet Office Order that are provided for in Article 45-2, paragraph (3) of the Act are the particulars set forth in items (iii) and (iv) of the preceding paragraph.
- (4) A funds transfer service provider seeking to make a notification under Article 45-2, paragraph (3) of the Act must submit to the Commissioner of the Financial Services Agency a written notice of changes prepared based on Appended Form No. 16.
- (5) The particulars specified by Cabinet Office Order that are provided for in Article 45-2, paragraph (3) of the Act are the following particulars:
- (i) the trade name;
 - (ii) date of registration and registration number;
 - (iii) particulars of the change;
 - (iv) if the relevant change is a change to lower the rate of management by bank deposits or savings, the amount required to be deposited (meaning the amount required to be deposited prescribed in Article 45-2, paragraph (4) of the Act) for type III funds transfer services as of the base date (meaning the base date prescribed in Article 43, paragraph (1), item (ii) of the Act; the same applies in paragraph (7), item (iii)) immediately preceding the day on which the relevant change is to be made;
 - (v) if the relevant change is a change to lower the rate of management by bank deposits or savings, the amount of security deposits for providing funds transfer services, the secured amount and the amount of trust property associated with type III funds transfer services as of the day on which the relevant change is to be made, or estimated amounts for these; and
 - (vi) other relevant particulars.
- (6) A funds transfer service provider seeking to make a notification under Article 45-2, paragraph (5) of the Act must submit to the Commissioner of the Financial Services Agency a written notification prepared based on Appended Form No. 17.
- (7) The particulars specified by Cabinet Office Order that are provided for in Article 45-2, paragraph (5) of the Act are the following particulars:
- (i) the trade name;
 - (ii) date of registration and registration number;
 - (iii) the amount required to be deposited (meaning the amount required to be deposited prescribed in Article 45-2, paragraph (5) of the Act) for type III funds transfer services on the base date immediately preceding the day on which the management by bank deposits or savings ends (meaning the day on which the management by bank deposits or savings ends prescribed in

- that paragraph; the same applies in the following item);
- (iv) the amount of security deposits for providing funds transfer services, the secured amount and the amount of trust property associated with type III funds transfer services as of the day on which the management by bank deposits or savings ends, or estimated amounts for these.

(Auditing Concerning the Method of Management by Bank Deposits or Savings)

Article 21-5 (1) A funds transfer service provider (limited to one to which the provisions of Article 45-2, paragraph (1) of the Act apply; hereinafter the same applies in this Article) must have a certified public accountant or an audit corporation audit the status of money management that it does through the method of management by bank deposits or savings (meaning the method of management by bank deposits or savings prescribed in Article 45-2, paragraph (1), item (i) of the Act; the same applies in Article 33, paragraph (1), item (x), (b)) (hereinafter this audit is referred to as an "audit of the management of money by the bank deposits or savings method" in the following paragraph, Article 33, paragraph (1), item (x), (c), and Article 35-2, paragraph (2), item (ii), (d)) based on the provisions of Article 45-2, paragraph (2) of the Act, at least once each year, in accordance with the rules designated by the Commissioner of the Financial Services Agency.

- (2) The following persons may not conduct an audit of the management of money by the bank deposits or savings method:
 - (i) a person that may not conduct the services related to auditing under the provisions of Article 45-2, paragraph (2) of the Act, pursuant to the provisions of the Certified Public Accountants Act;
 - (ii) a person that receives remuneration for a service other than the service of a certified public accountant or an audit corporation, on a regular basis, from a subsidiary company (meaning the subsidiary company prescribed in Article 2, item (iii) of the Companies Act) of the funds transfer service provider or from any of its director, accounting advisor, company auditor or executive officer, or the spouse of that person; or
 - (iii) an audit corporation at least one-half of whose members are persons as set forth in the preceding item.

(Making of Security Deposits for Providing Funds Transfer Services to the Official Depository Based on the Order of the Commissioner of the Financial Services Agency)

Article 22 (1) If any security deposits for providing funds transfer services are required based on the order under Article 46 of the Act, the deposits must be made to the official depository nearest to the head office of the funds transfer service provider that concluded the guarantee contract for security deposits for

providing funds transfer services or trust agreement for security deposits for providing funds transfer services.

- (2) A person that has made the deposit set forth in the preceding paragraph must submit to the Commissioner of the Financial Services Agency a written notification prepared based on Appended Form No. 18 without delay, attaching the authenticated copy of the certificate of that deposit .

(Public Notice When Performance of Obligations Is Impossible)

Article 23 The public notice under Article 17, paragraph (2), item (ii) of the Order is to be given by publication in the Official Gazette or in a daily newspaper that publishes information on current events, or as an electronic public notice (meaning the electronic public notice prescribed in Article 2, item (xxxiv) of the Companies Act).

(Measures to Manage the Security of Information Connected with Funds Transfer Services)

Article 24 A funds transfer service provider, in keeping with the content of its business and its business methods, must take measures to sufficiently manage the electronic data processing systems associated with its funds transfer services.

(Measures to Manage the Security of Individual Users' Information)

Article 25 A funds transfer service provider must take necessary and appropriate measures to prevent leakage, loss, or damage of the information it handles concerning individuals who are users of its funds transfer services, as it relates to managing the security of that information, supervising its employees, and, if applicable, to supervising the person it has entrusted with handling that information.

(Handling of Special Non-public Information)

Article 26 When a funds transfer service provider handles information concerning the race, creed, family origin, registered domicile, healthcare treatment, criminal background of an individual user of the funds transfer services or any other such special non-public information concerning such a user (meaning information it has learned in the course of business that is not available to the public), it must take measures to ensure that the information is not used for a purpose other than ensuring the appropriate operation of its services and for other purposes which are found to be necessary.

(Measures to Ensure Proper and Steady Operation of Entrusted Services)

Article 27 If a funds transfer service provider entrusts a third party with some

of its funds transfer services, it must take the following measures in accordance with the details of the entrusted services:

- (i) measures to ensure that the person being entrusted with the services has the ability to perform those services in a proper and steady manner;
- (ii) measures to ensure, among other things, that the entrusted person is subject to necessary and appropriate supervision, such as those for verifying whether the person is performing the services properly and reliably and for having the person make any necessary improvements, in ways such as checking the status of the person's implementation of the services regularly or as necessary;
- (iii) necessary measures to ensure proper and prompt processing of complaints from the users of the funds transfer services conducted by the entrusted person;
- (iv) measures to prevent things such as impediments to the protection of the users of funds transfer services, including measures to ensure that in the case where circumstances have arisen in which the entrusted person is unable to perform the entrusted services appropriately, the services will be promptly entrusted to another appropriate third party; and
- (v) measures to ensure that, if it is necessary for the purpose of ensuring the proper and steady operation of a funds transfer service provider's services and protection of the users of those services, necessary measures will be taken such as amending or canceling the service entrustment contract.

(Preventing the Misconception That an Exchange Transaction Is Being Carried Out by a Deposit-taking Institution)

Article 28 (1) Before carrying out an exchange transaction with the user of funds transfer services, a funds transfer service provider must first provide the user with an explanation intended to prevent the misconception that the exchange transaction will be carried out by a deposit-taking institution, by delivering documents or any other appropriate methods.

(2) When a funds transfer service provider provides the explanation prescribed in the preceding paragraph, it is to explain the following particulars:

- (i) the fact that the exchange transaction is not being carried out by a deposit-taking institution;
- (ii) the fact that the exchange transaction does not constitute acceptance of bank deposits or savings or installment savings, etc. (meaning the installment savings, etc. prescribed in Article 2, paragraph (4) of the Banking Act);
- (iii) the fact that the exchange transaction is not subject to the payment of insurance claims under Article 53 of the Deposit Insurance Act (Act No. 34 of 1971) or Article 55 of the Agricultural and Fishery Cooperatives Savings

- Insurance Act (Act No. 53 of 1973); and
- (iv) other particulars found to be useful for preventing the misconception that an exchange transaction is being carried out by a deposit-taking institution.

(Provision of Information to Users)

Article 29 (1) Before carrying out an exchange transaction with a user of its funds transfer services, a funds transfer service provider must provide the user with information about the terms and conditions of the contract concerning the exchange transaction by the means prescribed in the following items for the categories of cases prescribed in those items:

- (i) if they will carry out an exchange transaction without entering into a contract for exchange transactions to be carried out on an ongoing or recurring basis: A means through which it clearly indicates the following particulars to the user who will give the instructions concerning the exchange transaction:
- (a) the standard performance period;
 - (b) the amount or the maximum amount of the fees, remuneration, or costs to be paid by the user or how these are calculated;
 - (c) the location and contact address of the business office that will respond to complaints or requests for consultation from the users;
 - (d) if the exchange transaction is carried out in an amount indicated in foreign currency, the amount in Japanese currency translated from the relevant amount and the translation standard or the way these are calculated;
 - (e) the particulars specified as follows for the categories of cases respectively prescribed therein:
 - 1. if there is a designated dispute resolution organization for funds transfer services: The trade name or other name of the designated dispute resolution organization for funds transfer services that is the counterparty to the basic contract for the implementation of dispute resolution procedures, with which the funds transfer service provider takes the measures to conclude a basic contract for implementation of dispute resolution procedures specified in Article 51-4, paragraph (1), item (i) of the Act;
 - 2. if there are no designated dispute resolution organizations for funds transfer services: The details of the complaint processing measures and dispute resolution measures of the funds transfer service provider specified in Article 51-4, paragraph (1), item (ii) of the Act; and
 - (f) other particulars found to be relevant to the details of the exchange transaction.
- (ii) if they will enter into a contract under which exchange transactions will be

carried out on an ongoing or recurring basis: A means through which it clearly indicates the following particulars to the user who will be the counterparty to the contract:

- (a) the maximum amount of the exchange transactions to be carried out;
- (b) particulars listed in (a) through (e) of the preceding item;
- (c) the contract period;
- (d) handling of the cancellation of contract before the expiration of the contract period (including calculation method for fees, remuneration, or costs); and
- (e) other particulars found to be relevant to the terms and conditions of the relevant contract.

(2) If a funds transfer service provider carries out an exchange transaction in which it issues an exchange certificate or other instrument representing the rights associated with the obligations it owes in connection with the exchange transactions that it carries out (hereinafter referred to as "exchange certificate or other such instrument"), and it has indicated the following particulars on the exchange certificate or other such instrument, the provisions of the preceding paragraph do not apply:

- (i) the amount or the maximum amount subject to the exercising of rights based on the exchange certificate or other such instrument;
- (ii) the period or expiration date for exercising rights based on the exchange certificate or other such instrument, if applicable;
- (iii) particulars listed in item (i), (b) through (e) of the preceding paragraph;
- (iv) the scope of facilities or places where rights can be exercised based on exchange certificate or other such instrument;
- (v) necessary instructions for the use of the exchange certificate or other such instrument; and
- (vi) the balance of the recorded amount or the means by which it can be ascertained, if it is an exchange certificate or other such instrument whose amount is recorded by electronic or magnetic means (meaning electronic, magnetic, or other means that cannot be perceived by the human senses).

Article 29-2 Before carrying out an exchange transaction with a user of its funds transfer services, a funds transfer service provider must provide the user with information about the following particulars by delivering documents or any other appropriate means:

- (i) the category of the funds transfer services that the funds transfer service provider provides;
- (ii) whether the funds transfer service provider has made security deposits for providing funds transfer services to the official depository or concluded a guarantee contract for security deposits for providing funds transfer services

- or a trust agreement for security deposits for providing funds transfer services on behalf of the user, and if a guarantee contract for security deposits for providing funds transfer services or a trust agreement for security deposits for providing funds transfer services has been concluded, the name, trade name, or any other name of the counterparty thereto;
- (iii) the calculation period and due date for deposit for each category of funds transfer services that the funds transfer service provider provides;
 - (iv) if the provisions of Article 45-2, paragraph (1) of the Act apply, the rate of management by bank deposits or savings and the details of the right prescribed in the proviso to Article 59, paragraph (1) of the Act;
 - (v) a policy for compensation for or any other response to loss incurred by users due to instructions given by an unauthorized person in connection with the services involved in the exchange transactions, against the intention of the users; and
 - (vi) other particulars found to be relevant to the particulars set forth in the preceding items.

(Delivery of Receipt)

Article 30 (1) When a funds transfer service provider has received money or other funds from a user of its funds transfer services in connection with the exchange transactions that it carries out, it must deliver a document containing the following particulars to the relevant user without delay; provided, however, that this does not apply if the funds transfer service provider issues an exchange certificate or other such instrument when carrying out an exchange transaction.

- (i) the trade name and the registration number of the funds transfer service provider;
 - (ii) the amount of the funds received from the user; and
 - (iii) the date of receipt.
- (2) When funds are received through a transfer of funds to a bank account for bank deposits or savings, the provisions of the preceding paragraph apply only if the delivery of the referenced document is requested by the user.
- (3) After obtaining the consent of the user pursuant to the provisions of the following paragraph, a funds transfer service provider may provide the user with the particulars listed in paragraph (1) by electronic or magnetic means in lieu of delivering the document prescribed in that paragraph. In such a case, the funds transfer service provider is deemed to have delivered the document prescribed in that paragraph.
- (4) A funds transfer service provider seeking to provide the particulars listed in paragraph (1) pursuant to the provisions of the preceding paragraph must indicate to the user the type and details of the electronic and magnetic means

to be used and obtain the consent of the user in advance, in writing or by electronic or magnetic means.

(5) If a funds transfer service provider that had received the consent under the preceding paragraph has received a notice from the relevant user in writing or by electronic or magnetic means indicating that the user is no longer willing to be provided with information by electronic or magnetic means, the funds transfer service provider must not provide the user with the particulars listed in paragraph (1) by electronic or magnetic means; provided, however, that this does not apply if the user gives the consent under the preceding paragraph again.

(6) The "electronic or magnetic means" referred to in the preceding three paragraphs are those of the means of using an electronic data processing system and of otherwise employing information and communications technology that are provided for in the following items for the categories of cases set forth in those items:

(i) if the user consents to being provided with information by electronic or magnetic means or if the user gives notice of their unwillingness to be provided with information by electronic or magnetic means: The following means:

(a) a means that causes this to be recorded in a file prepared on the electronic equipment used by the person receiving the consent or notice or the person obtaining the agreement; and

(b) a means through which a file containing a record of the consent or notice that which has been prepared on a magnetic disk, CD-ROM, or any other object with an equivalent means of reliably storing a fixed set of information is delivered to the user; or

(ii) in cases other than those prescribed in the preceding item: The following means:

(a) the following means of using an electronic data processing system:

1. a means that causes information to be transmitted through telecommunication lines connecting the electric equipment used by the sender with the electric equipment used by the recipient and recorded in a file prepared on the electric equipment used by the recipient;

2. a means that causes information recorded in a file prepared on the electric equipment used by the sender to be made available for inspection by the recipient through telecommunication lines and recorded in a file prepared on the electric equipment used by the recipient; and

(b) the means of delivering a file containing a record of information that has been prepared on a magnetic disk, CD-ROM, or other object with an equivalent means of reliably storing a fixed set of information to the user.

- (7) The means prescribed in the items of the preceding paragraph must satisfy the following criteria:
- (i) the means prescribed in item (i) of the preceding paragraph, must be a means that involves the person receiving the consent notifying the person giving it, in writing or by other appropriate means, of the details of the consent to be provided with information by electronic or magnetic means, or that involves the person receiving the notice notifying the person giving it, in writing or by other appropriate means, of the content of the notice of the unwillingness to be provided with information by electronic or magnetic means;
 - (ii) the means prescribed in item (ii) of the preceding paragraph must be a means that enables the recipient to create a document by outputting the information recorded in the file (including outputting the recorded information by transmitting it to other electronic equipment or any other means); and
 - (iii) if a mobile phone or PHS phone is used as the recipient's electronic equipment, the means provided for in item (ii), (a) of the preceding paragraph must be a means that involves the sender, at the request of the recipient, delivering a document concerning the particulars that the sender has provided by electronic or magnetic means, during the period of three months from the day on which the sender transmitted that information or made it available for inspection.
- (8) The term "electronic data processing system" as used in paragraph (6), item (ii), (a) means an electronic data processing system through which the electronic device used by the sender is connected with the electronic device used by the recipient over telecommunication lines.

(Measures to Avoid Holding Funds of Users That Are Found Unlikely to Be Used for Exchange Transactions)

- Article 30-2 (1) A funds transfer service provider (limited to one that provides type II funds transfer services) must establish a system through which, if the amount of obligations it owes in connection with exchange transactions (limited to those involving type II funds transfer services; hereinafter the same applies in this paragraph) exceeds the amount prescribed in Article 12-2, paragraph (1) of the Order, the funds transfer service provider will confirm whether the funds (limited to those involving type II funds transfer services) of the users who are creditors of these obligations are likely to be used for exchange transactions.
- (2) A funds transfer service provider must take measures to return part of the funds received from users that is found unlikely to be used for exchange transactions or other measures to avoid holding that part of the funds.

(Measures to Prevent Lending of Funds Using Funds Received from Users)

Article 30-3 A funds transfer service provider that has concluded a guarantee contract for security deposits for providing funds transfer services must take measures to prevent the lending of funds or discounting of bills using the funds it has received from users.

(Necessary Measures When Providing Two or More Categories of Funds Transfer Services)

Article 30-4 (1) A funds transfer service provider that provides two or more categories of funds transfer services must take measures to ensure that each user can easily learn the amount of obligations it owes to that user in connection with exchange transactions for each category of funds transfer services and other status of use for the user for each category of fund transfer services.

(2) If a funds transfer service provider (limited to one that provides type I funds transfer services and the type II funds transfer services) receives funds (limited to those involving type II funds transfer services) from users and bears obligations in relation to exchange transactions involving type II funds transfer services, the funds transfer service provider must take measures to prevent the change of these obligations into obligations in relation to exchange transactions involving type I funds transfer services.

(Other Measures to Ensure Protection of Users)

Article 31 A funds transfer service provider must take the following measures to ensure the protection of the users of the funds transfer services and ensure the proper and steady operation of funds transfer services:

- (i) if a funds transfer service provider finds a possibility that a criminal act has been committed with regard to the exchange transactions that it carries out after considering circumstances such as any provision of information by the investigative authority, etc. to the effect that the relevant exchange transactions were used for the purpose of committing a fraud or other criminal acts, measures to suspend the relevant exchange transactions, etc.;
- (ii) if a funds transfer service provider carries out exchange transactions with the users of the funds transfer services by using a computer connected with electric telecommunication lines, appropriate measures to prevent the relevant users from mistaking the relevant funds transfer service provider for another person;
- (iii) if a funds transfer service provider receives instructions regarding exchange transactions from the users of the funds transfer services using a computer connected to a telecommunications line, appropriate measures to

enable the relevant user to easily confirm or correct the details of the instructions when they are using the computer to give those instructions;

(iv) if it is found necessary in light of the details and means of the business involved in the exchange transactions, appropriate measures to make public to persons other than users of funds transfer services a policy for compensation for or any other response to any loss incurred by these persons in relation to the relevant business.

(Internal Rules)

Article 32 A funds transfer service provider, in accordance with the details and means of its services, must prescribe internal rules, etc. concerning the measures to ensure the protection of the users of the funds transfer services and the proper and steady operation of funds transfer services (including the explanation of the details of the measures taken by the funds transfer service provider as specified in Article 51-4 (1) of the Act and the measures to prevent crimes) and establish a system for providing training to employees, a system for providing guidance to the entrusted person, and other systems sufficient to ensure that the services are operated based on the relevant internal rules, etc.

(Restrictions on Obligations to Be Borne in Relation to Type I Funds Transfer Services)

Article 32-2 (1) The particulars specified by Cabinet Office Order that are provided for in Article 51-2, paragraph (1) of the Act are the following particulars:

- (i) the amount of funds to be transferred;
- (ii) the day on which the funds are to be transferred;
- (iii) the party to whom the funds are to be transferred.

(2) The period specified by Cabinet Office Order that is provided for in Article 51-2, paragraph (2) of the Act is the period necessary for processing the transfer of funds (including the period necessary for resolving the cause not attributable to the funds transfer service provider due to which funds cannot be transferred, such as the case where there is an error in the instructions given by the user regarding the party to whom the funds are to be transferred).

(Persons with Expert Knowledge and Experience in Particulars Related to Consumer Affairs)

Article 32-3 Persons specified by Cabinet Office Order that are provided for in Article 51-4, paragraph (4) of the Act are those who have any of the following qualifications and have engaged in the business of responding to consumer affairs consultations (meaning the consumer affairs consultations prescribed in Article 13, paragraph (3), item (v), (a) of the Consumer Contract Act (Act No.

61 of 2000)) for a period of not less than five years in total:

- (i) the qualification as the consumer-specialized counselor granted by the National Consumer Affairs Center of Japan;
- (ii) the qualification as the consumer advisor granted by the Japan Industrial Association; or
- (iii) the qualification as the consumer consultant granted by the Japan Consumers' Association.

(Complaint Processing Measures and Dispute Resolution Measures in Relation to Funds Transfer Services)

Article 32-4 (1) Measures specified by Cabinet Office Order as Complaint Processing Measures prescribed in Article 51-4, paragraph (4) of the Act are any of the following:

- (i) to take all of the following measures:
 - (a) to establish a business operation system sufficient to execute the business of processing complaints related to the funds transfer services (meaning the complaints related to the funds transfer services prescribed in Article 2, paragraph (15) of the Act out of the complaints related to the funds transfer services, etc. prescribed in Article 2, paragraph (22) of the Banking Act as applied mutatis mutandis pursuant to Article 101, paragraph (1) of the Act following the deemed replacement of terms; hereinafter the same applies in this paragraph and paragraph (3)) in a fair and appropriate manner;
 - (b) to establish internal rules for the fair and appropriate execution of the business of processing complaints related to the funds transfer services (limited to the internal rules including the provisions clarifying the sharing of responsibility in the company with regard to the relevant business);
 - (c) to inform the users of where to make complaints related to the funds transfer services, and to make the business operation system as provided in (a) and the internal rules provided in (b) above public;
- (ii) to seek to process complaints related to the funds transfer services through the resolution of complaints carried out by the certified association for payment service providers;
- (iii) to seek to process complaints related to the funds transfer services through the mediation prescribed in Article 19, paragraph (1) or Article 25 of the Basic Act on Consumer Policies (Act No. 78 of 1968);
- (iv) to seek to process complaints related to the funds transfer services through complaint processing procedures carried out by a person who has obtained any of the designations listed in the items of Article 24 of the Order; or
- (v) to seek to process complaints related to the funds transfer services through

complaint processing procedures carried out by a corporation (meaning the corporation prescribed in Article 99, paragraph (1), item (i) of the Act; the same applies in item (iv) of the following paragraph) that has a financial basis and a personnel structure sufficient to execute the business of processing complaints related to the funds transfer services in a fair and appropriate manner.

- (2) Measures specified by Cabinet Office Order as dispute resolution measures prescribed in Article 51-4, paragraph (5) of the Act are any of the following:
- (i) to seek to resolve disputes related to the funds transfer services (meaning the disputes related to the funds transfer services prescribed in Article 2, paragraph (15) of the Act out of the disputes related to the funds transfer services, etc. prescribed in Article 2, paragraph (23) of the Banking Act as applied mutatis mutandis pursuant to Article 101, paragraph (1) of the Act following the deemed replacement of terms; hereinafter the same applies in this Article) through the mediation by an organization prescribed in the association rules prescribed in Article 33, paragraph (1) of the Attorneys Act (Act No. 205 of 1949) or in the rules established pursuant to the provisions of the relevant association rules or through the arbitration procedures carried out by the relevant organization;
 - (ii) to seek to resolve disputes related to the funds transfer services through the mediation prescribed in Article 19, paragraph (1) or Article 25 of the Basic Act on Consumer Policies or through the agreement prescribed in that Article;
 - (iii) to seek to resolve disputes related to the Funds Transfer Service through dispute resolution procedures carried out by a person who has obtained any of the designations listed in the items of Article 24 of the Order; or
 - (iv) to seek to resolve disputes related to the funds transfer services through dispute resolution procedures carried out by a corporation that has a financial basis and a personnel structure sufficient to execute the business of resolving disputes related to the funds transfer services in a fair and appropriate manner.
- (3) Notwithstanding the provisions of the preceding two paragraphs (limited to paragraph (1), item (v) and item (iv) of the preceding paragraph), a funds transfer service provider must not seek to process complaints related to the funds transfer services or to resolve disputes related to the funds transfer services through the procedures carried out by a corporation falling under any of the following items:
- (i) a corporation that has been sentenced to a fine pursuant to the provisions of the Act or the Attorneys Act, and for whom five years have not passed since the day when the execution of the punishment terminated or it became free from execution of the punishment;

- (ii) a corporation whose designation under Article 99, paragraph (1) of the Act has been rescinded pursuant to the provisions of Article 100, paragraph (1) of the Act, and for whom five years have not passed since the day of the relevant rescission, or a corporation whose designation listed in the items of Article 24 of the Order has been rescinded, and for whom five years have not passed since the day of the relevant rescission;
- (iii) a corporation that has, in its officers conducting the business thereof (if the officer is a corporation, including the person to perform its duties; hereinafter the same applies in this item), those falling under either of the following:
 - (a) a person who has been sentenced to imprisonment without work or heavier punishment or has been sentenced pursuant to the provisions of the Act or the Attorneys Act, and for whom five years have not passed since the day when the execution of the punishment terminated or the person became free from execution of the punishment; or
 - (b) a person who was an officer of a corporation whose designation under Article 99 (1) of the Act was rescinded pursuant to the provisions of Article 100 (1) of the Act, within one month before the day of the relevant rescission, and for whom five years have not passed since the day of the relevant rescission; or a person who was an officer of a corporation whose designation listed in the items of Article 24 of the Order was rescinded, within one month before the day of the relevant rescission, and for whom five years have not passed since the day of the relevant rescission.

Chapter III Supervision

(Preparation and Preservation of Books and Documents on Funds Transfer Services)

Article 33 (1) The books and documents on funds transfer services as prescribed in Article 52 of the Act are the following books and documents:

- (i) transaction records for each category of funds transfer services;
- (ii) general ledger;
- (iii) if a funds transfer service provider concludes a contract with the users of the funds transfer services under which exchange transactions are carried out on an ongoing or recurring basis: a customer ledger;
- (iv) records of the amount of outstanding obligations in the process of being transferred and the amount required for security deposits for providing funds transfer services (meaning the amount required for security deposits for providing funds transfer services prescribed in Article 43, paragraph (2) of the Act) for each category of funds transfer services as of each business day;
- (v) if the amount calculated pursuant to the provisions of Article 11, paragraph

- (4) (limited to the part concerning item (i)) is treated as the amount of outstanding obligations in the process of being transferred: records of the following amounts for each category of funds transfer services as of each business day:
- (a) the amount of obligations it owes to each user in connection with exchange transactions; and
 - (b) the amount of claims held in relation to exchange transactions against each user;
- (vi) if the amount calculated pursuant to the provisions of Article 11, paragraph (4) (limited to the part concerning item (ii)) is treated as the amount of outstanding obligations in the process of being transferred: records of the amount calculated as governed by the same rules as paragraph (3) of that Article when the timing for calculating the amount of fully performed obligations is deemed to be the timing for calculating the amount of outstanding obligations in the process of being transferred and records of the amount specified in that item;
- (vii) records of the amount required to be deposited for each category of funds transfer services as of each calculation date;
- (viii) if security deposits for providing funds transfer services are made: records of the amount of security deposits for providing funds transfer services for each category of funds transfer services as of each calculation date;
- (ix) if the funds transfer service provider is a trust agreement funds transfer service provider: records of the amount of trust property for each category of funds transfer services as of each calculation date; and
- (x) if the funds transfer service provider is one to whom the provisions of Article 45-2, paragraph (1) of the Act are applied: the following records:
- (a) records of the amount of obligations it owes to each user of type III funds transfer services in connection with exchange transactions, as of each business day;
 - (b) records of the amount of money managed by the method of management by bank deposits or savings as of each business day; and
 - (c) records concerning the results of the audit of the management of money by the bank deposits or savings method.
- (2) A funds transfer service provider must preserve the books and documents listed in items (i) through (iii) of the preceding paragraph for at least ten years from the day of the closing of the books, and the books and documents listed in items (iv) through (x) of that paragraph for at least five years from the day of the closing of the books.

(Reports on the Funds Transfer Services)

Article 34 The written report on the funds transfer services prescribed in Article 53, paragraph (1) of the Act must be prepared based on Appended Form No. 19 (in the case of a foreign funds transfer service provider, Appended Form No. 20) by separating it into a business summary and a document containing the status of income and expenditure for each category of funds transfer services and submitted to the Commissioner of the Financial Services Agency within three months from the last day of the relevant business year.

(Reports on the Amount of Outstanding Obligations in the Process of Being Transferred)

Article 35 The written report prescribed in Article 53, paragraph (2) of the Act must be prepared based on Appended Form No. 21 and submitted within one month from March 31, June 30, September 30, and December 31 every year (hereinafter each of these dates is referred to as "base date for reporting" in this Article and paragraph (1), item (ii) and paragraph (2), item (ii) of the following Article) to the Commissioner of the Financial Services Agency.

(Documents to Be Attached to Written Report)

Article 35-2 (1) The documents specified by Cabinet Office Order that are provided for in Article 53, paragraph (3), item (i) of the Act are the documents specified in the following items for the categories of cases respectively prescribed therein:

(i) if the funds transfer service provider submits a written report on its funds transfer services referred to in Article 53, paragraph (1) of the Act: the following documents:

(a) the latest balance sheet (including the related notes) and profit and loss statement (including the related notes);

(b) if the provisions of Article 45-2, paragraph (1) of the Act were applied in the immediately preceding business year: an audit report prepared by a certified public accountant or audit corporation regarding the documents set forth in (a); and

(ii) if the funds transfer service provider submits a written report on its funds transfer services referred to in Article 53, paragraph (2) of the Act: the following documents:

(a) if the funds transfer service provider has made a deposit under Article 43, paragraph (1) of the Act during the period from the day following the base date for reporting that immediately precedes the base date for reporting associated with the relevant written report, up to the base date for reporting associated with the relevant written report (hereinafter referred to as the "reporting period" in this item and item (ii), (d) of the following paragraph): a copy of the authenticated copy of the certificate of deposit

- concerning the relevant deposit;
 - (b) if the funds transfer service provider has recovered the security deposits for providing funds transfer services pursuant to the provisions of Article 17, paragraph (1) or (3) of the Order during the reporting period, and the recovery is made for part of the security deposits: a document to prove that the particulars concerning the amount of money deposited, or the name, quantity, face value, and total face value of bond certificates deposited (in the case of book-entry government bonds, the issue and amount thereof) that have been partially recovered have been certified pursuant to the provisions of Article 49, paragraph (1) of the deposit regulation (Order of the Ministry of Justice No. 2 of 1959);
 - (c) if the funds transfer service provider has amended or renewed a guarantee contract for security deposits for providing funds transfer services during the reporting period: a copy of the written contract concerning the amendment or renewal or of a document evidencing the amendment or renewal;
 - (d) if the funds transfer service provider has amended or renewed a trust agreement for security deposits for providing funds transfer services during the reporting period: a copy of the written contract concerning the amendment or renewal or of a document evidencing the amendment or renewal; and
 - (e) if the funds transfer service provider was a trust agreement funds transfer service provider as of the base date for reporting: a document issued by the trust company, etc. to prove the amount of the trust property as of the base date for reporting that is associated with the relevant written report.
- (2) The documents specified by Cabinet Office Order that are provided for in Article 53, paragraph (3), item (ii) of the Act are the documents specified in the following items for the categories of cases respectively prescribed therein:
- (i) if the funds transfer service provider submits a written report on its funds transfer services referred to in Article 53, paragraph (1) of the Act: the documents set forth in item (i), (a) of the preceding paragraph, and an audit report prepared by a certified public accountant or audit corporation regarding these documents;
 - (ii) if the funds transfer service provider submits a written report on its funds transfer services referred to in Article 53, paragraph (2) of the Act: the following documents:
 - (a) the documents set forth in item (ii), (a) through (e) of the preceding paragraph;
 - (b) if the funds transfer service provider managed money by the method specified in Article 21-3, item (i) as of the base date for reporting: a

- certificate of the balance as of the base date for reporting associated with the relevant written report, which is issued by the deposit-taking institution;
- (c) if the funds transfer service provider managed money by the method specified in Article 21-3, item (ii) as of the base date for reporting: a certificate of the balance as of the base date for reporting associated with the relevant written report, which is issued by the financial institution engaging in the trust business; and
- (d) if the funds transfer service provider has undergone an audit of money management by the bank deposits or savings method during the reporting period: a copy of the latest report submitted by the certified public accountant or audit corporation.
- (3) The Commissioner of the Financial Services Agency, if the Commissioner finds it necessary, may order a funds transfer service provider to submit the authenticated copy of the certificate of deposit set forth in paragraph (1), item (ii), (a), or the original of the contract document set forth in (c) or (d) of that item.

(Method of Public Notice)

Article 36 The public notice under Article 56, paragraph (2) and Article 58 of the Act is to be given in the Official Gazette.

Chapter IV Miscellaneous Provisions

(Notification of Intention to Seek Application of Special Provisions Concerning Security Deposits for Providing Funds Transfer Services)

Article 36-2 (1) A funds transfer service provider seeking to make a notification under Article 58-2, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency a written notice prepared based on Appended Form No. 22.

- (2) The particulars specified by Cabinet Office Order that are provided for in Article 58-2, paragraph (1), item (iii) of the Act are the following particulars:
- (i) the trade name;
- (ii) date of registration and registration number;
- (iii) the calculation period for funds transfer services under the special provisions (meaning the funds transfer services under the special provisions prescribed in Article 58-2, paragraph (1) of the Act; the same applies in this paragraph and the following Article):
- (iv) the base date, etc. (meaning the base date, etc. prescribed in Article 58-2, paragraph (5), item (ii) of the Act; the same applies in paragraph (5)) for funds transfer services under the special provisions;

- (v) the due date for deposit for funds transfer services under the special provisions; and
 - (vi) the amount of security deposits for providing funds transfer services, the secured amount and the amount of trust property associated with funds transfer services under the special provisions as of the day on which the application of special provisions commences (meaning the day on which the application of special provisions commences prescribed in Article 58-2, paragraph (1) of the Act) or estimated amounts thereof.
- (3) A funds transfer service provider seeking to make a notification under Article 58-2, paragraph (3) of the Act must submit to the Commissioner of the Financial Services Agency a written notice prepared based on Appended Form No. 23.
- (4) The particulars specified by Cabinet Office Order that are provided for in Article 58-2, paragraph (3) of the Act are the following particulars:
- (i) the trade name;
 - (ii) date of registration and registration number; and
 - (iii) the amount of security deposits for providing funds transfer services, the secured amount and the amount of trust property associated with funds transfer services for which the application of special provisions is terminated (meaning the funds transfer services for which the application of special provisions is terminated prescribed in Article 58-2, paragraph (3) of the Act; the same applies in the following paragraph) as of the day on which the application of special provisions is terminated (meaning the day on which the application of special provisions is terminated prescribed in Article 58-2, paragraph (3) of the Act; the same applies in the following paragraph); the same applies in the following paragraph) or estimated amounts thereof.
- (5) If a funds transfer service provider makes a notification under Article 58-2, paragraph (3) of the Act, out of the security deposits for providing funds transfer services made by the funds transfer service provider pursuant to the provisions of Article 43, paragraph (1) of the Act as applied pursuant to the provisions of Article 58-2, paragraph (1) of the Act following the deemed replacement of terms as of the day on which the application of special provisions is terminated (including the security deposits for providing funds transfer services that are, pursuant to the provisions of Article 58-2, paragraph (2) of the Act, deemed to be made pursuant to the provisions of Article 43, paragraph (1) of the Act as applied pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms), the amount obtained by multiplying the amount of such security deposits for providing funds transfer services by the ratio of the amount required to be deposited (meaning the amount required to be deposited prescribed in Article 58-2, paragraph (4) of the Act) for one category of funds transfer services for which the application of

special provisions is terminated as of the base date, etc. immediately preceding the day on which the application of special provisions is terminated to the amount required to be deposited as of the relevant base date, etc. (meaning the amount of security deposits for providing funds transfer services which must be made by the funds transfer service provider pursuant to the provisions of Article 43, paragraph (1) of the Act as applied pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms) (if the amount thus obtained includes a fraction of less than one yen, such fraction is rounded down) is deemed to be the security deposits for providing funds transfer services for the relevant funds transfer services for which the application of special provisions is terminated.

(Replacement of Terms When Applying the Special Provisions Concerning Security Deposits for Providing Funds Transfer Services)

Article 36-3 With regard to the application of the provisions of Articles 11, 14-2, 19, and 33 to the funds transfer services under the special provisions in the case where a funds transfer service provider has made a lump sum deposit (meaning the lump sum deposit prescribed in Article 58-2, paragraph (5), item (iv) of the Act) for the funds transfer services under the special provisions pursuant to paragraph (1) of that Article, the terms listed in the middle column of the following table in the provisions listed in the left-hand column of the table are replaced with the terms listed in the right-hand column of the same table.

Article 11, paragraph (3)	Article 59, paragraph (1) of the Act	Article 59, paragraph (1) of the Act as mutatis mutandis applied pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
Article 11, paragraph (6)	Article 43, paragraph (2) of the Act	Article 43, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
Article 11, paragraph (6), item (i)	if the amount...is not more than one hundred million yen	if the total amount...is not more than one hundred million yen

	The amount obtained by multiplying the relevant amount of outstanding obligations in the process of funds transfer by 5 percent	The amount obtained by multiplying the relevant amount by 5 percent
Article 11, paragraph (6), item (ii)	if the amount... is more than one hundred million yen	if the total amount... is more than one hundred million yen
Article 11, paragraph (7)	the relevant amount of outstanding obligations in the process of being transferred	the relevant amount
	Article 43, paragraph (1) of the Act	Article 43, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
	Article 44 of the Act	Article 44 of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
	Article 45, paragraph (1) of the Act	Article 45, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
Article 14-2	Article 15 of the Order	Article 15 of the Order as applied mutatis mutandis pursuant to Article 17-3, paragraph (3) of the Order following the deemed replacement of terms

Article 14-2, item (i)

the immediately preceding calculation date (meaning the calculation date prescribed in Article 17, paragraph (1), item (i) of the Order; the same applies hereinafter) for the category of funds transfer services covered by the guarantee contract for security deposits for providing funds transfer services	the immediately preceding base date, etc. (meaning the base date, etc. prescribed in Article 58-2, paragraph (5), item (ii) of the Act; the same applies in Article 19, item (viii), (a))
on the calculation date	on the Base Date, etc.
the total of the amount of security deposits for providing funds transfer services, etc. (meaning the total of the amount of the security deposits for providing funds transfer services, etc. prescribed in the relevant item; hereinafter the same applies in this Article and Article 19, item (viii)) in relation to the relevant category of funds transfer services	the total of the amount of security deposits for providing funds transfer services, etc. (meaning the total of the amount of the security deposits for providing funds transfer services, etc. prescribed in Article 17, paragraph (1), item (i) of the Order; hereinafter the same applies in this Article and Article 19, item (viii))
Article 44 of the Act	Article 44 of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
guarantee contract of security deposits for providing funds transfer services for the relevant category of funds transfer services	guarantee contract of security deposits for providing funds transfer services

Article 14-2, item (ii)	categories of funds transfer services covered by the guarantee contract for security deposits for providing funds transfer services	funds transfer services under the special provisions (meaning the funds transfer services under the special provisions prescribed in Article 58-2, paragraph (1) of the Act; the same applies hereinafter)
	Article 59, paragraph (1) of the Act	Article 59, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
	guarantee contract that is connected with the relevant category of funds transfer services	guarantee contract for security deposits for providing funds transfer services
Article 14-2, item (iii)	categories of funds transfer services covered by the guarantee contract for security deposits for providing funds transfer services	funds transfer services under the special provisions
	Article 59, paragraph (1) of the Act	Article 59, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
	secured amount for that category of funds transfer services	secured amount
	total of the amount of security deposits for providing funds transfer services, etc. that is associated with the relevant category of funds transfer services	total of the amount of security deposits for providing funds transfer services, etc.
	Article 43, paragraph (2) of the Act which is associated with the relevant category of funds transfer services	Article 43, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms

	... is deducted	the total of ...(if the funds transfer service provider has made security deposits for providing funds transfer services in an amount equivalent to the amount that is not less than the amount specified by Cabinet Order pursuant to the proviso to Article 43, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms: the relevant amount specified by Cabinet Order) is deducted
	guarantee contract for security deposits for providing funds transfer services for the relevant category of funds transfer services	guarantee contract for security deposits for providing funds transfer services
Article 14-2, item (iv)	category of funds transfer services covered by the guarantee contract for security deposits for providing funds transfer services	funds transfer services under the special provisions
	guarantee contract that is connected with that category of funds transfer services	guarantee contract for security deposits for providing funds transfer services
Article 14-2, item (v)	guarantee contract for security deposits for providing funds transfer services associated with the relevant categories of funds transfer services	funds transfer services under the special provisions
	secured amount for those categories of funds transfer services	secured amount

	total of the amount of security deposits for providing funds transfer services, etc. which is associated with the relevant categories of funds transfer services	total of the amount of security deposits for providing funds transfer services, etc.
	Article 43, paragraph (2) of the Act which is associated with the relevant category of funds transfer services	Article 43, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
	... is deducted	the total of ...(if the Funds Transfer Service Provider has made security deposits for providing Funds Transfer Services in an amount equivalent to the amount that is not less than the amount specified by Cabinet Order pursuant to the proviso to Article 43, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms: the relevant amount specified by Cabinet Order) is deducted
	guarantee contract for security deposits for providing associated with the relevant categories of funds transfer services	guarantee contract for security deposits for providing funds transfer services
Article 19, item (iii), (c)	category of funds transfer services covered by the trust agreement for security deposits for providing funds transfer services	funds transfer services under the special provisions
	the categories of funds transfer services	the funds transfer services under the special provisions

Article 19, item (viii), (a)	immediately preceding calculation date in connection with the category of funds transfer services covered by the trust agreement for security deposits for providing funds transfer services	immediately preceding base date, etc.
	the calculation date	the base date, etc.
	total of the amount of security deposits for providing funds transfer services, etc. for that category of funds transfer services	total of the amount of security deposits for providing funds transfer services, etc.
	Article 45, paragraph (1) of the Act	Article 45, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
	trust agreement for security deposits for the relevant category of funds transfer services	trust agreement for security deposits for providing funds transfer services
Article 19, item (viii), (b)	category of funds transfer services covered by the first trust agreement	funds transfer services under the special provisions
Article 19, item (viii), (c)	categories of funds transfer services covered by the trust agreement for security deposits for providing funds transfer services	funds transfer services under the special provisions
	Article 59, paragraph (1) of the Act	Article 59, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms

	trust agreement for security deposits for providing funds transfer services in relation to the relevant category of funds transfer services	trust agreement for security deposits for providing funds transfer services
Article 19, item (viii), (d)	categories of funds transfer services covered by the trust agreement for security deposits for providing funds transfer services	funds transfer services under the special provisions
	Article 59, paragraph (1) of the Act	Article 59, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
	trust property connected with those categories of funds transfer services	trust property
	total amount of security deposits for providing funds transfer services, etc. which is associated with the relevant categories of funds transfer services	total amount of security deposits for providing funds transfer services, etc.
	Article 43, paragraph (2) of the Act which is associated with	Article 43, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms

	... is deducted	deducting the total of ...(if the funds transfer service provider has made security deposits for providing funds transfer services in an amount equivalent to the amount that is not less than the amount specified by Cabinet Order pursuant to the proviso to Article 43, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms: the relevant amount specified by Cabinet Order)
	trust agreement for security deposits for providing Funds Transfer Services in relation to the relevant category of Funds Transfer Services	trust agreement for security deposits for providing Funds Transfer Services
Article 19, item (viii), (e)	categories of funds transfer services covered by the trust agreement for security deposits for providing funds transfer services	funds transfer services under the special provisions
	trust agreement for security deposits for providing funds transfer services in relation to the relevant categories of funds transfer services	trust agreement for security deposits for providing funds transfer services
Article 19, item (viii), (f)	categories of funds transfer services covered by the trust agreement for security deposits for providing funds transfer services	funds transfer services under the special provisions

trust property in relation to the relevant category of funds transfer services	trust property
the total of the amount of security deposits for providing funds transfer services, etc. in relation to the relevant category of funds transfer services	the total of the amount of security deposits for providing funds transfer services, etc.
Article 43, paragraph (2) of the Act in relation to the relevant category of funds transfer services	Article 43, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms
... is deducted	the total of ...(if the funds transfer service provider has made security deposits for providing funds transfer services in an amount equivalent to the amount that is not less than the amount specified by Cabinet Order pursuant to the proviso to Article 43, paragraph (1) of the Act as applied mutatis mutandis pursuant to Article 58-2, paragraph (1) of the Act following the deemed replacement of terms: the relevant amount specified by Cabinet Order) is deducted
trust agreement for security deposits for providing funds transfer services in relation to the relevant categories of funds transfer services	trust agreement for security deposits for providing funds transfer services

Article 33, paragraph (1), item (viii)	security deposits for providing funds transfer services for each category of funds transfer services	security deposits for providing funds transfer services for funds transfer services under the special provisions
Article 33, paragraph (1), item (ix)	amount of trust property for each category of funds transfer services	amount of trust property for funds transfer services under the special provisions

(Entrustment to Agents for a Regional Finance Office that Distributes Proceedings of Security Deposits to Holders of Prepaid Payment Instruments)

Article 37 The Commissioner of the Financial Services Agency may entrust to the agents for a regional finance office that distributes security deposits to holders of prepaid payment instruments prescribed in Article 59, paragraph (3) of the Act all or part of the functions involved in giving public notices under paragraph (2) of that Article, the functions involved in issuing notices under Article 19, paragraph (2) of the Order, the functions involved in implementing investigations of rights under paragraph (4) of that Article (including the public notice or provision of an opportunity under that paragraph), the functions involved in preparing, giving public notice, and issuing notices of the distribution table under paragraph (5) that Article, the functions involved in implementing the provisional distribution prescribed in paragraphs (10) and (11) of that Article, and other functions involved in implementing the procedures for the enforcement of rights.

(Notification of Discontinuation of Business)

Article 38 (1) A person seeking to make a notification under Article 61, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency a written notice prepared based on Appended Form No. 24.

(2) The written notice set forth in the preceding paragraph is to contain the following particulars:

- (i) trade name;
- (ii) date of registration and registration number;
- (iii) reason for notification;
- (iv) the date on which the funds transfer service provider came to fall under any of the items of Article 61, paragraph (1) of the Act;
- (v) if the funds transfer service provider has discontinued all or part of the funds transfer services, the reason therefor;
- (vi) if the funds transfer service provider has discontinued the whole of one category of funds transfer services, the relevant category of funds transfer

- services; and
- (vii) if the funds transfer service provider has discontinued all or part of the funds transfer services for the reason such as assignment of business, merger, or company split, the method for succession of the relevant business and the successor.
- (3) The public notice under Article 61, paragraph (3) of the Act is given by publication in the Official Gazette, in a daily newspaper that publishes information on current events, or as an electronic public notice prescribed in Article 2, item (xxxiv) of the Companies Act.
 - (4) The public notice and the posting at business offices under Article 61, paragraph (3) of the Act includes the method for completing the performance of obligations pursuant to the provisions of paragraph (5) of that Article (excluding the case where a public notice is given due to succession of business for the reason such as assignment of business, merger, or company split).
 - (5) A funds transfer service provider who has given a public notice under Article 61, paragraph (3) of the Act must immediately submit to the Commissioner of the Financial Services Agency a written notice prepared based on Appended Form No. 25 by attaching a copy of the relevant public notice.
 - (6) If a funds transfer service provider seeks to discontinue all or part of the funds transfer services for the reason such as assignment of business, merger, or company split, a document containing the terms and conditions of the contract concerning the succession of the relevant business and the method for succession of the relevant business must be attached to the written notice set forth in the preceding paragraph.

(Notification of Violation of Laws and Regulations)

Article 39 If a funds transfer service provider comes to know that its director, etc. or employee has committed a violation of laws and regulations with regard to the funds transfer services or an act that hinders the proper and steady operation of funds transfer services, it is to submit to the Director-General of a Local Finance Bureau, etc. a written notice prepared based on Appended Form No. 26 containing the following particulars within two weeks from the day on which it came to know the relevant fact:

- (i) the name of the business office at which the relevant act occurred;
- (ii) the name and the title of the director, etc. or employee who committed the relevant act; and
- (iii) summary of the relevant act.

(Government Agency Through Which to Submit Written Notice)

Article 40 (1) When a funds transfer service provider seeks to submit to the Commissioner of the Financial Services Agency the written application for

registration prescribed in Article 4 and other documents prescribed in the Act and this Cabinet Office Order (hereinafter referred to as "written application, etc." in the following paragraph and the following Article), the funds transfer service provider must submit through the Director-General of a Local Finance Bureau having jurisdiction over the location of the principal business office or office of the funds transfer service provider (when the office is located within the jurisdictional district (excluding the jurisdictional district of a local finance office) of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; and when the office is located within the jurisdictional district of a local finance office or the Otaru Sub-office or Kitami Sub-office of the Hokkaido Local Finance Bureau, the head of the local finance office or sub-office (referred to as the "head of the local finance office, etc." in the following paragraph and the following Article)).

- (2) If a funds transfer service provider seeks to submit a written application, etc. to the Director-General of a local finance bureau, etc., and there is a head of the local finance office, etc. with jurisdiction over the location of the head office of the funds transfer service provider, the funds transfer service provider must submit the written application, etc. to the Director-General of a Local Finance Bureau, etc. through the Head of the Local Finance Office, etc.

(Submission of Written Application through the Certified Association for Payment Service Providers)

Article 41 A funds transfer service provider seeking to submit a written application, etc. to the Commissioner of the Financial Services Agency or the Director-General of a Local Finance Bureau, etc. (including submission through the Head of the Local Finance Office, etc. pursuant to the provisions of the preceding Article) may submit it through a certified association for payment service providers.

(Standard Processing Period)

Article 42 (1) The Commissioner of the Financial Services Agency is to endeavor to process any application for registration under Article 37 of the Act, registration of changes under Article 41, paragraph (1) of the Act, or authorization under Article 40-2, paragraph (1) of the Act within two months from the day on which the relevant application has arrived at the Commissioner's office.

- (2) The period prescribed in the preceding two paragraphs does not include the following period:
- (i) the period required to amend the relevant application;
 - (ii) the period required for the applicant to change the details of the relevant application; and

(iii) the period required for the applicant to add materials that are found to be necessary for the examination in relation to the relevant application.